



Carraro Drive Tech S.p.A.

EXTRACT
ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL
pursuant to Legislative Decree no. 231 of 8 June 2001

NOTE- document content: this document is an extract from the text approved by the Carraro Drive Tech S.p.A. Board of Directors.

The Recipients of this extract are: Agents, Business Brokers, Dealers and Consultants.

All parts of the document which are relevant to the aforementioned Recipients, excluding those sections which are relevant only to internal Recipients of the Model (e.g. Employees) or other third parties, have been maintained.

In addition to the data required by law, references to Carraro's internal procedures, instructions and/or operative requirements which, if necessary, are passed on to relevant third parties, have been maintained.

Some clarification to facilitate the understanding of this Document:

- **Special Section, par. 9 Crimes against the Public Administration:** this applies to Recipients only in the case of relations between the same and the Public Administration (the definition of Public Administration extends to the Public Administration of Foreign States).
Not all natural persons who act in the scope of and in relation to Public Administration Bodies are parties to whom “231 Crimes” may apply (refer to Definitions). Such crimes may apply to Public Officials or Public Service Representatives.
- **Special Section, par. 10 Corporate Crimes and so-called Market Abuse, including Bribery among private individuals and instigation to accept bribes between private individuals:**
Corporate Crimes may be defined as such because active individuals may only be “*directors, director generals, liquidators or persons under the supervision of the same*”. The Model is deemed a valid tool to promote an awareness among everyone who works on behalf of the Company, including any Consultants (within the scope of their role, activity or competence), so that they may adopt correct behaviour during the course of their activities in order to prevent the risk of “231 Crimes” being committed. For example, the rules of conduct given by letters a) to j) and the relative provisions of the document extend to Consultants (instructed for the preparation of the Financial Statements and other corporate communications). All Recipients may potentially be perpetrators or accessories in crimes of Bribery among private individuals and the instigation to accept bribes between private individuals and must therefore respect the rule of conduct given in letter k), to follow.
With reference to the prevention of Administrative Crimes and Misconduct of so-called Market Abuse the section “Activities which may affect the Market” may apply to all Recipients who over the course of their activity acquire confidential and/or restricted information.
- **Special Section, par. 11 Crimes relating to Health and Safety in the Workplace, par. 13 Computer Crimes, par. 18 Environmental Crimes:** may apply only to Consultants (within the scope of their role, activity or competence). The scope of activity for Consultants may not be defined a priori, therefore almost the entire special section has been maintained, albeit partly purely for informative purposes. Specific provisions are given in the document in brackets which, although not representing obligations for the Recipients in question, are useful to mention and, if necessary, may be brought to the attention of the relevant third parties.
- **Special Section, par. 12 Crimes relating to Receiving Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origins, par. 14 Organised Crime:** apply to Recipients.
- **Special Section, par. 15 Crimes relating to Fraudulent Use or Exploitation of Trademarks, Patents and Distinctive Labels, par. 19 Crimes relating to the Employment of Illegal Workers:** do not apply to Recipients.
- **Special Section, par. 16 Crimes against Industry and Commerce:** applies only to Agents, Business Brokers and Dealers.
- **Special Section, par. 17 Crimes of copyright infringement:** may apply to Consultants (within the scope of their role, activity or competence).
- **Special Section, par. 19 Crimes relating to the Employment of Illegal Workers and Special Section, par. 20 Crimes against the Individual:** do not apply to Recipients.

INDEX

| | |
|--|----|
| DEFINITIONS | 5 |
| INTRODUCTION..... | 7 |
| 1 LEGISLATIVE DECREE NO. 231/2001..... | 8 |
| 1.1 Fundamental Characteristics and Scope of Application | 8 |
| 1.3 The organisational model as a form of exemption from liability | 8 |
| 1.4 The Entity Punitive System..... | 9 |
| 2 THE COMPANY'S CHOICE AND ADOPTED METHODOLOGICAL APPROACH..... | 9 |
| 2.1 The Company's Choice..... | 9 |
| 3 THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF Carraro Drive Tech S.p.A. | 10 |
| 3.1 Aim and Structure of the Model..... | 10 |
| 3.2 Characteristics of the Model and the Code of Ethics..... | 10 |
| 3.3 Recipients of the Model | 10 |
| 3.5 Guiding Role of the Parent Group..... | 10 |
| 4 SUPERVISORY BODY | 11 |
| 4.1 Identification of the OdV..... | 11 |
| 4.4 Functions and Operational Methods of the OdV..... | 11 |
| 4.6 Obligations to inform the Supervisory Authority..... | 11 |
| 4.6.1 Whistleblowing | 13 |
| 5 MODEL DISSEMINATION | 14 |
| 5.1 Communication..... | 14 |
| 6 DISCIPLINARY SYSTEM..... | 14 |
| 6.1 Violations of the Model..... | 15 |
| 6.5 Measures taken against Consultants, Collaborators, Agents, Brokers, Dealers and Contractors..... | 16 |
| 7 CHARACTERISTICS, STRUCTURE AND AIMS OF THE SPECIAL SECTION | 16 |
| 7.1 General principles of conduct..... | 17 |
| 8 THE COMPONENTS OF THE PREVENTATIVE CONTROL SYSTEM | 18 |
| 9 CRIMES AGAINST THE PUBLIC ADMINISTRATION..... | 18 |
| 9.1 Types of Crime against the Public Administration; | 18 |
| 9.3 Rules of Conduct | 19 |
| 10 CORPORATE CRIMES AND ISSUES OF MARKET ABUSE | 22 |
| 10.1 Types of Corporate Crime..... | 22 |
| 10.3 Rules of Conduct | 22 |
| 11 CRIMES RELATING TO HEALTH AND SAFETY IN THE WORKPLACE | 27 |
| 11.1 Types of crimes relating to health and safety in the workplace..... | 27 |
| 11.2 Risk management process relative to health and safety in the workplace | 27 |
| 11.3 General Rules of Conduct..... | 28 |
| 11.4 Risk management principles relative to health and safety in the workplace | 28 |
| 12 CRIMES RELATING TO RECEIVING STOLEN GOODS, MONEY LAUNDERING AND UTILISATION OF MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGINS | 30 |

| | | |
|------|---|----|
| 12.1 | Types of crime relating to receiving stolen goods, money laundering and utilisation of money, goods or benefits of unlawful origins and self-laundering | 30 |
| 12.2 | Sensitive Operations..... | 30 |
| 12.3 | General Rules of Conduct..... | 30 |
| 12.4 | Control principles and specific provisions of the Processes in question | 31 |
| 13 | COMPUTER CRIME | 34 |
| 13.1 | Types of computer crime | 34 |
| 13.2 | Computer safety management process..... | 34 |
| 13.3 | General Rules of Conduct..... | 35 |
| 13.4 | Risk management control principles and specific provisions relative to computer security | 35 |
| 14 | ORGANISED CRIME | 36 |
| 14.1 | Types of organised crime..... | 36 |
| 14.2 | Sensitive Operations..... | 36 |
| 14.3 | General Rules of Conduct..... | 37 |
| 14.4 | Control principles and specific provisions of the Processes in question ... | 37 |
| 15 | CRIMES RELATING TO THE FRAUDULENT USE OF TRADEMARKS, PATENTS AND DISTINCTIVE LABELS..... | 39 |
| 15.1 | Types of crime relating to the fraudulent use of trademarks, patents and distinctive labels | 39 |
| 16 | CRIMES AGAINST INDUSTRY AND COMMERCE | 39 |
| 16.1 | Types of crime against industry and commerce | 39 |
| 16.3 | General Rules of Conduct..... | 39 |
| 16.4 | Control principles and specific provisions of the Processes in question ... | 40 |
| 17 | COPYRIGHT INFRINGEMENT | 41 |
| 17.1 | Types of copyright infringement | 41 |
| 17.2 | Sensitive Operations..... | 41 |
| 17.3 | General Rules of Conduct..... | 41 |
| 17.4 | Control principles and specific provisions of the Processes in question ... | 42 |
| 18 | ENVIRONMENTAL CRIMES..... | 43 |
| 18.1 | Types of environmental crime | 43 |
| 18.2 | Management process of environmental risks | 44 |
| 18.3 | General Rules of Conduct..... | 45 |
| 18.4 | Risk management principles relative to the protection of the environment | 46 |
| 19 | CRIMES RELATING TO THE EMPLOYMENT OF ILLEGAL WORKERS | 47 |
| 19.1 | Types of crime relating to the employment of illegal workers and illegal immigration..... | 47 |
| 20 | CRIMES AGAINST THE INDIVIDUAL..... | 47 |
| 20.1 | Crimes against the individual | 47 |
| | APPENDICES | 47 |

DEFINITIONS

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| “Consultants” | individuals who act in the name or on behalf of Carraro Drive Tech S.p.A. on the basis of a mandate or other form of collaborative relationship. |
| “Decree” | Italian Legislative Decree no. 231 of 8 June 2001, also known as “Decree 231”. |
| “Assignment” | an internal act assigning functions or responsibilities within the company organisation. |
| “Recipients” | all the parties the Model addresses and, in particular: the company structures and their components, employees, collaborators (including contract workers), agents, brokers, dealers of the Company, the Consultants, Contractors as well as the members of the Supervisory Authority that do not belong to the above categories. |
| “Model” | the organisation, management and control model foreseen by the Decree, adopted by Carraro Drive Tech S.p.A. and represented by this document and its Appendices, forming an integral part of the document. |
| “OdV” | the Supervisory Authority provided for by the Decree. |
| “Sensitive Operations” | the set of activities of particular relevance performed by Carraro Drive Tech S.p.A. in the scope of Sensitive Processes. |
| “Management Body” | the Company Board of Directors. |
| “Mandate” | the unilateral juridical contract by which the Company assigns power of representation to third parties. |
| “Sensitive Process/Activity” | the set of company activities and operations organised in order to pursue a specific purpose or manage a particular company sector of the Carraro Drive Tech S.p.A. company, involving potentially at risk of one or more of the Crimes listed in the Decree being committed, as listed in the Special Section of the Model, referred to generically and overall as areas “at risk”. |
| “Process Owner” | the person who, given the position they hold or the activities they perform, is most involved or has the most visibility in the Sensitive Process in question. |
| “Public Administration” | for the purposes of criminal law, a “Public Administration Body” is commonly considered as any legal person who is entrusted with the protection of the public interest and who carries out legal, judicial or administrative activities in accordance with |

public law or authoritative deeds. The following bodies or categories below are given as examples:

- The Leader of the Cabinet;
- Cabinet Ministers;
- House and Senate;
- Italian Antitrust Authority, Italian Electricity and Gas Authority;
- The Bank of Italy, CONSOB;
- Non-economic public bodies (INPS, INAIL, INPDAP, ENASARCO, etc.);
- State monopolies (RAI, ASL, etc.);
- ISTAT;
- The Chamber of Commerce, Industry and Craft Trade and associated bodies;

“Crimes”

the types of crime taken into consideration by the Decree, including “231 Crimes” and “Alleged Crimes”.

“Company”

Carraro Drive Tech S.p.A.

“Group Companies”

all companies belonging to the Group controlled by Carraro S.p.A. in accordance with Art. 2359 of the Italian Civil Code.

INTRODUCTION

The Board of Directors of Carraro Drive Tech S.p.A. (hereinafter also the “Company” or “Carraro”), in the meeting of 16 March 2011 approved the “Organisational, Management and Control Model” in accordance with Legislative Decree no. 231 of 8 June 2001 which introduced the administrative responsibility of legal persons and companies and associations without judicial status (bodies) into the Italian legal system for the first time.

At the same time as the implementation of this Model, the Board of Directors appointed a specific body, the Supervisory Body, which would be entrusted with the supervisory and control tasks required by the Decree.

The Company Board of Directors has made subsequent amendments to the Model:

- on 10 September 2012, in order to comply with the regulatory measures which broadened the scope of crimes included in the Decree and any organisational and company modifications which had taken place, with regards to a preliminary risk assessment.
- on 29 October 2015 following the reorganisation(s) of the Carraro Group during the period and the implementation of new regulatory measures.
- on 9 February 2016 following the change in legislation with Law no. 208/2015 (Stability Law 2016), Art. 1 Paragraph 898, in force from 1 January 2016, which modified the limits for the use of cash, bank or postal bearer or bearer bond deposits (Art. 49, Paragraph 1, Legislative Decree no. 231/2007).
- on 14 March 2018 following the inclusion in the Decree of the crimes of illicit brokering and the exploitation of labour (or “illegal recruitment”) and Crimes against the environment (or “eco-crimes”), these were introduced into the Model subsequent to a preliminary risk assessment.
- on 19 April 2018 following the inclusion in the Decree of the following categories of offences incorporated into Legislative Decree no. 231/2001:
 - Bribery among private individuals (as reformulated by Legislative Decree 38/2017) and the instigation to accept bribes between private individuals (Art. 25 *ter* of Legislative Decree 231/2001 by Legislative Decree 38/2017);
 - Illegal immigration (Law no. 161 of 17 October 2017, introduced under Art. 25 *duodecies* of Legislative Decree 231/2001);
 - “Racism and xenophobia” (Law no. 167 of 20 November 2017, introduced the new Art. 25 *terdecies* of Legislative Decree 231/2001).

The Board of Directors resolved, on 27 February 2019, to make a further amendment to the Model with reference to the amendments pursuant to Article 6 of Italian Legislative Decree no. 231/2001 introduced by Law no. 179/2017 (“Provisions for the protection of whistleblowers of offences or wrongdoing which come to their knowledge in the context of a public or private working relationship”) on the subject of Whistleblowing and the introduction of the crime of “trading in influence” among the crimes covered by Article 25 of Italian Legislative Decree no. 231/2001¹.

¹ On 16 January 2019, Italian Law no. 3 of 09 January 2019 “Measures to combat crimes against the Public Administration as well as on the statute of limitations of the crime and on the transparency of political parties and movements” (the so-called Conversion Draft Law on Anticorruption) was published in the Official Journal. The provision provides for, *inter alia*, the introduction of the crime of trading in influence (Article 346-*bis* of the Italian Penal Code) among the crimes covered by Article 25 of Italian Legislative Decree no. 231/2001.

This document is divided into a General Section and Special Section.

The **General Section** summarises the content of the Decree, the Supervisory Body and the disciplinary systems adopted by the Company.

The **Special Section** covers the valid elements of the Model for all Sensitive Processes (see “Definitions”) and, more specifically, for the different categories of “231 Crimes” considered by the Decree which may be considered linked to the Company, the measures and controls required by the same in order to prevent the risk of such crimes being committed.

The **Appendices** form an integral part of this Model.

GENERAL SECTION

1 LEGISLATIVE DECREE NO. 231/2001

1.1 Fundamental Characteristics and Scope of Application

With the implementation of Legislative Decree no. 231 of 8 June 2001, criminal liability (formally qualified as “administrative liability”) of entities was introduced into the Italian legal system.

The legislation in question relates to the liability of entities in addition to that of natural persons who have physically committed the crime, arising in the case that crimes are committed in the interests or to the advantage of the entities, in Italy or overseas, by:

- persons involved in the representation, administration or management of the company, or of one of its organisational structures with financial and functional autonomy, as well as by persons who act in a managerial or supervisory role for the same (so-called Senior Executives);
- persons under the management or supervision of one of the aforesaid Senior Executives.

Entities’ liability also extends to crimes committed overseas provided that legal proceedings are not initiated in the State in which said crime was committed and that the conditions of Legislative Decree 231/2001 are met.

1.3 The organisational model as a form of exemption from liability

The Decree provides a specific exemption from this liability provided that the Entity can prove that:

- a) it has introduced and effectively implemented appropriate organisation and management Models to prevent crimes of this kind being committed;
- b) it has assigned the task of supervising the operation and compliance with the Model and the handling of all amendments to an Entity structure with independent powers of initiative and control;
- c) the persons who have committed the crime fraudulently avoided the above mentioned organisational and management models;

- d) there has been no omission or insufficient vigilance on behalf of the structure indicated above.

1.4 The Entity Punitive System

The Decree establishes that for the unlawful acts outlined above, entities may incur financial penalties and interdiction measures, judgement may be published and the price and profit of the crime may be confiscated.

The **financial penalties** are applied if an entity commits one of the unlawful acts foreseen by the Decree. These are applied on a quota basis which cannot be below one hundred nor exceeding one thousand (each quota has a minimum value of between € 258.22 and a maximum value of € 1,549.37) and may thus vary between a minimum of € 25,822.00 to a maximum of € 1,549,370.00.

The **interdiction measures** may only be applied to the crimes which specifically provide for this in the Decree and when at least one of the following conditions is met:

- the entity has obtained a considerable profit from the crime and the crime has been committed by subjects in an executive position, or by subjects under the management of others while the perpetration of the crime was caused or facilitated by serious organisational shortcomings;
- if the unlawful acts have been repeated.

The interdiction measures that apply to the entities on the basis of the Decree are:

- ban from carrying out the activities, with ensuing suspension or revocation of the authorisations, licenses or concessions that are essential to the activities in question;
- suspension or revocation of authorisations, licenses or concessions that were instrumental to the perpetration of the unlawful act;
- prohibition from entering into contracts with the public administration, except to obtain public utility services;
- disqualification from any subsidies, funds, contributions or aid and the revocation of any of the same which may have been previously awarded;
- ban from advertising goods or services.

In addition to the above sanctions, the Decree, alongside the conviction, should also require the **confiscation of the price or the profit** earned through the crime as well as the **publication of the judgement** in the presence of an interdiction sanction at the entity's own expense.

2 THE COMPANY'S CHOICE AND ADOPTED METHODOLOGICAL APPROACH

2.1 The Company's Choice

Carraro Drive Tech S.p.A. belonging to the Carraro Group, is subject to the management and coordination exercised by the parent company and is obliged to observe the directives/Policies issued by the same.

In view of the guiding role carried out by Carraro S.p.A. Carraro Drive Tech S.p.A. has considered it essential to adopt this Model.

The Model is considered a valid tool to raise the awareness of all persons who act on behalf of the Company in order to ensure proper conduct in their activities and to prevent the risk that the crimes provided for by the Decree are committed.

3 THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF Carraro Drive Tech S.p.A.

3.1 Aim and Structure of the Model

The Model adopted by Carraro Drive Tech S.p.A. is based on a structured and organic organisational system that includes supervisory activities which, in essence:

- identify possible “at risk” areas or processes in Company activities, that is activities which are considered to have the highest possibility of a Crime being committed;
- define an internal regulatory system, aimed at preventing crimes, which includes:
 - a Code of Ethics which expresses the ethical duties and responsibilities for business affairs and company activities;
 - an internal system of mandates and powers which ensures a clear and transparent representation of the training and decision implementation process;
 - implementation procedures and instructions;
- are founded on the assumption of an organisational structure that aims to ensure a clear and organic assignment of tasks and to verify that conduct is correct;
- identifies the management and supervision of financial resources in “at risk” activities;
- assigns the OdV the task of supervising the function and compliance of the Model and making any necessary amendments.

3.2 Characteristics of the Model and the Code of Ethics

The dispositions contained in this Model are integrated with those of the Code of Ethics (Appendix F) approved by the Company Board of Directors.

3.3 Recipients of the Model

The provisions of the Model are directed at company entities and their components, the employees, collaborators (including contract workers) **Agents, Brokers, Dealers**, of the Company, the **Consultants**, Contractors as well as members of the Supervisory Authority that do not belong to the above categories.

The subjects to whom the Model is directed are obliged to strictly respect and implement all provisions given, including through compliance with the duties of loyalty, correctness and due diligence that arise from legal relations in place with the Company.

The Company disapproves of all conduct which deviates from the law and from the dispositions of the Model regardless of whether it is performed in the interests of the Company or is intended to produce an advantage for the same.

3.5 Guiding Role of the Parent Group

Carraro Drive Tech S.p.A. has taken the Model of Carraro S.p.A. as a reference, adapting the provisions of each individual crime in accordance with the specific “at risk” areas/activities identified by the risk assessment.

4 SUPERVISORY BODY

4.1 Identification of the OdV

In order to comply with the Decree, the Supervisory Body charged with overseeing the function and compliance of the Model must be assigned with independent powers of initiative and control.

The Management Body of Carraro Drive Tech S.p.A. considered it pertinent to establish a single structure to assign the role of OdV.

In particular, this single structure is identified in the person of the Internal Audit Manager of Carraro S.p.A.

4.4 Functions and Operational Methods of the OdV

The OdV must:

- supervise compliance with the Model by recipients of the same;
- supervise the effectiveness and suitability of the Model in relation to the company structure and the effective capacity to prevent crimes from being committed;
- suggest amendments to the Model to the Management Body in the case of changes to the company structure or relevant regulations.

The OdV shall not be assigned operative duties or decision-making powers, even of a preventive kind, relative to the conduct of Company activities.

For the purposes described above the Supervisory Body shall be entitled to:

- a) access each and any company document required to carry out its role in accordance with the Decree;
- b) request information necessary to carry out its role from the various company structures, including at executive level;
- c) carry out periodic assessments based on a plan of action or other activities not scheduled by said plan but which are nonetheless necessary to the fulfilment of its role.

4.6 Obligations to inform the Supervisory Authority

In order to facilitate the supervisory activities for the implementation and effectiveness of the Model, the OdV must be provided with:

- **Reports of violations** or reports relative to actual or alleged violations to the Model or Code of Ethics, as described in the following paragraph 4.6.1;
- **“Reports of information”**, namely information that is useful and necessary to the fulfilment of the supervisory roles entrusted to the OdV;

- “**Reports of sensitive operations**”, or reports of identified operations relating to Sensitive Processes (refer to the “Definitions” section).

All Recipients of the Model must promptly inform the OdV of any violations, including alleged violations, of the Model. Such **reports of violations** must be sufficiently precise, detailed and linked to a definite event or area and may refer to any company field relevant to the application of Legislative Decree no. 231/2001 and the current Model.

The Supervisory Body will consider the reports received at its discretion and responsibility, if necessary interviewing the author of the report and/or the person responsible for the alleged infringement. The OdV will also inform the Management Body of any reports received regarding confirmed and/or alleged violations in a prompt manner.

The **Information** given to the Supervisory Authority may include and is not limited to:

- a) any critical, anomalous or atypical events encountered by company departments during the implementation of the Model;
- b) any proceedings and/or news received from the judicial police authorities or any other authority from which it may be inferred that investigations into the crimes are in progress, even against unknown parties;
- c) the internal and external communications concerning any event which may be connected to a possible crime covered by the Decree;
- d) any investigation committees or internal reports concerning responsibilities for potential crimes covered by the Decree;
- e) any news on disciplinary proceedings carried out in relation to Model violations and any sanctions issued, or any act of dismissal concerning said proceedings with their relative motivations;

this information must be supplied to the OdV by the company departments in accordance with their area of competence.

Sensitive Operations must be brought to the attention of the OdV by the Process Owners or by reporters identified by the same (or “compilers”) through the drafting and submission (via an appropriately traceable means where the sender may be identified) of a **Sensitive Operations Report** form to the OdV.

The OdV shall identify Sensitive Operations and the significant parameters in accordance with the risk assessment conducted, constantly monitoring its effectiveness and communicating this to the Management Body (“Parameters/criteria for the identification of Sensitive Operations” table published on the company Intranet).

In order to facilitate the access of the OdV to the most information possible, the Company shall guarantee the protection of any whistle-blower against any form of retribution, discrimination or penalisation, except for legal obligations and protecting the rights of the Company or persons accused erroneously or in bad faith.

The OdV must be permitted to access all useful information for the purposes of its activities. Consequently, the OdV is obliged to respect the confidentiality of all information it acquires.

All reports must be made in writing and preferably using the designated email address (info.odv@carrarodrivetech.com).

4.6.1 Disclosure of wrongdoing (Whistleblowing)

The Company guarantees to all Recipients the accessibility of one or more channels that enable the submission, in order to protect the integrity of the organisation, of reports regarding wrongdoing or offences (hereinafter "Disclosure of wrongdoing"), including:

- alleged or actual unlawful conduct pursuant to Legislative Decree no. 231/2001;
- alleged or actual breaches of the Model or the Code of Ethics adopted by the Company and, in both cases, founded on precise and consistent facts.

All Recipients of the Model may submit Disclosures of wrongdoing when they believe, in good faith, that unlawful conduct or a breach of the Model or the Code of Ethics has taken place which has come to their knowledge in the context of their working activities.

A Disclosure of wrongdoing is understood to be made in good faith when it is made on the basis of a reasonable conviction based on precise and consistent facts.

For the submission and management of Disclosures of wrongdoing, the Company has established two channels:

- **Channel 1:** in writing, to the postal address (Carraro Drive Tech S.p.a., 35011 Campodarsego, Padua, Italy, Via Olmo 37) or delivered in person to the Supervisory Body (sealed envelope bearing the words "For the attention of the Supervisory Body of Carraro Drive Tech Spa");
- **Channel 2:** electronically, (*preferred option*) using a dedicated platform established for the purpose by the Company, accessible by the link available on the website www.Carraro.com, Corporate Governance section.

For the submission and management of Disclosures of wrongdoing, the Company has established specific rules and a dedicated *Whistleblowing* procedure outlined in the Whistleblowing Guidelines (Annex M), available to view online on the aforementioned portal.

The confidentiality of the identity of the Whistleblower and any information submitted subsequent to the receipt of the Disclosure of wrongdoing, if made in good faith, is guaranteed, without prejudice to the cases provided for by law and the obligations to protect the rights of the Company and parties accused in bad faith.

Disclosures of wrongdoing may be made anonymously, but must nonetheless provide a detailed description of the events and parties concerned. Disclosures of wrongdoing, even anonymous, which demonstrate the seriousness or credibility of the issue raised, as well as the likelihood of the fact being confirmed by reliable sources, will be considered. However, the Company requests that such Disclosures are not made anonymously in order to enable a more efficient verification process.

The Company guarantees to protect Whistleblowers who submit Disclosures in good faith against any form of retaliation, discrimination or penalisation for reasons directly or indirectly related to the Disclosure, without prejudice to their right to defend themselves in the case that the Whistleblower is deemed to be criminally or civilly responsible as a result of false declarations, and without prejudice to any legal obligations that may apply. Parties who

infringe the protections guaranteed to Whistleblowers may be punished pursuant to paragraph 6.

The entity responsible for the receipt of said Disclosures is the Supervisory Body, which is responsible for investigating any issues that may emerge, including listening to the Whistleblower and/or the Alleged Subject and seeking support from other company departments or external consultants.

Disclosures of wrongdoing which are unsubstantiated (e.g. Disclosures concerning mere suspicions or rumours), excessively vague, insufficiently detailed or which contain defamatory or libellous content shall not be taken into consideration. Disclosures of wrongdoing that are unsubstantiated or made with gross or wilful negligence may be punished pursuant to paragraph 6.

The Supervisory Body shall also promptly inform the Management Body of any Disclosures received regarding actual and/or alleged breaches (for more information see paragraph 4.7 below).

Upon receipt of a Disclosure of wrongdoing concerning occupational health and safety, the Supervisory Body is responsible for verifying that such events have been duly communicated to the Employer and the Prevention and Protection Service Manager.

5 MODEL DISSEMINATION

To guarantee the effectiveness of the Model, it is of primary importance that the rules of conduct contained within be fully understood by the company's human resources as well as those that may join the company in the future, with a different degree of understanding depending on the level of involvement in Sensitive Processes and/or responsibility.

5.1 Communication

The Model is made available according to the means and instruments deemed pertinent by the Management Body.

With regard to **Agents, Brokers, Dealers, Consultants** and Contractors, **compliance with the Model is guaranteed by "Clause 231"**, inserted into the contract or *addendum* of the same and specifying acceptance of the Model (*including in extract form*) of the Code of Ethics of the Carraro Group, the updated texts of which may be freely consulted on the website www.Carraro.com.

6 DISCIPLINARY SYSTEM

The Decree establishes that a "*disciplinary system capable of sanctioning any failure to comply with the measures indicated in the Model*" must be introduced both for executives and persons who are managed and supervised by others.

The existence of a system of applicable sanctions in the case of a failure to comply with the internal procedures detailed in the Model is in fact essential in order to guarantee the effectiveness of the Model itself.

The implementation of the sanctions in question must be totally independent of any developments or outcomes of any penal or administrative procedures set in motion by the judicial authorities, in the case that the conduct in question also constitutes a crime in accordance with the Decree. In fact, the rules of conduct imposed by the Model are

undertaken independently by the Company regardless of whether any conduct may constitute a crime that the judicial authorities may intend prosecuting.

6.1 Violations of the Model

In general, Model violations consist of:

1. conduct that does not comply with the general conduct principles listed in the following paragraph 7.1, the procedures detailed by the Model or the Code of Ethics;
2. conduct that does not comply with the provisions of the Model or required by the Model, in particular:

| Types of crime | Model Provisions which must be observed by all Recipients |
|---|---|
| Crimes against the P.A. | Rules of Conduct given in the Special Section, paragraph 9.3 |
| Corporate crimes, including bribery among private individuals and market abuse | Rules of Conduct given in the Special Section, paragraph 10.3 |
| Crimes relating to health and safety in the workplace | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 11.3 and 11.4 |
| Crimes relating to receiving stolen goods, money laundering and utilisation of money, goods or benefits of unlawful origins | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 12.3 and 12.4 |
| Computer crime | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 13.3 and 13.4 |
| Organised crime | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 14.3 and 14.4 |
| Crimes against industry and commerce and the fraudulent use of trademarks, patents and distinctive labels | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 15.3 and 15.4 |
| Crimes against industry and commerce | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 16.3 and 16.4 |
| Copyright infringement | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 17.3 and 17.4 |
| Environmental crimes | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 18.3 and 18.4 |
| Crimes relating to the employment of illegal workers | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 19.3 and 19.4 |
| Crimes against the individual | Rules of Conduct, control procedures and specific provisions given in the Special Section, paragraphs 20.3 and 20.4 |

3. conduct of a non-collaborative nature towards the OdV (e.g. unjustified failure to participate in scheduled investigations carried out by the OdV, failure to participate in training meetings);
4. refusal to provide the OdV with the information specified in the previous paragraph 4.6;

5. retaliatory or discriminatory acts towards the Whistleblower of an offence pursuant to Italian Legislative Decree no. 231/2001 or a breach of the Model or the Code of Ethics, for reasons directly or indirectly related to the Disclosure itself. In this case, a fine or disciplinary suspension, according to the seriousness of the conduct, or dismissal for just cause, when the retaliatory act consists of the dismissal of the Whistleblower, shall apply. In the case that the wrongdoing is carried out by a director, one of the sanctions provided for by paragraph 6.4 shall apply, according to the seriousness of the wrongdoing;
6. breaches of the obligations of confidentiality of identity of the Whistleblower. In this case, disciplinary suspension shall usually apply, unless the breach of the obligations of confidentiality results in serious harm to the Whistleblower, in which case the sanction of lawful dismissal shall apply. In the case that the wrongdoing is carried out by a director, the provisions provided for by paragraph 6.4 shall apply, according to the seriousness of the wrongdoing;
7. disclosures of offences pursuant to Legislative Decree no. 231/2001, or breaches of the Model or the Code of Ethics that prove to be unsubstantiated, if made with wilful or gross negligence. In this case, the disciplinary sanctions provided for in the following paragraphs shall apply, according to the seriousness of the wrongdoing.

The seriousness of violations to the Model shall be evaluated based on the following circumstances:

- the presence and intensity of intent;
- the presence and intensity of negligent, careless or reckless conduct;
- the presence and intensity of repeated conduct;
- the extent of the danger and/or the consequences of the violations for the Company;
- the extent of the danger and/or the consequences of the violations for the persons protected by health and safety in the workplace regulations, as well as for the Company;
- the predictability of the consequences of the violation;
- the time and methods of violation;
- the circumstances under which the violation took place.

Any disciplinary action shall be taken in observance of the principle of scale for the sanction and in proportion to the seriousness of the infringement.

6.5 Measures taken against Consultants, Collaborators, Agents, Brokers, Dealers and Contractors

Any violation perpetrated by Consultants, Collaborators, Agents, Brokers, Dealers or Contractors may lead to the termination of the contract, in accordance with the specific contractual clauses included in the letters of appointment or partnership agreements, without prejudice to any possible claims for compensation, if the conduct in question leads to damages being incurred by the Company, as would be the case if judicial measures are applied as provided by the Decree.

SPECIAL SECTION

7 CHARACTERISTICS, STRUCTURE AND AIMS OF THE SPECIAL SECTION

The Special Section for the Types of crime theoretically applicable to the Company, including:

- Crimes against the Public Administration;
- Corporate crimes, including the Crimes of bribery among private individuals and the instigation to bribery between private individuals and the Crime of Market Abuse;
- Crimes relating to health and safety in the workplace;
- Crimes relating to receiving stolen goods, money laundering and utilisation of money, goods or benefits of unlawful origins;
- Computer crimes;
- Organised crime²;
- Crimes relating to the fraudulent use of trademarks, patents and distinctive labels;
- Crimes against industry and commerce;
- Copyright infringement;
- Environmental crimes;
- Crimes related to the employment of citizens from third party countries whose stay is unlawful and the Crime of illegal immigration³;
- Crime of incitement not to testify or to make false statements to the judicial authorities;
- Crimes of illicit brokering and the exploitation of labour;
- Crimes of racism and xenophobia²;

indicates the following preventative measures:

- the **general principles of conduct**, or rather the rules of conduct; and
- the **components of the preventative control system**, shared by all types of crime covered by the Decree.

The general aim of this section of the Model is to ensure that all Recipients adopt conduct compliant with the provisions contained herein in order to prevent the occurrence of a crime.

7.1 General principles of conduct

Recipients must observe the general principles of conduct indicated below.

Recipients are expressly **prohibited** from:

1. carrying out, participating in or giving cause to any behaviour which may individually or collectively constitute a crime;
2. acting in a way which, even if it does not in itself constitute a crime, may be the cause of the same (e.g. failure to carry out proper checks) or is directed without question to a crime being committed;
3. acting in a way which does not comply with company procedures which regulate activities in the field of Sensitive Operations or which otherwise is not in line with the principles and dispositions provided by the Model and the Code of Ethics.

² For the crime of incitement not to testify or to make false statements to the judicial authorities (both national and, in the case of organised crime, international), the Code of Ethics and the Model apply; it was not deemed necessary to include an *ad hoc* chapter in the Special Section for said cases.

³ With regard to the crimes of “xenophobia and racism” and crimes relating to “illegal immigration”, based on a preliminary assessment of corporate activities and the Company’s organisational structure, and in consideration of the specific characteristics of these types of crime, the Company deems that compliance with the principles already contained in the Code of Ethics and the Model provide adequate controls to prevent these. In particular, in respect of illegal immigration, the Company deems that the Code of Ethics and the specific rules of conduct provided in par. 19 of the Special Section (dedicated to Crimes relating to utilising illegal workers) provide adequate controls to also prevent the aforementioned crimes.

8 THE COMPONENTS OF THE PREVENTATIVE CONTROL SYSTEM

The components (or protocols) of the preventative control system implemented to ensure the effectiveness of the Model are:

- the ethical principles of the Code of Ethics aimed at preventing crimes indicated by the Decree;
- the organisational structure of the Carraro Group and Carraro Drive Tech S.p.A.;
- the authoritative and signing powers with defined organisational and managerial responsibility;
- the operating procedures and/or instructions, information and manuals aimed at regulating the activities in corporate areas “at risk” with appropriate control points in order to ensure the correctness, effectiveness and efficiency of company activities in accordance with the Decree;
- the management control system, including verification mechanisms of the management of financial resources able to ensure the effectiveness and affordability of company activities and the traceability and verifiability of transactions;
- the communications and training system for personnel in relation to all elements of the Model, including the Code of Ethics;
- the disciplinary system able to sanction violations to the Code of Ethics and other dispositions of the Model;
- the rules of conduct, control procedures and specific provisions given in the Special Section of the Model.

9 CRIMES AGAINST THE PUBLIC ADMINISTRATION

9.1 Types of Crime against the Public Administration;

The Decree envisages a series of crimes against the Public Administration. It is deemed that the following such crimes may be committed in the sphere of activity carried out by Carraro Drive Tech S.p.A.:

- **Bribery of a public official** (Art. 318 of the Italian Criminal Code)
- **Bribery to ensure an act against official duties** (Art. 319 of the Italian Criminal Code)
- **Bribery of a person engaged in public service** (Art. 320 of the Italian Criminal Code)
- **Instigation to accept bribes** (Art. 322 of the Italian Criminal Code)
- **Corruption of judicial proceedings** (Art. 319 *ter* of the Italian Criminal Code)
- **Fraud against the State or other public entity** (Art. 640 of the Italian Criminal Code)
- **Aggravated fraud for the attainment of public disbursements** (Art. 640 *bis* of the Italian Criminal Code)
- **Computer fraud against the State or other public entity** (Art. 640 *ter* of the Italian Criminal Code)
- **Official misconduct** (Art. 317 of the Italian Criminal Code)
- **Official misconduct, bribery and instigation to accept bribes by members of entities of the European Community and representatives of the European Community and Foreign States** (Art. 322 *bis* of the Italian Criminal Code)
- **Misappropriation to the detriment of the State** (Art. 316 *bis* of the Italian Criminal Code)
- **Undue receipt of disbursement to the detriment of the State** (Art. 316 *ter* of the Italian Criminal Code)

- **Undue incitement to give or promise benefits** (Art. 319 *quater* of the Italian Criminal Code)
- **Trading in influence** (Article 346-*bis* of the Italian Penal Code)

9.3 Rules of Conduct

This section describes the specific rules of conduct which, as well as the general principles of conduct given above, must be observed by all Recipients in order to prevent the crimes described in paragraph 9.1 from being committed.

Recipients may not:

- a. be involved in transactions which conflict or may conflict with the interests of the Company;
- b. carry out behaviour or actions which are or may be interpreted as acts of bribery, unlawful favours, collusive behaviour, direct solicitation or solicitation through third parties of privileges or other ends relating to a crime covered by the Decree;
- c. make or promise to Italian or foreign public officials or their relations, including through an intermediary, monetary donations, gratuities, gifts or benefits of any other nature, which may influence the same public officials' independence of judgement or incite them to provide undue benefits;
- d. exercise undue pressure or solicitation in respect of public officials with a view to bringing to completion activities pertaining to their office;
- e. sign consultancy contracts with individuals within the Public Administration which may compromise the impartiality and the correct functioning of the Public Administration itself, including by awarding them undue benefits;
- f. make or promise services to clients without suitable justification in the context of the contractual relationship with the same;
- g. make payments, to the benefit of the suppliers, Consultants, Agents, Brokers and Dealers and/or Collaborators without due justification in the context of the duty to be carried out and the existing practice of the relative sector.

For the purposes of the implementation of the above prohibitions, the following **provisions** must be observed:

1. all persons who physically engage in **relations with the Public Administration** on behalf of the Company must be suitably **authorised** to do so by the Company (in the form of an appropriate mandate, including a consultancy contract or partnership agreement). Furthermore, all such individuals must observe the principles of transparency and correctness in all dealings with the Public Administration;
2. **agreements with suppliers** and **consultancy mandates** must be defined in writing and specify the conditions implied by the same (with particular reference to any stipulated financial agreements) which are proposed, verified and/or approved by at least two separate individuals belonging to the Company;
3. the **statements made to Italian or foreign public entities** for the purposes of verification, investigation or inspection of any kind must contain wholly verified elements and be authorised by individuals with the appropriate powers;

4. all **statements** and **communications made to representatives of the Italian or foreign Public Administration** and governed by existing legislation or regulations specifically required by the same representatives (e.g. in the case of an inspection) must be made in observation of the principles of clarity, correctness, completeness and transparency; full collaboration must be given in the case of inspections of any nature by public officials;
5. no **payment** of any kind may be made based on the **exchange of benefits**;
6. any **uncertainty or ambiguity** in terms of **correct behaviour** (including as regards any unlawful or incorrect conduct by the public agent), the interpretation of existing legislation and internal procedures must be brought to the attention of the immediate superior and/or the Supervisory Authority;
7. it is obligatory to **record and document all relations with Public Officials and/or Persons Changed with Public Service** in a clear, accurate and precise manner. (Traceability must be ensured by correctly filing available documents at the department. Said documentation may be subject to verification by the Process Owner and in any case must be notified to the OdV in accordance with the provisions of the General Section).

In the case of judicial dispute (including ordinary, administrative or labour disputes):

8. the relevant Department, with the eventual support of the Legal Department of the Parent Group, is responsible for instigating **relations with an external Law Firm** and providing any necessary documentation and/or information. The Law Firm must provide **updates** on the case in question;
9. **the Law Firm must also refrain from inciting subjects called to testify before the Judicial Authorities to withhold** the requested statements or otherwise **provide** untruthful information or statements.

With particular reference to Sensitive Operations (*including the consultation and management of reports with agents, dealers and business brokers*), in addition to the provisions given above the following are added:

10. conduct must be carried out in a correct, transparent and collaborative manner in **observance** of the **law**, company **procedures**, operating instructions and/or dispositions applicable to the relevant activities **in the scope of Sensitive Operations** and any existing **authorisation systems**;
11. the **insertion of a supplier** (including agents and dealers) into the **system registry** must be given prior authorisation by the Purchasing Manager and/or persons specifically delegated by the same;
12. the **traceability** of the different phases of the decision-making process relative to **financial and corporate relations** (e.g. joint ventures, consortia and similar forms) with third parties must be ensured and all supporting documentation must be duly archived. All safety measures defined and implemented by Carraro S.p.A. or the Company must be observed;
13. the **search for suppliers and/or Consultants** must be oriented towards third parties who give the highest guarantees of professionalism, organisation, integrity and technical and financial requirements;
14. the **choice of Consultants** and the **signing of appointments** and/or contracts must be authorised based on the system of powers and mandates;
15. when **assigning supply or consultancy roles** (including to Agents, Brokers and Dealers), it is necessary to consider the quality of the goods or services in terms of

- the price; purchased products, assets and/or services must in any case be justified by concrete company requirements motivated by and resulting from internal evidence of the purpose of the purchase;
16. the **contract** with the **Consultant** must expressly indicate or exclude the **power of representation** of the Company on behalf of third parties and precisely define the obligations and powers of the Consultant in the course of its activities in name and on behalf of the Company;
 17. it must be ensured that the **agreements** with suppliers, Consultants, collaborators and Contractors, agents, brokers and dealers **contain “Clause 231”**, on the basis of which the contractual counterparty declares to have read the content of the Model and the Code of Ethics and agrees to observe the provisions given in the same, failing which the contract will be terminated. For suppliers, this is limited to the Code of Ethics;
 18. any **advance payment** due to the Consultant (including Agents, Brokers and Dealers) may be made only if previously agreed and established in the conditions of the relative contract and must be duly documented;
 19. all **services provided** by Consultants (including Agents, Brokers and Dealers) must be **documented** and the department which engages said services, **before payment** of the relative fees, must be able to demonstrate the **effectiveness** of the service;
 20. it must be ensured that **employee selection** is based on principles which guarantee that candidate evaluation is done in accordance with the principles set forth in the Code of Ethics and that the selection process is traceable in compliance with the “New Recruitments” procedure;
 21. the **payments** must be made on presentation of suitably verified and authorised **documentary evidence** (for example a bill, claim for expenses, debit note etc.), which must correspond in terms of beneficiary, amount, time and payment method with those agreed between the Company and the beneficiary of the payment;
 22. third parties may not be awarded **discounts, premiums, credit notes** or any form of reduction of the owed amount that is not supported by documentary evidence in view of the contractual relationship with the same and must be motivated by objective factors;
 23. **collections** and **payments** must preferably be made via **bank transfer**. Collections and payments made in **cash** must be duly **documented**. **Cash payments** must be duly **authorised**;
 24. **current or savings accounts** may not be used anonymously or in a fictitious name in Italy or other foreign states;
 25. **reimbursements for expenses** incurred by internal or external persons may not be requested without suitable **evidence** in view of the **contractual relationship** with the same;
 26. **payment of expense receipts** must be made by a specific and designated company department;
 27. **gifts, donations or sponsorships** may not be made without formal **authorisation** based on the system of powers and mandates.

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

Finally, it is noted that for all matters not expressly covered by the provisions contained in this Model or the company operating procedures and instructions, the provisions in the Code of Ethics shall apply. In any case, in the event that one of the provisions of the Code of Ethics conflicts with the provisions under internal regulations or company procedures, the Code of Ethics shall prevail.

10 CORPORATE CRIMES AND ISSUES OF MARKET ABUSE

10.1 Types of Corporate Crime

Within the context of corporate crimes and so-called Market Abuse considered by the Decree, the crimes which may be committed within the context of the activities performed by Carraro Drive Tech S.p.A. are the following:

- **False company statements** (Art. 2621 of the Italian Civil Code)
- **Obstructed control** (Art. 2625, paragraph 2 of the Italian Civil Code)
- **Unlawful restitution of capital contributions** (Art. 2626 of the Italian Civil Code)
- **Unlawful distribution of profits and reserves** (Art. 2627 of the Italian Civil Code)
- **Illicit operations on company or parent company shares or quotas** (Art. 2628 of the Italian Civil Code)
- **Transactions to the detriment of creditors** (Art. 2629 of the Italian Civil Code)
- **Fictitiously paid-up capital stock** (Art. 2632 of the Italian Civil Code)
- **Unlawful distribution of company assets by the liquidators** (Art. 2633 of the Italian Civil Code)
- **Undue influence on the general shareholders' meetings** (Art. 2636 of the Italian Civil Code)
- **Stock manipulation** (Art. 2637 of the Italian Civil Code)
- **Obstructing the activities of public supervisory authorities** (Art. 2638 of the Italian Civil Code)
- **Bribery among private individuals** (Art. 2635 of the Italian Civil Code)
- **Instigation to accept bribes between private individuals** (Art. 2635 of the Italian Civil Code)
- **Stock** (Art. 2637 of the Italian Civil Code) **and market manipulation** (Articles 185 and 187 *ter* of TUF)
- **Abuse of restricted information** (articles 184 and 187 *bis* of Legislative Decree n. 58/1998 of the Unified Finance Document)

10.3 Rules of Conduct

This section describes the specific rules of conduct which, as well as the general principles of conduct given above, must be observed by all Recipients in order to prevent the crimes described in paragraph 10.1 from being committed.

In particular, **Recipients are expressly required to:**

- a. engage in conduct based on the principles of integrity, correctness and transparency in the activity of drafting financial statements and other company accounts requested by the Parent Company (such as periodic financial statements) in order to provide the shareholders and third parties with truthful and correct information on the Company's economic, asset and financial situation, in compliance with the law and the relevant accounting regulations (IAS/IFRS);

- b. not engage in activities or operations designed to create extra account funds (e.g. invoices for non-existent operations or over-invoicing), "slush funds" or "secret accounts";
- c. with reference to the Financial Statement, the Company must ensure that all criteria for the preparation of statements comply with the directives of the parent group;
- d. ensure maximum correctness on the part of the directors, auditors and any liquidators in the drafting of all other information required or otherwise foreseen by law and directed to members or the general public, in order that these contain clear, precise, accurate and complete information;
- e. engage in conduct intended to guarantee the regular operation and correct interaction with corporate bodies, ensuring and facilitating each control measure taken by the corporate management via the methods provided by law, as well as the free and regular deliberation of the shareholder's meetings decisions. This being the case, it is prohibited to: a) prevent or in any way obstruct, even by concealing documentation or using other ploys, the execution of the activities of the Board of Statutory Auditors and/or the Audit Company; b) unlawfully determine or influence the decisions made at the Board meetings (e.g. through fraudulent or falsified documents);
- f. ensure the prompt observance of all laws and regulations which protect the integrity and the effectiveness of the share capital, in order to avoid damaging the guarantees given by creditors and, more generally, third parties;
- g. in carrying out transactions of any nature on financial instruments or in the dissemination of information concerning the same, observe the principles of correctness, transparency, completeness of information, protection of the market and compliance with the dynamics of the free determination of the price of securities;
- h. provide all notifications required by law and regulations to the public Supervisory Authorities promptly, correctly and in good faith, refraining from interposing any obstacles to the supervisory functions exercised by the same;
- i. ensure that significant transactions (e.g. purchases and sales), in the case of third parties and intercompany transactions, are made in compliance with the principles of integrity, correctness and transparency;
- j. engage in conduct in compliance with the principles of integrity, correctness and transparency in trading or commercial activities.

The following describes the means of implementation for the rules given above in relation to the different types of corporate crime:

Financial Statements and other corporate communications.

The drafting of the annual financial statement and monthly accounts (monthly management statement) must be based on the following principles:

1. particular attention must be given to **evaluation estimates** for the financial statements: persons who carry out the estimate must respect the principle of reasonableness and clearly express the evaluation parameters employed, providing all supplementary information necessary to ensure the truthfulness of the document;
2. the **determination of the evaluation estimate** for the financial statements shall be the responsibility of the Administrative Manager and the Management Control Director at the Parent Group and is shared with the Administrative Director of the Parent Group and the CFO of the Group, with the involvement of any relevant Consultants;

3. the **financial statements** are prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Union, as well as the provisions issued with the implementation of Art. 9 of Legislative Decree no. 38/2005. The term IFRS extends to all major international standards (IAS) and all interpretations of the International Financial Reporting Interpretations committee (IFRIC);
4. this is without prejudice to the necessary compliance with the provisions of Art. 2391 on the subject of the obligations of **directors to disclose** any **interests** in Company operations, whether of a personal nature or on behalf of third parties;
5. the **traceability** of operations for the transfer and/or referral of credit positions (through, for example, credit assignment, withdrawal of credit positions, etc.) and the relative motivations of the same;
6. compliance with the rules of conduct for the communication to third parties of **private and restricted information** released by the Parent Group (in such a way as to prevent undue access);
7. the **traceability** of the process relative to **communications to the Supervisory Authorities** shall be made in compliance with the law and regulations, even in the case of inspections. Refer to the methods given in paragraph 9.3, point 7.

Protection of Share Capital.

All share capital transactions within the Company, including at Group level, which may compromise the integrity of the share capital, must be made based on methods which, in particular, provide for:

8. the obligation of **directors** to disclose to the Management Body any **interests** of a personal nature or on behalf of third parties, in Company transactions according to the provisions of Art. 2391 of the Italian Civil Code and in compliance with the Procedure for Related Party Transactions;
9. the obligation of Recipients **other than company directors** to adequately and promptly give notification of any **conflicts of interest** in terms of the Procedure for Related Party Transactions.

Extraordinary Transactions

Significant transactions (e.g. purchases and sales) must be based on the following provisions:

10. the obligation to conduct a thorough **analysis of the asset** relevant to the investment process, through appropriate due diligence, the results of which shall be reflected in the contractual agreements;
11. the identification and monitoring of any **conflicts of interest**;

Activities subject to supervision

Activities subject to supervision by public authorities must be conducted in compliance with the following provisions:

12. (ref. paragraph 9.3, point 4);
13. (ref. paragraph 9.3, point 7);

Activities that may exert an influence on the market.

With reference to the prevention of **Administrative Crimes and Misconduct of so-called Market Abuse**, in spite of the Company not being a listed issuer, in order to ensure a proper level of awareness, the principles for control and conduct adopted by the Parent Group Carraro S.p.A. and shared by Carraro Drive Tech S.p.A. aiming to ensure compliance with the relevant primary and secondary regulations in force and the privacy of information and handling of data not in the public domain, are given below.

The aim of the rules given in this section, in compliance with the requirements of existing legislation, as well as the directive of Carraro S.p.A. and as provided by Art. 114, paragraph 2 of T.U.F., is to ensure that the circulation of information may occur without prejudice to the restricted or confidential nature of the same and avoiding that said information is shared with unauthorised persons as well as ensuring that the disclosure to the market of restricted information by Carraro S.p.A. takes place promptly and completely in order to avoid asymmetries in the information given to the public.

All individuals who carry out activities connected to the spread of information, including online or any other means of communication, relative to financial instruments and/or operations relative to the price variation of said instruments must comply with the following principle:

14. **ensure transparency and correctness** ensuring the punctual, clear, genuine and complete nature of processed data and the **equality of access** to said information.

All persons in possession of price sensitive news must comply with the following provisions:

15. it is **prohibited to conduct transactions on financial instruments of the Company or Parent Group Carraro S.p.A.**, directly or indirectly, on a personal account or on behalf of third parties, **using restricted information** in any way to alter the market or, more generally, providing imprecise or misleading information;
16. it is **prohibited to communicate restricted information to third parties** acquired through personal activities, or to **recommend or encourage** third parties to complete transactions on financial instruments;
17. it is **prohibited to spread imprecise, false or otherwise misleading information relative to financial instruments or other circumstances** which may **theoretically influence the price of the same financial instruments**.

In this regard the following provisions must be observed:

18. the **privacy** of all confidential information acquired or which is disclosed as part of company operations, where said information refers to the Company, to Carraro S.p.A., the other Companies of the Group or the third parties with business arrangements with the Group. Confidential information may not be passed to third parties or used for improper means;
19. if confidential information must be disclosed to third parties (Consultants and/or professionals), for company reasons, it is obligatory to **ascertain** that these are subject to a legal, regulatory or statutory **privacy agreement**; if this is not the case, a **confidentiality agreement** must be signed to ensure the mutual duty of confidentiality of any information exchanged;

It is noted that Carraro S.p.A. set up a Register for all persons who have access to confidential information in accordance with Art. 115 *bis* of T.U.F.

The activity of data processing which may influence the market and the completion of transactions on financial instruments must be conducted based on the specific procedures and protocols issued by the Parent Group Carraro S.p.A., extended to representatives of Carraro Drive Tech S.p.A. involved in company processes regulated by the above procedures and, specifically:

- Procedure for the Internal Management and Communication to Third Parties of Confidential Information, with particular reference to Restricted Information;
- Procedure for the upkeep and updating of the Register of persons with access to Restricted Information; and
- Code of conduct for Internal Dealings.

Rules of Conduct and Principles of Control and Specific Provisions for the Prevention of Crimes of Bribery among Private Individuals and the Instigation to bribery between private individuals.

With reference to the management of Sensitive Operations which are theoretically linked to the crime of bribery of private individuals, in addition to the afore-mentioned rules of conduct **Recipients should refrain** from:

- k. engaging in actions or behaviour towards Representatives (Directors, Director Generals, Auditors, etc.), or the persons under private entities (suppliers, consultants, clients, etc.), which may or can be interpreted as acts of bribery, unlawful benefits, collusive behaviour, solicitation, offers or promises through direct means or third parties of benefits for personal gain or for other purposes linked to a crime of bribery among private individuals and the instigation to bribery between private individuals, as specified in the examples below:
 - distribution or offer of gratuities, gifts or benefits to consultants and suppliers of any nature and their employees and/or collaborators which may influence the independent judgement of the same and may compromise the reputation of the company or private entity;
 - offer of payments, bonuses or other incentives to consultants, suppliers, commercial partners of any nature and their employees and/or collaborators without suitable justification in terms of the duty or activities of the same and the existing practice of the relevant sector;
 - provide, offer or promise money or assets of any kind (proposals of employment, etc.), offers (made or received) of business courtesy, unless of a modest value and given in compliance with the existing authorisation procedures and provided that these may not be in any way interpreted by the counterparty as an instrument to influence the same in their duties and therefore violating office and loyalty obligations (by acting or failing to act).

Recipients must observe the following:

- 20. (ref. paragraph 9.3, point 10);
- 21. **no questionable or unlawful practice** may be in any way justified or tolerated, **even when “customary”** in the sector within which Carraro Drive Tech S.p.A. operates. No provision may be imposed or accepted if it may only be achieved by compromising the ethical standards of the Company;

22. services **without adequate justification in the contractual relationship** with third parties **may not be made, promised or offered** to the same unless otherwise formalised in a contract/order or agreement;
23. (ref. paragraph 9.3, point 22);
24. (ref. paragraph 9.3, point 25);
25. the **managers** of company departments involved in **Sensitive Operations** must ensure a constant level of **awareness** of staff or third parties on the content of this Model and the Code of Ethics, in order to ensure knowledge and effective implementation of the same;
26. ensure the **traceability** of the decision-making process for activities related to Sensitive Operatives that must be ensured and any relevant documentation duly archived;
27. **cash payments** or the offer of **donations** aimed at soliciting unfair treatment for personal gain in any company activity **may not be made**. In particular, this applies to any form of donation towards any Italian or foreign counterparty (including in countries where the offer of donations is common practice) which may influence the independence of the same or solicit any advantage for the Group;
28. (ref. paragraph 9.3, point 5);
29. (ref. paragraph 9.3, point 23);

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

Finally, it is noted that for all matters not expressly covered by the provisions contained in this Model or the company operating procedures and instructions, the provisions in the Code of Ethics shall apply. In any case, in the event that one of the provisions of the Code of Ethics conflicts with the provisions under internal regulations or company procedures, the Code of Ethics shall prevail.

11 CRIMES RELATING TO HEALTH AND SAFETY IN THE WORKPLACE

11.1 Types of crimes relating to health and safety in the workplace

Crimes relating to health and safety in the workplace contemplated by the Decree which may be committed within the scope of the activities carried out by Carraro Drive Tech S.p.A. are the following:

- **Culpable homicide** (Art. 589 of the Italian Criminal Code)
- **Serious and very serious culpable personal injury** (Art. 590 of the Italian Criminal Code)

11.2 Risk management process relative to health and safety in the workplace

The risk of the crimes listed above being committed is potentially present in all operational activities carried out by employees or collaborators within the offices and factories belonging to Carraro Drive Tech S.p.A. and, in particular:

- in places where industrial activities exposed to greater risk factors are carried out;
- in workplaces where auxiliary activities to the above (e.g. warehousing) exposed to lower risk factors are carried out;
- in other workplaces (e.g. offices) where the risk factor is almost nil.

11.3 General Rules of Conduct

This section describes the specific rules of conduct which, as well as the general principles of conduct given above, must be observed by all Recipients in order to prevent the crimes described in paragraph 11.1 from being committed.

All Company employees and collaborators, including Consultants and Contractors in their respective fields and areas of competence, are obliged to:

- a. observe the regulations and guidelines for health and safety in the workplace;
- b. observe the general rules of conduct, control procedures and specific provisions given in the Model;
- c. promote the observance of said regulations, rules and principles to ensure compliance with all health and safety in the workplace requirements;
- d. adopt conduct of a collaborative and transparent nature and observe the rules of conduct specified in paragraph 9.3 for relations with competent public entities on the subject of health and safety in the workplace (both in the drafting of the same and the notification of any statements in the case of assessments or inspections);
- e. correctly use all machinery, apparatus, instruments, materials, vehicles and other work equipment, as well as any safety devices;
- f. report any violations to health and safety regulations and any potentially or currently dangerous situations to the management or persons in charge.

11.4 Risk management principles relative to health and safety in the workplace

The existence and disclosure of organisational provisions and a formal system of roles, power and delegates with reference to health and safety in the workplace.

The existence of formal procedures and/or instructions and/or operating provisions to regulate the activities of persons involved in the health and safety in the workplace process, in particular (summaries given in brackets):

1. (The “Policy for the Environment, Health and Safety in the Workplace”)
2. (The procedure for the identification of dangers, assessment of risks and implementation of necessary controls)
3. (The Risk Assessment Document in accordance with articles 28 and 29 of Legislative Decree no. 81/2008)
4. (The Unified Interference Risk Assessment Document in accordance with Article 26, paragraph 3 of Legislative Decree no. 81/2008)
5. (The Emergency Plan in accordance with Legislative Decree no. 81/2008 and other existing legislation)
6. (Other health and safety procedures and operating instructions)

The existence of a periodic and systematic information and training programme for employees and/or collaborators involved in health and safety in the workplace risk management, in compliance with the provisions of Legislative Decree no. 81/2008 and the traceability of any staff training, supported by the relative documentation.

Monitoring, supervision and operative control activities

7. (Accident reporting system)
8. (Health checks performed by a qualified medical professional)
9. (periodic audits)

The ex-post traceability and verifiability of flows of information relative to the Process.

10. each activity relative to the management of risks pertaining to health and safety in the workplace must be supported by written documentation and duly archived so as to ensure maximum traceability.
11. flows of information between persons assigned to the protection of works and other persons, with regards to activities carried out in the sphere of the Process in question, must be duly recorded and archived so as to ensure maximum traceability.
12. (Direct procedure for the management and control of data and documents)

Other controls relating to health and safety in the workplace:

13. (the annual meeting of the Prevention and Protection Service in compliance with Legislative Decree no. 81/2008)
14. (the consultation, communication and notification of Union Representatives in compliance with Legislative Decree no. 81/2008)
15. (Equipment checks records)

Controls and specific provisions for health and safety in the workplace linked to contract agreements with contractors and subcontractors and works or supply contracts.

16. (identification of independent workers or companies for works or supply contracts)
17. (Verification of technical and professional suitability⁴)
18. (reference to subcontracting agreements stipulated by the Contractors and the technical and professional suitability verification means and criteria previously established for the Contractor and extended to the Subcontractor)
19. (Formalisation of contractor, works or supply contracts)
20. (the previous point 19 also applies to subcontract agreements stipulated by the Contractor)
21. (information on the specific risks present in the environment in which works are carried out and the prevention and emergency measures adopted⁵)

⁴ Article 26, paragraph 1, letter a) of Legislative Decree no. 81 of 09 April 2008

⁵ Article 26, paragraph 1, letter b) of Legislative Decree no. 81 of 09 April 2008

22. (Cooperation and coordination activities of measures aiming to eliminate interference risks⁶)
23. (Drafting of the Unified Interference Risk Assessment Document⁷. This does not apply to specific risks of the activities of the contracting companies or independent self-employed workers)
24. (Formal control of fulfilment methods for contract and subcontract, works and supply agreements)

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

12 CRIMES RELATING TO RECEIVING STOLEN GOODS, MONEY LAUNDERING AND UTILISATION OF MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGINS

12.1 Types of crime relating to receiving stolen goods, money laundering and utilisation of money, goods or benefits of unlawful origins and self-laundering

The types of crime which may be committed within the sphere of activities carried out by Carraro Drive Tech S.p.A. are given below:

- **Receiving stolen goods** (Art. 648 of the Italian Criminal Code)
- **Money Laundering** (Art. 648 *bis* of the Italian Criminal Code)
- **Utilisation of money, goods or benefits of unlawful origins** (Art. 648 *ter* of the Italian Criminal Code)
- **Self-Laundering** (Art. 648 *ter* 1 of the Italian Criminal Code)

12.2 Sensitive Operations

With reference to the new crime of self-laundering introduced by Art. 648 *ter* 1 of the Italian Criminal Code, and inserted into Art. 25 octies of Legislative Decree no. 231/2001 by Law no. 186/2014, entered into force on 1 January 2015, the Company, in the absence of legal and doctrinal interpretations and best practices, favoured a conservative approach and extended the mapping of Sensitive Operations for the purposes of crimes caused by self-laundering to non culpable crimes not included in the 231 Crimes.

The Company therefore decided to consider tax offences under Legislative Decree no. 74/2000 (on the subject of income tax and VAT) as “crimes caused” by self-laundering, identifying additional protocols and control measures for the prevention of the same.

12.3 General Rules of Conduct

This section describes the specific rules of conduct which, as well as the general behaviour principles given above and the specific control principles and provisions indicated in the following paragraph 12.4, must be observed by all Recipients in order to prevent the crimes described in paragraph 12.1 from being committed.

⁶ Article 26, paragraph 2 of Legislative Decree no. 81 of 09 April 2008

⁷ Article 26, paragraph 3 of Legislative Decree no. 81 of 09 April 2008

In particular, **Recipients must:**

- a. act in compliance with the principles of integrity, correctness and transparency in the performance of any company activities and in the selection of financial and/or commercial partners. Maximum attention must be given to the preventative verification of all information ordinarily available (including financial information) on the counterparty in order to determine that the same has a respectable reputation and engages in lawful activities, both in the establishment of the contract and in the execution of the working relationship;
- b. engage in conduct based on the principles of integrity, correctness and transparency in the activity of drafting financial statements and other accounts requested by the Parent Company in order to provide the shareholders and third parties with truthful and correct information on the Company's economic, asset and financial situation, in compliance with the law and the relevant accounting regulations (IAS/IFRS);
- c. engage in conduct in compliance with the principles of integrity, correctness and transparency in trading or commercial activities;
- d. make or promise services to clients only with suitable justification in the context of the contractual relationship with the same;
- e. make payments to the benefit of the suppliers, Consultants, Agents, Brokers and Dealers and/or Collaborators only with due justification in the context of the duty to be carried out and the existing practice of the relative sector;
- f. not engage in commercial relations with persons (legal or natural) who are suspected of conducting or known to conduct unlawful activity with reference to the crimes of fencing, money-laundering, the utilisation of money, goods or benefits of unlawful origins and self-laundering;
- g. ensure the traceability of the different phases of the decision-making process relative to financial relations (e.g. joint ventures, consortia and similar forms) with third parties and retain any supporting documentation;
- h. not use anonymous instruments for transactions of significant value;
- i. act in compliance with the principles of integrity, correctness and transparency in taxation management, observing the legal and regulatory provisions for the drafting of tax, income and VAT statements and retain all supporting documentation;
- j. engage in proper and collaborative conduct with the Supervisory and Judicial Authorities;
- k. bringing to the attention of the immediate superior and/or the OdV any uncertainties regarding proper conduct, the interpretation of current legislation and operating procedures and/or instructions.

12.4 Control principles and specific provisions of the Processes in question

This paragraph outlines the control principles and the specific provisions which, combined with the general conduct principles given above and the general rules of conduct given in paragraph 12.3, Recipients must observe for the Sensitive Operations identified in paragraph 12.2 in order to prevent the crimes described in paragraph 12.1 from being committed.

In addition to the indications given in chapter 9 Crimes against the Public Administration and chapter 10 Corporate Crimes, the following provisions must also be observed:

1. observe all legislative and regulatory provisions regarding **fiscal and accounting obligations**;
2. comply with **circulars, instructions and resolutions** issued by the competent Public Authorities (Italian Revenue Agency, Ministry of Finance, etc.), if and when applicable, as well as instructions and operating provisions in regards to tax statements, liquidation and payment of taxes.

In addition to the indications given in chapter 9 Crimes against the Public Administration, Recipients are also required to observe the following:

3. it must be ensured that the **obligations to the Italian Customs Agency** are fulfilled with the maximum diligence and professionalism in order to provide clear, accurate, complete and correct information, avoiding and duly recording any instances of conflict of interest. The relative documents must be processed and/or submitted in a prompt, clear and complete manner;
4. in the case that **Public Administration IT or communications systems** are utilised for the fulfilment of obligations or notifications, the use of alternative systems or means of any kind is prohibited;
5. (ref. paragraph 9.3, point 5); (ref. paragraph 9.3, point 23);
6. activities or operations designed to create extra account funds (e.g. invoices for non-existent operations or over-invoicing), "slush funds" or "secret accounts" may not be conducted (ref. paragraph 10.3, letter b);

In addition to the indications given in chapter 9 Crimes against the Public Administration and chapter 10 Corporate Crimes, the following provisions must also be observed:

7. (ref. paragraph 9.3, point 13);
8. check the **commercial and professional reliability** of suppliers and commercial/financial partners before formalising any relationship, even based on relevant indicators including and not limited to the following examples:
 - i. the absence of any prejudicial public information (protests, bankruptcy proceedings, etc.);
 - ii. the acquisition of commercial information on the company (e.g. anti-Mafia certificate, Chamber of Commerce record, etc.) and on the members and directors, including through specialist companies;
 - iii) the proposal of commercial conditions (e.g. price, payment terms/methods) in line with the average market values;
9. (ref. paragraph 9.3, point 11);
10. (ref. paragraph 9.3, point 2);

In addition to the indications given in chapter 9 Crimes against the Public Administration and chapter 10 Corporate Crimes, the following provisions must also be observed:

11. no **payment** of any kind may be made i) to internal or external persons without **suitable justification** in view of the contractual relationship with the same, when this is in payment for goods, services, assets etc. actually received by the Company in accordance with the terms of the contract or ii) which is not **owed** by the Company in accordance with the **law**;

12. (ref. paragraph 9.3, point 5);
13. (ref. paragraph 9.3, point 23);
14. (ref. paragraph 9.3, point 24);
15. **no cash payments, nor the transfer of bearer bank deposit books or postal notes**, in Euro or a foreign currency, **for values equal or greater to those provided for by the applicable legislation** (Legislative Decree no. 231/2007) **or by other internal operation regulations** may be made unless through banks, electronic money institutions and Poste Italiane S.p.A.;
16. no **endorsements for the collection** of bank or postal notes issued by the drawer may be made unless on behalf of a bank or Poste Italiane S.p.A.

In addition to the indications given in chapter 9 Crimes against the Public Administration and chapter 10 Corporate Crimes, the following provisions must also be observed:

17. it is **prohibited to offer**, directly or indirectly, **money, gifts or benefits of any nature** to managers, officials or employees of **clients, suppliers or Consultants** for the purposes of influencing the same in the performance of their duties and/or to gain undue benefit;
18. (ref. paragraph 9.3, point 27);

In addition to the indications given in chapter 9 Crimes against the Public Administration and chapter 10 Corporate Crimes, the following provisions must also be observed:

19. any **acts** which are contractually binding between Carraro Drive Tech S.p.A. and Agents, Brokers and Dealers must be duly **formalised and signed**;
20. the **commercial and professional reliability** of Agents, Brokers and Dealers must be duly ascertained;
21. the **commissions** due to agents, brokers and dealers must comply with the terms of the contract and must be duly **checked** by a designated company department;

Finally, it is noted that for all matters not expressly covered by the provisions contained in this Model or the company operating procedures and instructions, the provisions in the Code of Ethics shall apply. In any case, in the event that one of the provisions of the Code of Ethics conflicts with the provisions under internal regulations or company procedures, the Code of Ethics shall prevail.

13 COMPUTER CRIME

13.1 Types of computer crime

The following lists the types of computer crime foreseen by the Decree which may theoretically occur within the scope of activities carried out by Carraro Drive Tech S.p.A.:

- **Falsification of a public electronic document or a one that carries evidential effectiveness** (Art. 491 *bis* of the Italian Criminal Code)
- **Unlawful access to computer or telecommunication systems** (Art. 615 *ter* of the Italian Criminal Code)
- **Unlawful possession and distribution of access codes to computer or telecommunication systems** (Art. 615 *quater* of the Italian Criminal Code)
- **Distribution of equipment, devices or computer programs designed to damage or interrupt a computer or communication system** (Art. 615 *quinquies* of the Italian Criminal Code)
- **Unlawful tapping, obstruction or interruption of computer or network communications** (Art. 617 *quater* of the Italian Criminal Code)
- **Installation of equipment designed to tap, obstruct or interrupt computer or network communications** (Art. 617 *quinquies* of the Italian Criminal Code)
- **Damage to information, data and software programs** (Art. 635 *bis* of the Italian Criminal Code)
- **Damage to information, data and software programs used by the State or other public entity or in any case of public interest** (Art. 635 *ter* of the Italian Criminal Code)
- **Damage caused to computer and communication systems** (Art. 635 *quater* of the Italian Criminal Code)
- **Damage to computer and communication systems of public interest** (Art. 635 *quinquies* of the Italian Criminal Code)
- **Computer fraud against electronic signature certification systems** (Art. 640 *quinquies* of the Italian Criminal Code)

13.2 Computer safety management process

Given the nature of such crimes, the potential risk of the crimes in question being committed is potentially present in all activities carried out by employees or collaborators of Carraro Drive Tech S.p.A. which require the use of Company computer systems and programs (IT).

However, in terms of the actual probability of a computer crime and the relative consequences of the same, the potential risk may be assessed based on the characteristics of the activities and the IT systems.

With particular reference to the organisational and management aspects of the IT service, such activities and systems are predominantly within the sphere of the IT Department of Carraro S.p.A., to which is also entrusted the determination, updating and monitoring of computer security policies.

13.3 General Rules of Conduct

This section illustrates the general rules of conduct which, as well as the organisation, management and control system and the general conduct principles outlined above, and the principles of control and specific provisions indicated in paragraph 13.4, must be observed by all Recipients in order to prevent the computer crimes described in paragraph 13.1 from being committed.

In particular, all employees and collaborators, including Consultants of the Company, are required to:

- a. observe the general rules of conduct, control procedures and specific provisions given in this chapter;
- b. observe the regulations, procedures and/or instructions and/or operating or organisational provisions which regulate the access and use of Company computer systems and programs;
- c. promote compliance with the aforesaid regulations, rules and principles.

13.4 Risk management control principles and specific provisions relative to computer security

The existence and disclosure of organisational provisions and a formal system of roles, power and delegates with reference to the computer security management process.

1-2 (organisation)

The existence of formal operating procedures and/or instructions which regulate the activities of persons involved in the computer security management process.

3-9 (procedures)

Access and use of IT systems:

10-12 (user profiles)

Development of IT systems and subsequent updates:

13. (operating instructions in the context of payment authorisation)

Monitoring, continuous control and traceability:

14. Company Departments which oversee computer security must be informed of any computer processing problems, to ensure that the safety of proprietary information has not been compromised.

15-17 (monitoring)

Other controls relating to computer security:

18. (Business Continuity Plan)

19. the introduction of clauses in contracts with third parties aimed at preventing the risks associated with existing system connections with the same;

20. in the case that such services are outsourced, the outsourcing contract shall include a clause which allows the Company to carry out computer safety audits on the outsourcer itself.

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

Finally, it is noted that for all matters not expressly covered by the provisions contained in this Model or the company operating procedures and instructions, the provisions in the Code of Ethics shall apply. In any case, in the event that one of the provisions of the Code of Ethics conflicts with the provisions under internal regulations or company procedures, the Code of Ethics shall prevail.

14 ORGANISED CRIME

14.1 Types of organised crime

The types of crime which may be committed within the sphere of activities carried out by Carraro Drive Tech S.p.A. are given below:

- **Criminal association** (Art. 416 of the Italian Criminal Code)
- **Mafia association** (Art. 416 *bis* of the Italian Criminal Code)
- **Crimes committed taking advantage of the conditions of the previously mentioned Art. 416 *bis* or with the purpose of assisting the activities of the associations pursuant to the same article** (Art. 24 *ter*, Legislative Decree no. 231/2001)

14.2 Sensitive Operations

The crimes in question presume **conduct that is detrimental to public order**, intended as a healthy and regular state of civil existence, which strives to protect property and values essential to the peaceful coexistence and the orderly function of the democratic system.

Both crimes described (Articles 416 and 416 *bis* of the Italian Criminal Code) apply even when committed at an international level, in accordance with Art. 10 of Law no. 146 of 16 March 2006.

The Company deemed it preferable, as a precautionary measure, to extend the analysis to the possible occurrence of “end crimes” where crimes of association may be committed within the company.

The potential “**end crimes**” which may occur within the scope of the Company’s activities are the following:

a) Fraud (Art. 640 of the Italian Criminal Code)

b) Crimes relating to income tax and VAT:

- the issuance of invoices or other documents for non-existent transactions (Art. 8 of Legislative Decree no. 74/2000);
- fraudulent statements through the use of invoices or other documents for non-existent transactions (Art. 2 of Legislative Decree no. 74/2000);
- fraudulent statements through other means, unfaithful statements, omissions (articles 3, 4 and 5 of Legislative Decree no. 74/2000);

- c) **Organised activities for unlawful waste trafficking** (Art. 260 of Legislative Decree no. 152/2006).

14.3 General Rules of Conduct

This section describes the specific rules of general conduct which, as well as the general behaviour principles given above and the specific control principles and provisions indicated in the following paragraph 14.4, must be observed by all Recipients in order to prevent the crimes described in paragraph 14.1 from being committed.

In particular, **Recipients must:**

- a. not engage in commercial relations with persons (legal or natural) who are suspected of or known to conduct unlawful activity with reference to organised crime;
- b. act in compliance with the principles of integrity, correctness and transparency in the performance of any company activities and in the selection of financial and/or commercial partners. Maximum attention must be given to the preventative verification of all information ordinarily available (including financial information) on the counterparty in order to determine that the same has a respectable reputation and engages in lawful activities, both in the establishment of the contract and in the execution of the working relationship;
- c. act in a correct, transparent and collaborative manner in compliance with legislation and procedures, instructions and/or any operating or organisational provisions in the performance of activities relating to Sensitive Operations;
- d. act immediately on any information and/or negative reports on the reputation of any persons involved in business interactions;
- e. not make or promise, to persons with whom a permanent or temporary business arrangement is in place, any services which are not duly justified in view of the same business arrangement within legal parameters;
- f. not make payments, to the benefit of the collaborators, Consultants, Agents, Brokers and Dealers, Contractors and suppliers without due justification in the context of the duty to be carried out and the existing practice of the relative sector.
- g. bringing to the attention of the immediate superior and/or the OdV any uncertainties regarding proper conduct, the interpretation of current legislation and operating procedures and/or instructions.

14.4 Control principles and specific provisions of the Processes in question

This paragraph outlines the control principles and the specific provisions which, combined with the general conduct principles given above and the general rules of conduct given in paragraph 14.3, Recipients must observe for the Sensitive Operations identified in paragraph 14.2 in order to prevent the crimes described in paragraph 14.1 from being committed.

In addition to the indications given in chapter 9 Crimes against the Public Administration and chapter 12 Money Laundering, the following requirements must also be observed:

1. all activities to determine the **direct** and **indirect** taxes relative to operating instructions and/or provisions;
2. (ref. paragraph 12.4, point 2);

3. (ref. paragraph 9.3, point 22);
4. (ref. paragraph 9.3, point 23);

In addition to the indications given in chapter 9 Crimes against the Public Administration and chapter 10 Corporate Crimes, the following provisions must also be observed:

5. (ref. paragraph 9.3, point 20);
6. during recruitment, specific profiles and/or duties must be verified and the **integrity** requirements of the selected **resource** must be evaluated.

In addition to the indications given in chapter 9 Crimes against the Public Administration, chapter 10 Corporate Crimes and chapter 12 Money Laundering Crimes, the following requirements must also be observed:

7. (ref. paragraph 9.3, point 13);
8. the commercial and professional reliability of suppliers and commercial/financial partners must be verified (ref. paragraph 12.4, point 8);
9. (ref. paragraph 9.3, point 11);
10. (ref. paragraph 9.3, point 2);
11. (ref. paragraph 9.3, point 19);
12. (ref. paragraph 9.3, point 17);
13. it must be ensured that agreements with third parties contain **clauses** which i) state the existence of the **commercial and professional reliability** requirements (including in the form of a self-declaration); and ii) state the obligation to give notification of any circumstance that may influence the status of the requirements, without causing jeopardy to the same.

In addition to the indications given in chapter 9 Crimes against the Public Administration, chapter 10 Corporate Crimes and chapter 12 Money Laundering Crimes, the following requirements must also be observed:

14. (ref. paragraph 12.4, point 19);
15. (ref. paragraph 9.3, point 15);
16. it must be ensured that agreements with Agents, Brokers and Dealers contain “clause 231”, providing for the understanding of and commitment to the Model and the Code of Ethics, at risk of terminating the contract (ref. paragraph 9.3, point 17);
17. it must be ensured that agreements with Agents, Brokers and Dealers contain **clauses** which i) state the existence of the **commercial and professional reliability** requirements (including in the form of a self-declaration); and ii) state the obligation to give notification of any circumstance that may influence the status of the requirements, without causing jeopardy to the same;
18. it must be ensured that **contracts with clients**, if and when signed, are clear, detailed, transparent and consistent with company policy;

19. the **contractual** standards must be systematically updated in line with amendments to existing legislation and in compliance with the format provided by the Legal Department of the Parent Group.

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

Finally, it is noted that for all matters not expressly covered by the provisions contained in this Model or the company operating procedures and instructions, the provisions in the Code of Ethics shall apply. In any case, in the event that one of the provisions of the Code of Ethics conflicts with the provisions under internal regulations or company procedures, the Code of Ethics shall prevail.

15 CRIMES RELATING TO THE FRAUDULENT USE OF TRADEMARKS, PATENTS AND DISTINCTIVE LABELS

15.1 Types of crime relating to the fraudulent use of trademarks, patents and distinctive labels

The types of crime which may be committed within the sphere of activities carried out by Carraro Drive Tech S.p.A. are given below:

- **Counterfeiting, alteration or use of trademarks, or distinctive signs, or of patents, models and drawings** (Art. 473 of the Italian Criminal Code)
- **Introduction into the state and trading of products with false signs** (Art. 474 of the Italian Criminal Code)

This Special Section does not apply to Agents, Business Brokers, Dealers or Consultants.

16 CRIMES AGAINST INDUSTRY AND COMMERCE

16.1 Types of crime against industry and commerce

The types of crime which may be committed within the sphere of activities carried out by Carraro Drive Tech S.p.A. are given below:

- **Disruption of the freedom of industry and trade** (Art. 513 of the Italian Criminal Code)
- **Illicit competition through the use of threats or violence** (Art. 513 *bis* of the Italian Criminal Code)
- **Fraud in trade activities** (Art. 515 of the Italian Criminal Code)
- **Sale of industrial products with misleading signs** (Art. 517 of the Italian Criminal Code)
- **Production and sale of goods produced by usurping industrial property rights** (Art. 517 *ter* of the Italian Criminal Code)

16.3 General Rules of Conduct

This section describes the specific rules of general conduct which, as well as the general behaviour principles given above and the specific control principles and provisions indicated in the following paragraph 16.4, must be observed by all Recipients in order to prevent the crimes described in paragraph 16.1 from being committed.

In particular, **Recipients must:**

- a. act in a correct, transparent and collaborative manner in compliance with legislation and procedures, instructions and/or any operating or organisational provisions aimed at the management of relations with Italian or foreign suppliers, clients and partners;
- b. not engage in commercial relations with persons (legal or natural) who are suspected of or known to conduct unlawful activity with reference to crimes against industry and commerce;
- c. not violate the industrial property rights of third parties and protect those of the Company;
- d. not interfere, obstruct or disturb the operation of the industry or trade;
- e. act in the case of the negative discovery and/or report of the credibility of persons with whom the business interacts or the effective right of the same to the industrial property rights;
- f. verify the reliability of letters of formal notice received by persons reporting an alleged conduct by the Company which may damage the rights protected by law for crimes against industry and commerce;
- g. seek legal or professional advice to confirm the possibility that conduct by the Company may be interpreted as a crime against industry and commerce;
- h. in the management of relations with third parties, implement all necessary measures to avoid:
 - acts of threat or violence which may cause damage to the freedom of industry or trade and free competition;the sale and purchase to third parties by the Company of counterfeit goods, goods which do not comply with required or agreed specifications or goods with misleading marks which may damage proprietary rights;
- i. bringing to the attention of the immediate superior and/or the OdV any uncertainties regarding proper conduct, the interpretation of current legislation and operating procedures and/or instructions.

16.4 Control principles and specific provisions of the Processes in question

This paragraph outlines the control principles and the specific provisions which, combined with the general conduct principles given above and the general rules of conduct given in paragraph 16.3, Recipients must observe for the Sensitive Operations identified in paragraph 16.2 in order to prevent the crimes described in paragraph 16.1 from being committed.

In addition to the indications given in chapter 9 Crimes against the Public Administration, chapter 10 Corporate Crimes, chapter 12 Money Laundering Crimes and chapter 14 Organised Crime, the following requirements must also be observed:

1. (ref. paragraph 12.4, point 19);
2. (ref. paragraph 9.3, point 15);
3. (ref. paragraph 10.3, point 26);

4. (ref. paragraph 12.4, point 21);

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

Finally, it is noted that for all matters not expressly covered by the provisions contained in this Model or the company operating procedures and instructions, the provisions in the Code of Ethics shall apply. In any case, in the event that one of the provisions of the Code of Ethics conflicts with the provisions under internal regulations or company procedures, the Code of Ethics shall prevail.

17 COPYRIGHT INFRINGEMENT

17.1 Types of copyright infringement

The types of crime which may be committed within the sphere of activities carried out by Carraro Drive Tech S.p.A. are given below:

- **Distribution of creative works via communication networks** (Art. 171, paragraph 1, letter a *bis* and letter 3 of Law no. 633/1941).
- **Software and database crimes** (Art. 171 *bis* of Law no. 633/1941).
- **Crimes relating to creative works intended for radio, television, cinema, literary, scientific and educational purposes** (Art. 171 *ter* of Law no. 633/1941).
- **Violations to the rules of the Italian Authors' and Publishers' Association (SIAE)** (Art. 171 *septies* of Law no. 633/1941).

17.2 Sensitive Operations

The crimes in question are covered by **Law no. 633/1941 which protects the proprietary interest of the owner or legitimate holder of the copyright**, intended as the decreased economic value due to unlawful use of the work; the protection of personal (or moral) copyright is significantly more limited.

17.3 General Rules of Conduct

This section describes the specific rules of general conduct which, as well as the general behaviour principles given above and the specific control principles and provisions indicated in the following paragraph 17.4, must be observed by all Recipients in order to prevent the crimes described in paragraph 17.1 from being committed.

In particular, **Recipients must:**

- a. act in a correct, transparent and collaborative manner in compliance with the law, the Code of Ethics and any instructions and/or operating or organisational provisions for the management of relations with external agencies and/or providers and more generally in the use of any copyrighted creative work.
- b. not engage in commercial relations with persons (legal or natural) who are suspected of or known to conduct unlawful activity with reference to copyright infringement;
- c. verify the reliability of letters of formal notice received by persons reporting an alleged conduct, by the Company, which may damage the rights protected by copyright law;

- d. seek legal or professional advice to confirm the possibility that conduct by the Company may be interpreted as an infringement of copyright;
- e. not make available to the public, distribute, duplicate, reproduce, transmit, post online or broadcast on television, radio or communications stations, put on the market in any way or otherwise take advantage of any creative work, image, music, document, parts of cinematographic works or all or part of literary, dramatic, scientific or education work protected by copyright, or use any software or databases protected by copyright legislation.

17.4 Control principles and specific provisions of the Processes in question

This paragraph outlines the control principles and the specific provisions which, combined with the general conduct principles given above and the general rules of conduct given in paragraph 17.3, Recipients must observe for the Sensitive Operations identified in paragraph 17.2 in order to prevent the crimes described in paragraph 17.1 from being committed.

In addition to the indications given in chapter 9 Crimes against the Public Administration, chapter 10 Corporate Crimes (with reference to Bribery of Private Individuals), chapter 12 Money Laundering Crimes and chapter 14 Organised Crime, the following requirements must also be observed:

1. **use of disclaimers** on presentations and technical and commercial documents which clearly indicate the owner of the copyright and the date of publication;
2. in the promotion and/or publicising of brands and products and, in particular, in events management, the **use** and distribution to the public, including through communications network systems, **of protected creative works** must be in accordance with current copyright legislation and/or any other right linked to the same;
3. it must be ensured that relations with third parties are subject to **verifications on the commercial and professional reliability of the counterparty** in order to avoid any implication of activities which may relate to copyright infringement. For the methods of said verification, refer to paragraph 12.4, point 8;
4. in contractual agreements with third parties (such as Consultants, suppliers and agencies), **copyright compliance clauses** must be included;
5. in contractual agreements with third parties (such as Consultants, suppliers and agencies), **insurance or indemnity clauses** aiming to hold harmless the Company from any responsibility in the case of conduct by the third parties which may be in violation of the laws of copyright and intellectual property must be included, including with reference to relations with SIAE;
6. a **preliminary check** on the **reproducibility of the protected creative works** on the Company website or through other communication channels and marketing tools must be carried out.

In addition to the indications given in chapter 13 Computer Crimes, the following provisions are also provided:

7. the **unlawful use of IT tools available to the Company** is prohibited; such prohibitions include and are not limited to the following:
 - i. the use or installation of copied, unauthorised or non-trademarked (SIAE) material;
 - ii. the download and/or use of software covered by copyright laws;

- iii. unlawful access and reproduction of databases;
- iv. the introduction of all or part of a protected creative work into the communications system via connections of any kind;
- v. the publication on Company websites, web pages, social network profiles and blogs of audiovisual content, photos, images, designs, musical works and/or sounds protected by copyright without formal authorisation in writing from the owner of the usage rights and/or in violation of said agreements.

Furthermore, the **Head of IT Security must:**

8. (organise IT systems in such a way as to ensure the traceability of each operation);
9. (implement appropriate measures to restrict or prevent illegal downloads);
10. (take an inventory of all programmes installed on Company computers in order to monitor the licences of all software in use).

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

Finally, it is noted that for all matters not expressly covered by the provisions contained in this Model or the company operating procedures and instructions, the provisions in the Code of Ethics shall apply. In any case, in the event that one of the provisions of the Code of Ethics conflicts with the provisions under internal regulations or company procedures, the Code of Ethics shall prevail.

18 ENVIRONMENTAL CRIMES

18.1 Types of environmental crime

The types of environmental crime foreseen by the Decree are the following:

- **The killing, destruction, capture, removal or detention of protected wild animal or plant species** (Art. 727 *bis* of the Italian Criminal Code).
- **The destruction or damage of habitats in a protected site** (Art. 733 *bis* of the Italian Criminal Code)
- **Environmental disaster, including with culpability** (Art. 452 *quater* e 452 *quinquies* of the Italian Criminal Code)
- **Environmental pollution, including with culpability** (Art. 452 *bis* and 452 *quinquies* of the Italian Criminal Code)
- **Aggravated criminal association** (Art. 416 and Art. 452 *octies* of the Italian Criminal Code)
- **Traffic and abandonment of highly radioactive material** (Art. 452 *sexies* of the Italian Criminal Code)
- **Crimes covered by the Environmental Code of Legislative Decree no. 152 of 3 April 2006:**
 - **Water pollution** (Art. 137).
 - **Unauthorised waste management** (Art. 256).
 - **Inadequate remediation of contaminated sites** (Art. 257).
 - **Fraudulent documents and use of falsified waste analysis certificates** (Articles 258 and 260 *bis*).

- **Unlawful waste trafficking** (Articles 259 and 260).
- **Atmospheric pollution** (Art. 279).
- **Crimes pursuant to Law no. 150 of 7 February 1992 in relation to the international trade of species of flora and fauna at risk of extinction and the capture of dangerous animals.**
- **Crimes pursuant to Law no. 549 of 28 December 1993 in relation to the protection of the ozone layer and the environment.**
- **Crimes pursuant to Legislative Decree no. 202 of 06 November 2007 in relation to the pollution of the marine environment by shipping vessels**

In consideration of the activities performed by Carraro Drive Tech S.p.A., the areas and activities considered most at risk in view of the risk assessments carried out are the following:

- production;
- management of administrative areas linked to environmental aspects.

In the context of the areas described above, the instances of possible unlawful conduct which may be linked to company activities have been identified, in particular, within the following activities:

| Unlawful conduct | potentially applicable crimes |
|--|---|
| Water pollution: the discharge of industrial waste water in violation of the laws provided by the Unified Document on the Environment and administrative authorisations in place | Art. 137 of Legislative Decree no. 152/2006, paragraphs 2, 3 and 5, first and second section and paragraph 11. |
| Unauthorised management of waste, the collection, transport, recovery, disposal, trade and intermediation of waste without the necessary authorisation, registration or notification | Art. 256 of Legislative Decree no. 152/2006, paragraph 1, letters a and b, paragraph 3, first section, paragraphs 5 and 6 |
| Inadequate remediation of contaminated sites | Art. 257 of Legislative Decree no. 152/2006, paragraphs 1 and 2 |
| Fraudulent documents and use of falsified waste analysis certificates, the use of a falsified waste analysis certification or fraudulent information in the waste traceability system | articles 258 paragraph 4, second section and 260 <i>bis</i> , paragraph 6 of Legislative Decree no. 152/2006 |
| Unlawful waste trafficking, the unlawful transport of waste | articles 259, paragraph 1 of Legislative Decree no. 152/2006 |
| Atmospheric pollution, violation of the emission limits or regulations established by the administrative authorities | articles 279, paragraph 5 of Legislative Decree no. 152/2006 |
| Environmental pollution, significant and measurable pollution of water, the air, soil and subsoil (*) | Art. 452 <i>bis</i> and 452 <i>quinquies</i> of the Italian Criminal Code |
| Environmental disaster, irreversible alteration in the balance of an ecosystem (*) | Art. 452 <i>quater</i> of the Italian Criminal Code |

(*) for these crimes to apply, the means by which they are committed is not specified, only the occurrence of the event.

The means of prevention, where possible, of the types of crime not included in this Special Section are included in the principles and provisions of the Code of Ethics.

18.2 Management process of environmental risks

The risk of the crimes listed above being committed is potentially present in all operational activities carried out by employees or collaborators within the offices or factories belonging to Carraro Drive Tech S.p.A. and, in particular:

- places where industrial production activities are carried out (including the management of administrative activities connected to environmental aspects) exposed to higher risk factors;
- in workplaces where auxiliary activities to the above (e.g. warehousing) exposed to lower risk factors are carried out;
- in other workplaces (e.g. offices) where the risk factor is almost nil.

The production site of Carraro Drive Tech S.p.A. in Campodarsego has obtained the UNI EN ISO 14001:2004 certification.

18.3 General Rules of Conduct

This section describes the specific rules of conduct which, as well as the general principles of conduct given above, must be observed by all Recipients in order to prevent the crimes described in paragraph 18.1 from being committed.

All Company employees and collaborators, including Consultants and Contractors in their respective fields and areas of competence, are obliged to:

- a. observe the regulations and guidelines for the protection of the environment;
- b. observe the general rules of conduct, control procedures and specific provisions given in the Model;
- c. promote the observance of said regulations, rules and principles to ensure compliance with all environmental protection requirements;
- d. adopt conduct of a collaborative and transparent nature and observe the rules of conduct specified in paragraph 9.3 for relations with competent public entities on the subject of the protection of the environment, both in the drafting and notification of any declarations (in the phases of requesting and obtaining authorisation and in the case of assessments and/or inspections);
- e. contribute to compliance with all obligations imposed by the relevant authorities;
- f. not unlawfully release or deposit waste onto or into the soil;
- g. not unlawfully introduce waste of any kind, in solid or liquid form, into surface or ground water;
- h. not release toxic emissions into the atmosphere;
- i. report any violations to the given regulations and any potentially or currently dangerous situation to management or persons in charge of environmental protection;
- j. directly intervene in emergency situations that could result in potential environmental damage, corresponding with one's competencies and options, and inform the immediate superior or persons responsible;
- k. it is strictly forbidden to carry out operations or manoeuvres on one's own initiative that do not fall within the scope of one's competencies, and without authorisation that could result in environmental damage.

18.4 Risk management principles relative to the protection of the environment

This paragraph, within the framework of the activities carried out by Carraro Drive Tech S.p.A., defines the responsibilities and operative means which must be complied with by the Recipients, as identified in the General Section of the Model, in monitoring the fulfilment of the environmental protection obligations in accordance with Legislative Decree no. 152/2006 and later amendments and additions, in relation to the crimes foreseen by Art. 25 *undecies* of the Decree.

Definition and assignments of roles, duties and responsibilities.

1-3. (organisation)

The existence of formal procedures and/or instructions and/or operating provisions to regulate the activities of persons involved in the process, in particular (summaries given in brackets):

4. (The “Policy for the Environment, Health and Safety in the Workplace”)
5. Procedures, operating instructions and/or operating regulations relative to the environment.

The existence of a periodic training and awareness-raising programme for employees and collaborators involved in the environmental risk management and process and the traceability of staff training.

Monitoring, supervision and operative control activities:

6. Periodic and ad hoc environmental analyses to monitor the waste produced, atmospheric emissions and the noise impact.
7. The production of appropriate documentation evidencing the details of the performed checks.
8. The submission of copies of the performed checks to the administrative authorities as and when requested.
9. (periodic audits)

The ex-post traceability and verifiability of flows of information relative to the Process:

10. each phase relative to environmental risk management must be duly supported by written documentation.
11. flows of information between persons assigned to the protection of the environment, with regards to activities carried out in the sphere of the Process in question, must be duly recorded and archived so as to ensure maximum traceability.
12. (Procedure for the management and control of data and documents).

Where applicable, the provisions introduced in the other chapters of the Special Section of the Model should be applied.

19 CRIMES RELATING TO THE EMPLOYMENT OF ILLEGAL WORKERS

19.1 Types of crime relating to the employment of illegal workers and illegal immigration

The types of criminal offence provided by Art. 25 *duodecies* of the Decree are given below:

- **The employment of citizens from third party countries whose stay is unlawful** (Article 22, paragraph 12 *bis* of Legislative Decree no. 286 of 25 July 1998).
- **Abetting unlawful immigration** (Art. 12 Legislative Decree no. 286 of 25 July 1998, including the aggravated cases pursuant to paragraphs 3, paragraphs a), b), d), 3 *bis* and 3 *ter*, letter b)).
- **Abetting the unlawful stay of foreigners on Italian territory** (Art. 12 Legislative Decree no. 286 of 25 July 1998, including the aggravated cases pursuant to paragraph 5).

This Special Section does not apply to Agents, Business Brokers, Dealers or Consultants.

20 CRIMES AGAINST THE INDIVIDUAL

20.1 Crimes against the individual

The following lists the types of crimes against the individual pursuant to the Decree which may theoretically occur within the scope of activities carried out by Carraro S.p.A.:

- **Illicit brokering and the exploitation of labour (603 *bis* of the Italian Criminal Code).**

This Special Section does not apply to Agents, Business Brokers, Dealers or Consultants.

APPENDICES

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| APPENDICES |
| Appendix F Code of Ethics - Carraro Group |
| Appendix M Whistleblowing Guidelines |