Report on Corporate Governance and Ownership Structures

Pursuant to Article 123-*bis* of the Consolidated Finance Act – TUF
(traditional administration and control model)

Issued by: **Carraro S.p.A.**	Period of the Report **2020**
Web site **www.carraro.com**	Date of approval of the Report **26 March 2021**

GLOSSARY 4

1. ISSUER PROFILE 5

2. INFORMATION ON OWNERSHIP STRUCTURES (*PURSUANT* TO ARTICLE 123 *BIS*, PARAGRAPH 1, CONSOLIDATED FINANCE ACT - TUF) AS AT 17/03/2020 5

a) Share capital structure (*pursuant to* Article 123-*bis*, paragraph 1, letter a) of the Consolidated Finance Act – TUF) 5

b) Restrictions to share transfers *(pursuant to* Article 123-*bis* paragraph 1, letter b) of the Consolidated Finance Act – TUF) 6

c) Significant holdings of share capital(*pursuant to* Article 123-*bis* paragraph 1, letter c) of the Consolidated Finance Act – TUF) 6

d) (Shares having special entitlements pursuant to Article 123-*bis* paragraph 1, letter d) of the Consolidated Finance Act – TUF) 6

e) Employee share scheme: mechanism for exercising voting rights (*pursuant to* Article 123-*bis*, paragraph 1, letter e) of the Consolidated Finance Act – TUF) 6

f) Restrictions to voting rights (pursuant to Article 123-*bis* paragraph 1, letter f) of the Consolidated Finance Act – TUF) 6

g) Shareholder agreements (pursuant to Article 123-*bis*, paragraph 1, letter g) of the Consolidated Finance Act – TUF) 7

h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h) of the Consolidated Finance Act – TUF and articles of association provisions concerning take-over bids (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1) 7

i) Authorisations to increase company share capital and to acquire treasury shares pursuant to Article 123-bis, paragraph 1, letter m) of the Consolidated Finance Act – TUF) 8

j) Management and co-ordination (pursuant to Article 2497 et seq. ICC). 8

3. COMPLIANCE (PURSUANT TO ARTICLE 123-*BIS*, PARAGRAPH 2, LETTER A) OF THE CONSOLIDATED FINANCE ACT – TUF) 9

4. BOARD OF DIRECTORS 10

4.1 Appointment and substitution (pursuant to Article 123-*bis*, paragraph 1, letter l) of the Consolidated Finance Act – TUF) 10

4.2 Composition (pursuant to Article 123-bis, paragraph 2, letter d) and d-bis) of the Consolidated Finance Act – TUF) 11

4.3 Role of the Board of Directors (pursuant to Article 123-*bis*, paragraph 2, letter d) of the Consolidated Finance Act – TUF) 13

4.4 Mandated Bodies 18

4.5 Other Executive Directors 22

4.6 Independent Directors 22

4.7 Lead Independent Director 23

5. PROCESSING OF COMPANY INFORMATION 23

6. COMMITTEES WITHIN THE BOARD (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2), LETTER D) OF THE TUF) 23

7. APPOINTMENTS COMMITTEE 24

8. APPOINTMENTS AND REMUNERATION COMMITTEE 24

9. REMUNERATION OF DIRECTORS 25

10. CONTROL, RISK AND SUSTAINABILITY COMMITTEE 26

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM 31
11.1 Executive director in charge of the Internal Control and Risk Management System 33
11.2 The Head of the Internal Audit function 34
11.3 Management Model pursuant to Italian Legislative Decree 231/2001 35
11.4 Independent Auditors 37
11.5 Director Responsible for producing the company's accounting documents and other company roles and functions 37
11.6 Coordination among parties involved in the internal control and risk management system 38

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES 38

13. APPOINTMENT OF STATUTORY AUDITORS 39

14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) AND D-BIS) OF THE CONSOLIDATED FINANCE ACT – TUF) 40

15. RELATIONS WITH SHAREHOLDERS 42

16. SHAREHOLDERS' MEETINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C) OF THE CONSOLIDATED FINANCE ACT – TUF) 42

17. FURTHER CORPORATE GOVERNANCE FORMALITIES 43

18. CHANGES SINCE THE CLOSURE OF THE TRADING PERIOD 43

19. CONSIDERATIONS ON THE LETTER OF THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE 43

TABLES 45
Table 1: Information on ownership structures 46
Table 2: Composition of the Board of Directors and the Committees 47
Table 3: Composition of the Board of Statutory Auditors 48

ANNEXES 49
Annex 1. 50
Principal characteristics of the existing systems of managing risks and internal control in relation to the process of financial disclosures, including those for consolidation (pursuant to Article 123-*bis*, paragraph 2, letter b) of the Consolidated Finance Act – TUF) 50
Annex 2 52
Personal and professional characteristics of the company directors 52
Personal and Professional Characteristics of Company Statutory Auditors 55

GLOSSARY

Shareholders' Meeting: the Issuer's shareholders' meeting.

Code/Code of Conduct: the Code of Conduct of listed companies approved in July 2018 by the Corporate Governance Committee and endorsed by Borsa Italiana SpA, ABI, Ania, Assogestioni, Assonime and Confindustria.

Ital. Civ. Cod. / ICC: the (Italian) Civil Code.

Board/Board of Directors: the Board of Directors of the Issuer.

Issuer/Carraro/Company: Carraro S.p.A.

Trading period: trading period 2020.

Consob Regulations for Issuers: the Regulations issued by Consob with resolution no. 11971 in 1999 (and its subsequent amendments) regarding issuers.

Consob Regulations on Markets: the Regulations issued by Consob with resolution no. 20249 in 2017 regarding markets.

Consob Related Parties Regulations: the Regulations issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) regarding related party transactions.

Report: the report on corporate governance and ownership structures that companies are obliged to draw up pursuant to Article123-*bis* of the Consolidated Finance Act – TUF.

Articles of Association: Articles of Association of Carraro S.p.A.

Consolidated Financial Act/TUF: Legislative Decree no. 58 dated 24 February 1998.

1. Issuer Profile

Carraro is a leading international group in highly efficient and environmentally friendly power transmission systems.

The activities of the Carraro Group, coordinated by Carraro with functions of strategic guidance and control, are divided into two business areas: transmission systems and components (Carraro Drive Tech), specialised tractors and engineering services (Carraro Agritalia). The Group's core business (Carraro Drive Tech) is aimed at various application fields, from construction machines to agricultural tractors, from cars to light commercial vehicles, from forklifts to stationary applications (such as cranes and escalators).

Since 27 December 1995, Carraro has been listed on the Electronic Stock Market organised and managed by Borsa Italiana SpA.

Carraro's corporate structure is based on the so-called traditional model, based on the following bodies: Shareholders' Meeting, board of directors (supported by consulting committees), board of statutory auditors and independent auditors (external).

This Report has been prepared in accordance with the directions contained in the Code itself and in accordance with the format, eighth edition of January 2019, issued by Borsa Italiana.

The Corporate Governance Report can be found on the company's Web site: http://www.carraro.com – About us – Corporate Governance - Corporate Governance Reports and is made available to shareholders together with the documentation provided for the Shareholders' Meeting for approval of the financial statements within the legal deadlines.

As of 2014 Carraro falls within the definition of SME under Article 1, paragraph 1, letter w-quater.1), of the TUF and Article 2-ter of the Issuers' Regulations, as per the list of SMEs published by Consob on its website. Capitalisation calculated based from the average daily capitalisation in 2020 is provided below, using the official price, as well as the turnover shown in the latest approved financial statements:

- Average capitalisation 2020: €117,770,178
- Turnover FY 2019: €548,845,876.41

2. Information on ownership structures (*pursuant* to Article 123 *bis,* paragraph 1, Consolidated Finance Act - TUF) as at 17/03/2020

a) Share capital structure (*pursuant to* Article 123-*bis*, paragraph 1, letter a) of the Consolidated Finance Act – TUF)

Amount of company share capital subscribed and paid in, in euros: 41,452,543.60.

The categories of shares envisaged by the Articles of Association - available on the company's website (www.carraro.com – About Us – Corporate Governance) section – are the following:

- ordinary shares giving the right to one vote;
- ordinary shares giving double voting rights, provided that the following requirements are met:

  (a) the voting right has been vested in the same person by virtue of a legitimating right in rem (full ownership with voting rights, bare ownership with voting rights) for a continuous period of twenty-four months;

  (b) the occurrence of the prerequisite referred to in (a) above is certified by the continuous registration, for a period of at least twenty-four months, in a

specific special list governed by the Articles of Association, as well as by a communication certifying the shareholding referring to the start date of the continuous period, issued by the intermediary with whom the shares are deposited pursuant to current legislation.

- "B" shares, i.e. shares that do not have voting rights in either the Ordinary Shareholders' Meeting or in the Extraordinary Shareholders' Meeting, without prejudice to the entitlement of owners of "B" shares to any other administrative and financial right of ordinary shares, as well as ownership of rights reserved for holders of special shares by current and applicable regulatory provisions.

The Issuer's share capital structure at the date of this Report is shown in Table 1 attached to this Report.

The list of shareholders registered in the Special List for entitlement to benefit from increased voting rights can be consulted on the company's website www.carraro.com – About Us - Corporate Governance Section.

No other financial instruments providing rights to subscribe to newly issued shares have been issued. There are no share-based incentive schemes (*stock options*, *stock grants*, etc.) which require share capital increases, also free of charge..

b) Restrictions to share transfers *(pursuant to* Article 123-*bis* paragraph 1, letter b) of the Consolidated Finance Act – TUF)

There are currently no restrictions to share transfers.

c) Significant holdings of share capital (*pursuant to* Article 123-*bis* paragraph 1, letter c) of the Consolidated Finance Act – TUF)

According to the communications made by the Company pursuant to Article 120 of the Consolidated Finance Act – TUF, shareholders who as of today directly or indirectly possess shareholdings exceeding 5% of share capital with voting rights are shown in Table 1 attached to this Report.

d) (Shares having special entitlements pursuant to Article 123-*bis* paragraph 1, letter d) of the Consolidated Finance Act – TUF)

No shares having special control rights have been issued.

As previously indicated in point a), to which reference should be made, among the categories of shares contemplated by the Articles of Association there are ordinary shares which - in the presence of certain requirements - give double voting rights.

e) Employee share scheme: mechanism for exercising voting rights (*pursuant to* Article 123-*bis*, paragraph 1, letter e) of the Consolidated Finance Act – TUF)

There is no employee share scheme having a mechanism differing from the ordinary system.

f) Restrictions to voting rights (pursuant to Article 123-*bis* paragraph 1, letter f) of the Consolidated Finance Act – TUF)

There are no restrictions to voting rights, except on the treasury stock acquired by the Company.

With regard to deadlines imposed for exercising voting rights, please refer to Section 16 of this Report.

g) Shareholder agreements (pursuant to Article 123-*bis*, paragraph 1, letter g) of the Consolidated Finance Act – TUF)

The company is not aware of the existence of significant shareholder agreements pursuant to Article 122 of the Consolidated Finance Act – TUF.

h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h) of the Consolidated Finance Act – TUF and articles of association provisions concerning take-over bids (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1)

For Carraro and certain of its subsidiaries, stipulating change of control clauses falls within the majority of normal contractual negotiations relating to trade agreements. Typically such trade agreements only have significant effects in the event of a competitor of the counterparty gaining control of Carraro or its subsidiaries.

There are moreover change of control clauses in some of the financing agreements entered into by Carraro or other Carraro Group companies in place at the reporting date.

In January 2018, the Boards of Directors of Carraro S.p.A. and of its subsidiary Carraro International SE resolved, to the extent of their respective responsibilities, a bond issue maturing in 2025 to be issued by Carraro International SE and guaranteed by Carraro S.p.A. The bond issue closed on 31 January 2018 reaching of the maximum amount of the issue. As indicated in the prospectus relating to the issue, bond holders will have the right to have the bonds refunded at 101% of their nominal value, together with (any) accrued interest, in the event that one or more entities (other than Carraro S.p.A.) acquire the power to (i) appoint or remove the majority of the directors of Carraro International SE or (ii) exercise more than 50% of the voting rights normally exercisable in the ordinary and extraordinary shareholders' meetings of Carraro International SE. On 01/02/2021 pursuant to Article 13.2 of the Trust Deed, Carraro Finance SA, a newly established company incorporated under Luxembourg law belonging to the Group, replaced Carraro International in a capacity as the issuer of the bond originally issued by Carraro International.

On 30 September 2019, a long-term loan agreement was entered into between the Carraro Group and Intesa San Paolo Bank Luxembourg S.A., which expressly provides for the obligatory early repayment in the event of a change of control.

On 18 December 2019, a long-term loan agreement was entered into between the Carraro Group and the European Investment Bank (EIB), which expressly provides for the obligatory early repayment in the event of a change of control.

On 31 July 2020, a long-term loan agreement was entered into between the Carraro Group and Cassa Depositi e Prestiti, with a SACE guarantee pursuant to the liquidity decree, which expressly provides for the obligatory early repayment in the event of a change of control.

On 20 July 2020, a long-term loan agreement was entered into between the Carraro Group and Banca del Fucino, with a Mediocredito guarantee, which expressly provides for the obligatory early repayment in the event of a change of control.

On 22 September 2020, a long-term loan agreement was entered into between the Carraro Group and Monte dei Paschi di Siena SpA, with a SACE guarantee pursuant to the liquidity decree, which expressly provides for the obligatory early repayment in the event of a change of control.

On 18 September 2020, a long-term loan agreement was entered into between the Carraro Group and Banca Intesa SpA, with a SACE guarantee pursuant to the liquidity decree, which expressly provides for the obligatory early repayment in the event of a change of

control.

In September 2020, the Boards of Directors of Carraro S.p.A. and its subsidiary Carraro International SE resolved, to the extent of their respective responsibilities, a bond issue maturing in 2026 to be issued by Carraro International SE and guaranteed by Carraro S.p.A. The bond issue closed on 14 September 2020, reaching the maximum amount of the issue. As indicated in the prospectus relating to the issue, bond holders will have the right to have the bonds refunded at 101% of their nominal value, together with (any) accrued interest, in the event that one or more entities (other than Carraro S.p.A.) acquire the power to (i) appoint or remove the majority of the directors of Carraro International SE or (ii) exercise more than 50% of the voting rights normally exercisable in the ordinary and extraordinary shareholders' meetings of Carraro International SE. On 01/02/2021 pursuant to Article 13.2 of the Trust Deed, Carraro Finance SA replaced Carraro International in a capacity as the issuer of the Bond originally issued by Carraro International.

With reference to Articles of Association provisions concerning take-over bids, it is pointed out that paragraphs three and four of Article 7 of the Articles of Association provide that:

- notwithstanding the provisions of Article 104, paragraph 1 of the Consolidated Finance Act – TUF, if the Company's securities are subject to a takeover and/or exchange bid, authorisation of the shareholders' meeting is not required to carry out acts or transactions which may hinder achievement of the objectives of the bid, during the period between the notification pursuant to Article 102, paragraph 1 of the Consolidated Finance Act – TUF and closure or revocation of the bid;
- notwithstanding the provisions of Article 104, paragraph 1-*bis* of the Consolidated Finance Act – TUF, authorisation of the shareholders' meeting is also not required for implementation of any decisions taken prior to the period indicated in the previous paragraph which have not been yet implemented in whole or in part, which are not part of the normal activities of the Company and implementation of which could hinder the achievement of the objectives of the bid.

i) Authorisations to increase company share capital and to acquire treasury shares pursuant to Article 123-bis, paragraph 1, letter m) of the Consolidated Finance Act – TUF)

The Board has no mandate from the Shareholders' Meeting to increase share capital pursuant to Article 2443 of the Italian Civil Code nor can it issue stockholding financial instruments.

On 23 March 2015 the Shareholders' Meeting of the Company had authorised, pursuant to and for the purposes of Articles 2357 *et seq*. of the Italian Civil Code and Article 132 of the Consolidated Finance Act – TUF, the purchase of a maximum of 4,598,980 ordinary shares, fully paid-up, having a unit par value of 0.52 euros, equal to 10% of subscribed and paid-up share capital at that date, taking into account treasury shares already held by the Company and its subsidiaries, on one or more occasions and for a period of eighteen months from the date of the resolution. This authorisation expired on 22 September 2016 and has not been further renewed.

As at 26 March 2021, 2,626,988 shares representing 3.295% of the share capital of the Company had been purchased.

j) Management and co-ordination (pursuant to Article 2497 et seq. ICC).

Carraro is not subject to management and co-ordination, pursuant to Article 2497 *et seq* of the Italian Civil Code, by the parent company Finaid SpA.

In fact the Company has an autonomous management and control structure adopted by all Group companies and to which the same report.

The controlling shareholder, Finaid S.p.A., does not interfere in any way with Carraro activities. More specifically, the above point can be demonstrated by the following:

- Finaid is a purely financial holding;
- Finaid does not issue any directions to Carraro;
- the Finaid Board of Directors does not approve Carraro's strategic plans or business plans nor does it regularly interfere in its operations; and
- there are no relationships of a commercial or financial nature between Finaid and Carraro.

The directly-controlled Italian companies have identified Carraro as the party which exercises management and co-ordination activities, fulfilling the legal disclosure obligations.

***

It is pointed out that:

- the information required by Article 123-*bis*, paragraph 1, letter i) ("agreements between the company and the directors ... providing for compensation in case of resignation or dismissal without just cause or if their employment ceases due to a takeover bid") are contained in the remuneration report published pursuant to Article 123-*ter* of the Consolidated Finance Act – TUF; and

- the information required by Article 123-*bis*, paragraph 1, letter l) ("the rules governing appointment and replacement of directors as well as amendment of the Articles of Association, if different from legislative and regulatory rules applicable in alternative") are illustrated in the section of the Report dedicated to the Board of Directors (Section 4.1).

3. Compliance (pursuant to Article 123-*bis*, paragraph 2, letter a) of the Consolidated Finance Act – TUF)

On 18 December 2012, Carraro adopted the Code of Conduct having the intention of adhering to the recommendations contained therein via the continual and progressive modification of its Corporate Governance policy. On 28 January 2019, the Board of Directors approved the amendment of the Code to align it with the changes introduced in July 2018 by the Corporate Governance Committee.

On 17 December 2020, the Board of Directors of the Company decided to start a programme for the adoption of the new Corporate Governance Code of Borsa Italiana, as from 2021, and will therefore report on how the Company has complied with the Code or explain any deviations (comply or explain principle) starting from the 2021 Corporate Governance Report.

The 2018 version of the Code of Conduct adopted by Carraro SpA can be consulted on the website of Borsa Italiana at:

http://www.borsaitaliana.it/comitato-corporate-governance/codice/2018.htm

* * *

Carraro or its subsidiaries of strategic significance are not subject to the provisions of non Italian laws affecting the corporate *Governance* structure of the Company itself.

4. Board of Directors

4.1 Appointment and substitution (pursuant to Article 123-*bis*, paragraph 1, letter l) of the Consolidated Finance Act – TUF)

Appointment and substitution of directors is governed by Article 21 of the Articles of Association, which may be consulted on the company's website (www.carraro.com – About Us – Corporate Governance).

The company's administration is entrusted to a Board consisting of between three and eleven members, including non-shareholders, nominated and elected by the Shareholders' Meeting.

The directors are appointed by the Shareholders' Meeting on the basis of lists presented by shareholders. When presenting a list, the shareholder/s must singly or jointly be the holder/s of stock representing at least 2.5% (two point five per cent) of the share capital subscribed or by a different percentage as indicated in the Consob Regulations.

Such lists should be complete with the professional résumés of the individual candidates and, as appropriate, an indication of their status as independent, and must be signed by the presenting shareholders. They must be delivered to the Company's registered offices at least 25 days prior to the first anticipated Shareholders' Meeting date.

Each list must contain and expressly indicate the candidature of at least one person who satisfies the requirements of independence as stipulated by Article 148 (3) of the Consolidated Finance Act – TUF or two if the Shareholders' Meeting decides that the number of directors should be more than seven, pursuant to Article 147-ter (4) of the Consolidated Finance Act – TUF. In addition, each list may expressly indicate, if appropriate, those directors who satisfy the requirements of independence as specified in the codes of conduct prepared by companies managing regulated markets or by trade associations.

Lists not having reached a percentage of votes at least equal to half of that required by the Articles of Association for submission of the same are not taken into consideration.

The directors are appointed in accordance with the following criteria:

a) a number of directors equal to the total number of members of the Board, as previously established by the Shareholders' Meeting, minus one, will be elected from the list obtaining the highest number of votes. The candidates will be elected according to the numerical order in the list;

b) one director will be drawn from the top of the list that obtained the second highest number of votes.

If and until expressly provided for by mandatory legal and/or regulatory provisions, the election mechanism of the Board of Directors referred to in Article 21 of the Articles of Association, as last amended by the Board of Directors in the extraordinary meeting of 26 March 2021, must ensure a gender balance of the directors elected. To this end, each list, except for the lists containing a number of candidates of less than three, must consist of a number of candidates belonging to the gender (male and female) less represented such that, where this list turns out to be the list which obtained the highest number of votes, from the same a number of directors of the less represented gender is drawn, at least equal to the minimum quota indicated by law, also be temporary regulations in force.

The list that obtained the highest number of votes or the single list (as applicable), must guarantee that the minimum quota required by law, also by temporary regulations in force on gender balance, is complied with.

In practice, if the composition of the Board, determined on the basis of the sequential numbers assigned to candidates in the aforementioned list and also taking into account the

gender (male or female) to which the candidate nominated by the list obtaining the second number of votes belongs, does not include a sufficient number of the less represented gender (male or female), the candidates with the lowest sequential number, belonging to the most represented gender (male or female) will be automatically replaced by the candidates of the less represented gender (male or female) with the highest sequential number, until the minimum quota for the gender balance of directors to elect is reached.

The above provisions of the articles of association are understood to be supplemented by article 2.C.3 of the Code of Conduct, according to which at least one-third of the board of directors must be composed of directors belonging to the less represented gender.

The candidate at the top of the list gaining the majority of votes will be given the post of the Chairman of the Board of Directors.

In the event of the termination of office, for whatever reason, of one or more directors, their replacement shall be made by the Board of Directors, by resolution approved by the Board of Statutory Auditors. The replacement director/s shall be selected from among the candidates indicated in the same list from which the director/s leaving office was/were appointed, provided that the resulting majority continues to consist of directors appointed by the Shareholders' Meeting. In the event that the director leaving office is independent, another independent director should be appointed. Similarly, the Board will appoint candidates of the same gender (male or female) to replace directors no longer in office, to ensure that the gender balance required by law, also by temporary regulations in force, is complied with. Directors thus appointed remain in office until the subsequent Shareholders' Meeting called to re-appoint the same or extend or reduce the Board via appointment of additional directors or reduction in the number of the same. Any directors appointed by the Shareholders' Meeting in this way shall remain in office until the term of those in office at the time of their appointment comes to an end.

If there is no longer a majority of directors appointed by the Shareholders' Meeting, the entire Board shall cease to remain in force The directors remaining in office must urgently convene the Shareholders' Meeting of the shareholders for the appointment of the new Board.

The Articles of Association can be amended (i) by a resolution passed by an Extraordinary Shareholders' Meeting, pursuant to Article 18 of the Articles of Association or (ii) by a resolution passed by the Board of Directors, subject to legal restrictions, when the Articles of Association need to be brought into line with legislative provisions.

Succession plans

The Board has decided not to adopt a succession plan for executive directors, taking into account the shareholding structure and the current structure of delegation of powers of the company.

4.2 Composition (pursuant to Article 123-bis, paragraph 2, letter d) and d-bis) of the Consolidated Finance Act – TUF)

At the date of preparing this report the Board consists of 9 Directors and will remain in office until the date of the Shareholders' Meeting convened for the approval of the financial statements 2020.

The ordinary Shareholders' Meeting of 14 May 2018 appointed 9 Directors, following the presentation of 2 lists, filed respectively by the shareholder Finaid SpA and the shareholder Julia Dora Koranyi Arduini. These lists were not connected in any way.

The list presented by the shareholder Finaid SpA was composed as follows:
1. Enrico Carraro
2. Tomaso Carraro
3. Virginia Carraro

4. Alberto Negri
5. Enrico Gomiero
6. Fabio Buttignon (meets independence requirements of the law and the Code)
7. Marina Manna (meets independence requirements of the law and the Code)
8. Marina Pittini (meets independence requirements of the law and the Code), which obtained 63.57% of the votes in relation to voting share capital and therefore elected all of its members. In accordance with the Articles of Association, Enrico Carraro has assumed the position of Chairman of the Board of Directors.

The list submitted by the shareholder Ms Julia Dora Koranyi Arduini was composed as follows:
1. Riccardo Arduini,
obtained 36.43% of the votes in relation to voting capital and had its only member elected.
On 26 October 2020, the Board Director, Alberto Negri resigned. On the same date, the Board of Directors resolved, pursuant to Article 2386 of the Italian Civil Code, to co-opt Andrea Conchetto, already General Manager, as Board Director of the Company, until the next Shareholders' Meeting.

Diversity criteria and policies

The composition of the Board of Directors is diversified by age, gender and training and professional career.
With regard to gender diversity, the current composition of the Board complies with the principle set out in Article 21 of the Articles of Association which guarantees that the less represented gender (male or female) obtains at least one third of elected directors, in line with the Code recommendations. The Board also carries out an annual assessment of the composition (as well as the size and functioning) of the Board itself and of its committees, also taking into account elements such as professional, experience, also managerial, and gender characteristics of the related members, as well as their seniority, also with regard to the diversity rules set out in article 2 of the Code (on this point see article 4.3 below). The Board carried out its self-evaluation in January 2021 and presented the results at its meeting on 24 February 2021.
This information is included in the documentation attached to this Report, together with the position and role in the Board and the posts as director or statutory auditor held by each director in other companies listed on regulated markets, including those abroad, in financial, banking, insurance companies or those of significant dimensions.

On 15 February 2018, the company adopted the "Carraro Group Diversity Policy" which applies, in addition to employees of Carraro SpA and its subsidiaries, to all those acting in the name and on behalf of the same. This Policy explicitly refers to, among other things, the principles of non-discrimination, equal opportunities, inclusion and balance between professional life and private life.

On 26 March 2021, following an opinion provided by the Appointments and Remuneration Committee, in compliance with Recommendation 8 of the new Corporate Governance Code, the Board of Directors adopted the "Policy on diversity criteria for the composition of company boards".

Maximum number of posts held in other companies

The Board of Directors, with its resolution of 27 March 2015, expressed its orientation regarding the maximum number of positions as director (in listed, financial, banking, insurance and large-sized companies), which can be considered compatible with effective performance of the assignment.

In particular, the Board, taking into account: i) the current composition and functioning of the Board; ii) the high participation of directors in Board of Directors and Committee

meetings; iii) the duties of the directors indicated in the Articles of Association and in the Code, has identified the maximum number of positions that can be considered compatible with effective performance of the office of director of Carraro to be three (3) for Executive Directors and 7 (seven) for non-executive Directors, including the position on the Board of Directors of Carraro, in listed, financial and large companies (i.e. with turnover/shareholders' equity of more than 500 million euros). Positions held in Carraro Group companies are excluded from this limit.

This limit may be waived - both in a restrictive as well as greater tolerance sense - exclusively with a motivated resolution of the Board of Directors and based on assessment elements including the size, organisation and investment relationships existing between the various companies, as well as with regard to the type of position held and the commitment related to each role. At the meeting of the Board of Directors held on 26 July 2018, Director Fabio Buttignon informed the company that he had exceeded the limit indicated above and provided evidence of the characteristics and type of position held and the commitment associated with each position. The Board, on the basis of the size, organisation and shareholding relationships existing between the various companies, as well as with regard to the type of office held and the commitment associated with each role, following a wide-ranging debate and with the abstention of Director Fabio Buttignon, resolved to allow an exception to the limit of the maximum number of offices that can be considered compatible with the effective performance of the office of director of Carraro.

Induction program

During the financial year, the Chairman of the Board of Directors proposed initiatives aimed at broadening the knowledge of the directors in the sector in which the Company operates. In particular, during the Board meeting of 17 December 2020, Cristiano Dal Checco, Risk, Compliance and Sustainability Director shared aspects of the Company's Management Model with the Directors, explaining the different types of offences and crimes contemplated in the special part, with a particular emphasis on the latest developments of the Model, as a result of the category of predicate offences and crimes contemplated by Legislative Decree 231/2001 being expanded, on the disciplinary system and system for reporting to the Supervisory Board.

The intense activity and the contents dealt with in Committee and Board meetings also ensure a constant update on the company's dynamics and their evolution, on the principles of proper risk management, as well as on the reference regulatory scenario.

4.3 Role of the Board of Directors (pursuant to Article 123-*bis*, paragraph 2, letter d) of the Consolidated Finance Act – TUF)

During 2020, the Board held 11 meetings on the following dates:

28.01.2020	Provisional 2019 data analysis; Examination and approval of the materiality analysis prepared for the Consolidated Non-Financial Statement of Carraro S.p.A. and subsidiaries pursuant to Italian Legislative Decree 254/2016; Report on the activities carried out by the Supervisory Board in the second half of 2019; Report of the Control, Risk and Sustainability Committee of Carraro S.p.A. for the second half of 2019; Annual audits pursuant to the Code of Conduct; Analysis of the proposed reorganisation of the Carraro Group; Liquidity contribution regarding Carraro Drive Tech Italia S.p.A.; Proposal to purchase property.

17.03.2020	Report of the Chief Executive Officer on the activities carried out and the most significant transactions; Examination and approval of the impairment test process; Examination of the draft separate and consolidated financial statements at 31.12.2019 and related documentation: related and consequent resolutions; Examination and approval of the Consolidated Non-Financial Statement of Carraro S.p.A. and subsidiaries prepared pursuant to Italian Legislative Decree 254/2016 (Sustainability Report); Approval of the update to the Procedure to manage Important and Inside Information and the Insider List. Adoption of the IT platform for the Insider List; Approval of the Annual Corporate Governance Report; Approval of the Remuneration Report; Reorganisation of the Carraro Group: related and consequent resolutions; Project for the simplified, partial demerger of Carraro International SE, with single member, in the Parent Company Carraro SpA pursuant to Article 2506 and following of the Italian Civil Code: related and consequent resolutions; Single project for the demerger and merger of the companies Carraro Drive Tech SpA, Carraro Drive Tech Italia SpA and Carraro International SE pursuant to Article 2501-ter, Article 2505 and Article 2506-bis of the Italian Civil Code: related and consequent resolutions; Disposal of shares held by Carraro SpA in Sapi SpA: related and consequent resolutions; Proposal to purchase treasury shares.
21.04.2020	Withdrawal of the previous proposal to allocate profit for 2019 and distribute the dividend as indicated in point 2 of the agenda of the Shareholders' Meeting; Withdrawal of the previous proposal to authorise the purchase and disposal of treasury shares as indicated in point 6 of the agenda of the Shareholders' Meeting.
22.04.2020	Allocation of the compensation awarded to the Board of Directors for the 2020 financial year; Appointment of a member of the Supervisory Board.

11.05.2020	Q1 2020 data analysis; Proposal to reorganise the Internal Audit Function; Loan agreements pursuant to Decree Law 23/2020 – Measures to support the liquidity of businesses; Loan agreement with the European Investment Bank - Top up for the previous operation: related and consequent resolutions; Interruption of the activities of Carraro do Brasil Comércio and Indústria de Sistemas Automotivos Ltda.
11.05.2020	Extraordinary meeting - Approval of the project for the simplified, partial demerger of Carraro International SE, with single member, in the Parent Company Carraro SpA; Related and consequent resolutions.
20.07.2020	Extraordinary meeting - Withdrawal of the approval of the project for the simplified, partial demerger of Carraro International SE, with single member, in the Parent Company Carraro SpA, given by the Board of Directors on 11 May 2020; Related and consequent resolutions.
29.07.2020	Report of the Chief Executive Officer on the activities carried out and the most significant transactions; Examination and approval of the impairment test process; Approval of the half-year financial statements at 30/06/2020; 2020 forecast analysis; Bond issue project analysis: related and consequent resolutions; Half-yearly report of the Supervisory Board to the corporate bodies; Half-year report of the Control, Risk and Sustainability Committee; Temporary departure from the entry levels for the Annual MBO 2020 pursuant to Article 7 of the Remuneration Policy; Loan agreement with Banca Monte dei Paschi di Siena S.p.A.; Credit mandate to Unicredit Factoring S.p.A.; Assignment of power of attorney for the Indian tax appeal.
03.09.2020	In the extraordinary meeting: Guarantee granted to its subsidiary Carraro International SE in the context of its bond issue and signing of relative documentation as the guarantor: related and consequent resolutions.
26.10.2020	Q3 2020 data analysis; Report of the Chief Executive Officer on the activities carried out and the most significant transactions; Proposal for a new organisational configuration; Update on the Carraro International SE transfer project; Extension of the factoring agreement with SACE Fct S.p.A. to Carraro Drive Tech Italia S.p.A..

17.12.2020	Report of the Chief Executive Officer on the activities carried out and the most significant transactions; Analysis of the 2021 draft budget; Approval of the updated Code of Ethics of the Group; Approval of the updated Management Model of Carraro SpA; Training (induction) for corporate boards on the updated Code of Ethics and Management Model; Approval of the updated Whistleblowing procedure; Start of the process to adopt the new Code of Conduct; Resolutions concerning a minority investment in Carraro Finance SA and following the transfer project approved by Carraro International SE; Approval of the methodology to be applied for impairment testing at 31.12.2020.

The Board meetings lasted on average about 2 hours. 8 meetings are planned for the year in progress, of which three already held.

The schedule of major corporate events was notified to the market and to Borsa Italiana S.p.A. in accordance with regulations.

The Board of Directors is the body charged with the Company's administration. It has the role of defining the strategy for the Company and the Group that it forms part of and has management responsibility for it. To this end it has the broadest powers for the ordinary and extraordinary administration of the Company, and has the power to carry out all the actions that it considers appropriate to implement and achieve the corporate purposes, excluding solely those that the Articles of Association and the law reserve strictly to the Shareholders' Meeting, in accordance with the Code of Conduct.

To be more specific, through the clauses in the Articles of Association, the assigned mandates and corporate practices, the Board is responsible for the following issues of major significance:

- examination and approval of industrial, commercial, organisational and financial company and group strategic plans;
- examination and approval of budgets and operations of significant strategic, economic and financial importance to the Company and the Group;
- defines the nature and level of risk compatible with the strategic objectives of the Issuer, including in its assessments all the risks that may be relevant with a view to medium/long-term sustainability of the Issuer's business;
- verification of the adequacy of the company and group general organisation and administration structure;
- assignment and revocation of mandates to the Chairman and Chief Executive Officer and assignment or revocation of special powers of attorney to Company managers;
- after consultation with the appropriate Committee and the Board of Statutory Auditors, determination of the remuneration of the Chairman, Chief Executive Officer and individual members of the Board and its Committees;
- supervision of company and group general performance, taking into consideration, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with those planned, paying particular attention to transactions of greater economic, financial and equity significance;
- annual appraisal of the size, composition and operation of the Board and its Committees;
- taking into account the results of the assessment referred to in the previous point, expresses to shareholders, before the appointment of the new Board, guidelines on

managerial and professional figures whose presence on the Board is deemed appropriate;

- definition of the Corporate Governance rules, as well as monitoring of adoption of and compliance with the rules themselves, with reference to Code;
- examination and approval of the guiding principles, operating limits and, more generally, management of the company and group financial risks, as well as controlling compliance with the adopted policies;
- examination of all quarterly, half yearly and annual profit/loss and financial report documents;
- examination and approval of transactions with related parties, in accordance with the procedure described in greater detail in paragraph 12 below, as well as matters in which Directors have an interest.

The company's Articles of Association stipulate that the Board of Directors also has the power to deliberate with regard to the following:

- establishment or closure of secondary offices;
- transfer of the company headquarters within the national territory;
- company mergers and demergers in the cases envisaged by Articles 2505, 2505-*bis* and 2506-*ter* of the Italian Civil Code;
- the reduction of the company share capital in the event of the withdrawal of a shareholder;
- amendments to the Articles of Association to meet new legislative provisions;
- except when the Board considers it appropriate that the afore-mentioned resolutions are taken by an Extraordinary Shareholders' Meeting.

In January 2020 and subsequently in January 2021, the Board assessed the adequacy of the organisational, administrative and accounting structure of the Company and the Group, with particular reference to the internal control and risk management system, according to the procedures adopted for this purpose by the Company. Within the scope of this activity, the Board made recourse to the support of the Control, Risk and Sustainability Committee, the Internal Audit Manager and the Director Responsible for producing the company's accounting documents.

The amount and breakdown of remuneration received by members of the Board of Directors during 2020 is shown in detail in the Remuneration Report prepared pursuant to Article 123-ter of the Consolidated Finance Act – TUF.

At present, the Board has not considered defining general criteria for identifying transactions that have a significant strategic, economic, equity or financial significance, considering that, as stated above, the Board already has general responsibility to deliberate on all strategic plans, budgets and operations on industrial, commercial, organisational and financial matters.

The Board considered a 3-day deadline for sending the board documentation in order to allow timely and complete information to directors and statutory auditors, a deadline generally respected. If it was not possible to provide the necessary prior information to the Board of Directors, the Chairman ensured that adequate and detailed examinations were carried out during Board meetings.

The Director of Legal Affairs of the Company is normally invited to attend Board meetings as secretary. Depending on the items on the agenda and in order to allow the heads of the competent corporate functions to provide the appropriate information, participation of other Company managers is envisaged.

On the occasion of the meetings of 28 January 2020 and 24 February 2021, the Board proceeded with the annual assessment of the size, composition and functioning of the Board

itself and its committees, also taking into account aspects such as the professional, managerial characteristics, experience and gender of the related members, as well as their seniority, also with a view to the diversity rules set out in Article 2 of the Code. The assessment process is based on filling in of a specific questionnaire by the members of the Board of Directors who expressed their opinions about the assessment of the key issues relating to the Board of Directors itself and its Committees, such as: (i) the functioning of the Board and the adequacy of pre-Board disclosure (ii) the composition and size of the Board; (iii) the relationship of the Board with the other corporate bodies (iv) the functioning of the Committees. The format of the questionnaire is preliminarily discussed by the Appointments and Remuneration Committee and the results are processed by the Lead Independent Director.

The Shareholders' Meeting was not called upon to authorise, in general and preventive terms, any exceptions to the non-competition clauses as provided for in Article 2390 of the Italian Civil Code.

4.4 Mandated Bodies

Chief Executive Officers

On 14 May 2018, the Board resolved to appoint Alberto Negri as Chief Executive Officer, assigning him the following powers of ordinary administration, save for powers assigned to the Board of Directors:

- entering into, modifying and/or terminating commercial affiliation agreements or agreements licensing industrial property rights;
- issue or withdrawal of mandates or general powers of attorney;
- issue of security guarantees, establishment of liens or mortgages on the assets of the Company;
- acquisition, sale, licensing, the conferment, and the granting of guarantees on the following:
  - real estate assets;
  - enterprises or business units;
  - company shareholdings;
- approval of the Company's budget and any business plans;
- entering into, amending and terminating any form of banking and financing agreement (more specifically, opening credit lines, loans, advances against securities, invoices and goods, discounts);
- issue, acceptance or endorsement of the Company's bonds;
- opening or closure of local units, plants, branches and agencies.

To clarify, the powers of ordinary administration include the following (in any case within the limits indicated in the next section):

- keep and sign company correspondence;
- sell and acquire goods, products, and any other unrecorded movable asset, as well as enter into, amend and terminate agreements for the supply of services and any other agreement, for charge or profit, that is necessary or beneficial for the management of the company;
- purchase and sell vehicles;
- collect any amount owed to the Company from any party (State, public and private entities, physical and/or legal persons and companies), as well as issue the relative receipts/releases;
- hire and dismiss managers, clerical staff and factory workers, and enter into, amend and terminate the related employment agreements;
- enter into, amend and terminate on-going and co-ordinated collaboration agreements and consultancy agreements;
- represent the Company in all dealings and relations with the State fiscal, financial, administrative and judicial offices and their dependent, local and semi-governmental

administrative entities, pension, welfare insurance or mutual entities, with the power to agree earnings, issue statements and certificates, open legal proceedings before any administrative and legal authority in the Republic of Italy; make charges, lodge complaints against any measure issued by the afore-mentioned authorities and offices and sign the related documents and/or consequential deeds;

- represent the Company in proceedings before all the authorities in the Republic of Italy and foreign states, as well as all international authorities, appoint advocates and attorneys for the proceedings, including for appeals, claims for revocation, cassation and before the Constitutional Court;
- settle and reconcile any pending suit or dispute the Company has with third parties, including pending suits and disputes on employment with managers, clerical staff and factory workers, appointing arbiters and/or amicable arbitrators and signing the relative settlement deeds;
- represent the Company in any bankruptcy proceedings with all the necessary powers; promote and/or request declarations of insolvency, take part in meetings of creditors, accept and exercise the office of member of the committee of creditors, if the appointment falls on the Company; declare credits confirming their existence and extent; accept and reject schemes of composition and do all else that is necessary and/or useful in such procedures;
- receive from post and telegraphic offices, shipping companies and any other transport enterprise, ordinary, registered and/or insured letters and parcels; collect postal or telegraphic orders, cheques and drafts of any kind and any amount; request and receive amounts, securities, goods and documents, signing the relative receipts, releases from liability, with any public and/or private administration, amongst other, at any public and/or private savings institution, including the State Treasury, the Cassa Depositi e Prestiti (state funded bank), funds owed by the state, customs offices and state and private railway offices, either in their central, regional and/or local offices, and including the regional tax revenue services and their local sections; carry out any other deed or transaction with the aforesaid administrative authorities;
- sign bills of exchange from the Company's clients as the drawer, issue bills of exchange and orders, endorse cheques, drafts and bills of exchange, but in any event draw them and pay them into the Company's current accounts or protest them, offer bills of exchange issued by the Company's customers in discount on their order and drafts issued by the Company on amounts receivable from its customers;
- carry out each and every activity concerning compliance with legislation on safety, protection of the environment and privacy and represent the Company before each and every associated public and private office and entity;
- delegate part of the aforesaid powers to executives, middle managers or clerical staff in the company or to third parties, provided that the delegated powers do not give rise to the supposition of direct representative as provide for in Articles 2203 et seq of the Italian Civil Code.

Moreover, the following values apply to the powers of ordinary administration attributed to the Chief Executive Officer:

- settling, defining and reconciling proceedings and disputes (including arbitrations) for an amount not exceeding, per individual dispute, 1,000,000 euros (one million);
- negotiating, entering into, amending and/or terminating:
  - agreements for the acquisition of machinery, plant, equipment and/or vehicles of an amount no greater than, per individual agreement, 2,000,000 euros (two million);
  - consulting contracts where the amount does not exceed, per contract, 250,000 euros (two hundred and fifty thousand);
  - any other agreement that stipulates bonds for the Company of amounts no greater, per individual agreement, than 2,000,000 euros (two million), with the exception of agreements for the supply of goods to the company's customers, for which the aforesaid limit will not apply.

By resolution of 17 December 2019, the Board of Directors resolved to appoint Andrea Conchetto as General Manager of the Company as from 1 January 2020 and to award the Chief Executive Officer the powers necessary to grant him a suitable notary power of attorney.

Following the resignation of the Chief Executive Officer Alberto Negri, on 26 October 2020, the Board of Directors of the Company decided to give Andrea Conchetto - also co-opted as Board Director - wider ranging powers for the operational management of the Company in his position as General Manager, assigning him a suitable power of attorney, after withdrawing the previous power of attorney.

- keep and sign company correspondence;
- sell and acquire goods, products, and any other unrecorded movable asset, as well as enter into, amend and terminate agreements for the supply of services and any other agreement, for charge or profit, that is necessary or beneficial for the management of the company;
- purchase and sell vehicles;
- collect any amount owed to the Company from any party (State, public and private entities, physical and/or legal persons and companies), as well as issue the relative receipts/releases;
- hire and dismiss managers, clerical staff and factory workers, and enter into, amend and terminate the related employment agreements;
- enter into, amend and terminate on-going and co-ordinated collaboration agreements and consultancy agreements;
- represent the Company in all dealings and relations with the State fiscal, financial, administrative and judicial offices and their dependent, local and semi-governmental administrative entities, pension, welfare insurance or mutual entities, with the power to agree earnings, issue statements and certificates, open legal proceedings before any administrative and legal authority in the Republic of Italy; make charges, lodge complaints against any measure issued by the afore-mentioned authorities and offices and sign the related documents and/or consequential deeds;
- represent the Company in proceedings before all the authorities in the Republic of Italy and foreign states, as well as all international authorities, appoint advocates and attorneys for the proceedings, including for appeals, claims for revocation, cassation and before the Constitutional Court;
- settle and reconcile any pending suit or dispute the Company has with third parties, including pending suits and disputes on employment with managers, clerical staff and factory workers, appointing arbiters and/or amicable arbitrators and signing the relative settlement deeds;
- represent the Company in any bankruptcy proceedings with all the necessary powers; promote and/or request declarations of insolvency, take part in meetings of creditors, accept and exercise the office of member of the committee of creditors, if the appointment falls on the Company; declare credits confirming their existence and extent; accept and reject schemes of composition and do all else that is necessary and/or useful in such procedures;
- receive from post and telegraphic offices, shipping companies and any other transport enterprise, ordinary, registered and/or insured letters and parcels; collect postal or telegraphic orders, cheques and drafts of any kind and any amount; request and receive amounts, securities, goods and documents, signing the relative receipts, releases from liability, with any public and/or private administration, amongst other, at any public and/or private savings institution, including the State Treasury, the Cassa Depositi e Prestiti (state funded bank), funds owed by the state, customs offices and state and private railway offices, either in their central, regional and/or local offices, and including the regional tax revenue services and their local sections; carry out any other deed or transaction with the aforesaid administrative authorities;
- sign bills of exchange from the Company's clients as the drawer, issue bills of exchange

and orders, endorse cheques, drafts and bills of exchange, but in any event draw them and pay them into the Company's current accounts or protest them, offer bills of exchange issued by the Company's customers in discount on their order and drafts issued by the Company on amounts receivable from its customers;
- carry out each and every activity concerning compliance with legislation on safety, protection of the environment and privacy and represent the Company before each and every associated public and private office and entity;
- delegate part of the aforesaid powers to executives, middle managers or clerical staff in the company or to third parties, provided that the delegated powers do not give rise to the supposition of direct representative as provide for in Articles 2203 et seq of the Italian Civil Code.

Moreover, the following limits apply to the powers of ordinary administration attributed to the General Manager:

- settling, defining and reconciling proceedings and disputes (including arbitrations) for an amount not exceeding, per individual dispute, 1,000,000 euros (one million);
- negotiating, entering into, amending and/or terminating:
  - agreements for the acquisition of machinery, plant, equipment and/or vehicles of an amount no greater than, per individual agreement, 2,000,000 euros (two million);
  - consulting contracts where the amount does not exceed, per contract, 250,000 euros (two hundred and fifty thousand);
  - any other agreement that stipulates bonds for the Company of amounts no greater, per individual agreement, than 2,000,000 euros (two million), with the exception of agreements for the supply of goods to the company's customers, for which the aforesaid limit will not apply.

Interlocking directorate

For his entire term of office, which ended on 26 October 2020 following his resignation, the Chief Executive Officer did not hold positions as a director of another issuer not belonging to the same group of which a director of Carraro was Chief Executive Officer. Therefore, the interlocking directorate situation outlined by the Code in application criterion 2.C.6 does not apply.

Chairman of the Board of Directors

The Chairman, Enrico Carraro, is attributed all the powers of the ordinary and extraordinary administration envisaged by law and/or the Company's Articles of Association, excluding the following limitations, which are reserved to the Board of Directors:

- acquisition or sale of stock including minority holdings;
- assignment of security guarantees, collateral or mortgages on company assets;
- acquisition or conveyance of immovable assets;
- approval of the economic and financial budget.

The maintenance of mandates held by the Chairman is based on the preservation of continuity, as ensured by the controlling shareholder, in the management objectives as well as to ensure the strategic vision of the Company and the Group. In actual fact the Chairman performs the role of co-ordination and strategic planning while the executive management of the Company and the Group lies with the Chief Executive Officer. The clause in the Code of Conduct under point 2.P.5 is therefore deemed as complied with, as it suggests avoiding the concentration of different company roles on one single person.

Information provided to the Board

During 2020, the Board appraised the trend in general management at least every quarter, taking into consideration the information received from the mandated bodies, as well as by means of a periodical comparison between the results achieved and those anticipated as outlined by Application Criterion 1.C.1(e) of the Code.

4.5 Other Executive Directors

The Board appointed Tomaso Carraro as Deputy Chairman of the Company with the function of replacing the Chairman in the event of his absence or impediment in the management of Shareholders' Meetings or Board of Directors' Meetings, in particular giving him the task of coordinating the activities of the Group and the following powers to be exercised with single signature:

- representing the Company in the OGMs of subsidiary companies;
- issuing directives to subsidiary companies, to the related company bodies and to the management structure to ensure the unitary direction and co-ordination of the group pursuant to the strategies defined by the Board of Directors and the management decisions taken by the Chairman and/or Chief Executive Officer.

On 6 March 2019, the Board of Directors appointed Tomaso Carraro *Chief Corporate Social Responsibility Officer* for the Carraro Group.

Tomaso Carraro is also Chairman and/or Chief Executive Officer of several subsidiaries with strategic importance.

With the renewal of the corporate bodies at the Shareholders' Meeting held on 14 May 2018, Mr. Enrico Gomiero, *Chief Financial Officer* and attorney of the Company since 22 October 2007, joined the Board of Directors. Mr. Enrico Gomiero is also Chief Executive Officer of several subsidiaries and associates with strategic importance.

With the resignation of the Chief Executive Officer Alberto Negri, on 26 October 2020, the Board of Directors resolved, on the same date, pursuant to Article 2386 of the Italian Civil Code, to co-opt Andrea Conchetto as Board Director of the Company, until the next Shareholders' Meeting. Mr Conchetto is also a Board Director of various subsidiaries of strategic importance.

4.6 Independent Directors

Among the non-executive directors, pursuant to the Code of Conduct and taking into consideration the information supplied by each director, Fabio Buttignon, Marina Manna and Marina Pittini are independent directors elected by the Shareholders' Meeting of 14 May 2018 and have declared possession of the requirements provided for in the Code of Conduct to be qualified as independent directors and possession of the requirements of independence pursuant to Article 148, paragraph 3 of the Consolidated Finance Act – TUF, undertaking to maintain independence during the term of office and, if necessary, to resign.

The Board verified at the first opportunity after the appointment (meeting of 14 May 2018), existence of the independence requirements of the directors indicated in the preceding paragraph, based on the information available to the Company and on the declarations made by the same at the time of acceptance of the nomination, as well as on the application criteria 3.C.1 and 3.C.2 of the Code, informing the market of this verification by means of a press release issued on the same date.

Annually the Board assesses the existence of the requirements of independence for each non-executive director and any circumstances that could prejudice their autonomous judgement. It conducted this analysis in the meetings of 28 January 2020 and 28 January 2021, confirming that the non-executive directors Fabio Buttignon, Marina Manna Marina Pittini continued to meet the independence requirements.

The Board of Statutory Auditors, in its meeting of 28 January 2021, as part of its assigned tasks, verified the application of the assessment criteria and procedures adopted by the

Board to assess the independence of members of the Board of Directors elected during the Shareholders' Meeting held on 14 May 2018.

The independent directors met on 17 December 2020, in the absence of the other directors.

4.7 Lead Independent Director

On 28 January 2019, considering that the conditions provided for by the Code were met, the Board confirmed Marina Manna as Lead Independent Director.

The Lead Independent Director represents a point of reference and coordination of the requests and contributions of non-executive directors and, in particular, of those considered independent according to the parameters set by the Code. S/he collaborates with the Chairman to ensure that directors are recipients of complete and timely information flows.

5. Processing of company information

On 17 March 2020, the Board updated the Procedure for the management and communication of Important and Inside Information and the Insider List, originally adopted on 11 May 2006. This procedure has been prepared in compliance with EU Regulation 596/2014 *(Market Abuse Regulation* - MAR) and subsequent amendments and the latest version of the Consolidated Law on Finance introduced by Legislative Decree 107/2018, as well as on the basis of the indications contained in the Guidelines no. 1/2017 "Management of inside information" issued by Consob in October 2017.
The Procedure establishes rules of conduct to which all employees and collaborators of Carraro Group Companies are required to adhere. The rules are aimed at guaranteeing the confidentiality of information obtained in the performance of these parties' function or their collaboration with the Company ("confidential information"). The Procedure also establishes certain additional obligations for persons who, by reason of the role they hold or the activities they carry out, may acquire particularly sensitive information which, if made public, could have a significant effect on the price of the Company's listed share ("Inside Information"). It also contains the rules for management of the List of Persons who have Access to Insider or Potentially Insider Information (the so-called "Insider List"), a description of the structure and the various sections of the List, as well as the roles of the persons in charge of managing this information. Finally, it sets out the methods that the persons responsible are required to use for the processing and publication of this information and managing delays in publication, in accordance with Consob Guidelines.
Each Recipient, with reference to all information acquired due to his/her job function, is obliged to ensure its confidentiality and is required to comply with the rules of conduct set out in the Procedure, the provisions of the law in force, the rules of conduct referred to in the Code of Ethics of the Carraro Group and in the Management Model pursuant to Italian Legislative Decree 231/2001, for Group companies that have approved its adoption.
The Procedure is published and is freely accessible on the Company's website www.carraro.com - About Us - Market Abuse, Management of Inside Information and Internal Dealing.
The Insider Register is managed by the Company through a computerised platform, which guarantees compliance with the Procedure and applicable regulations and facilitates the mapping of Important and Inside Information and the persons who are aware of it from time to time, in compliance with strict confidentiality constraints.

6. Committees within the Board (pursuant to Article 123-bis, paragraph 2), letter d) of the TUF)

On 14 May 2018 the Board passed a resolution constituting the following Committees:

- Appointments and Remuneration Committee;

  The Appointments and Remuneration Committee, *inter alia*, has been assigned the functions of the Appointments and Remuneration Committees provided for in the Code.

- The Control, Risk and Sustainability Committee, assigned the task of dealing with corporate social responsibility issues (i.e. sustainability).

On 13 May 2019, the Board approved the new regulation of the Control, Risk and Sustainability Committee in the formulation submitted by the same.

All committees act merely in a consulting role and support the Board in examining the issues within its sphere of competence.

7. Appointments Committee

The Board of Directors has assigned to the Appointments and Remuneration Committee the functions of the Appointments and Remuneration Committee provided for in the Code.

For information on the composition and operation, please refer to the next section.

8. Appointments and Remuneration Committee

On 14 May 2018, the Board of Directors established within the Board an Appointments and Remuneration Committee.

Composition and functioning of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee consists of three independent directors: Fabio Buttignon (Chairman), Marina Manna and Marina Pittini.

The current composition of the Committee is in line with the recommendations of the Code that prescribes that the members of the Remuneration Committee must be independent directors.
During 2020, the Committee met 6 times for an average duration of approximately 1.5 hours to address, among other things: the formulation of proposals on remuneration for Directors who have been delegated particular powers by the Board and for other Directors who hold particular offices; checks on the settlement agreement signed on 26 October 2020 between the Company and the Chief Executive Officer Alberto Negri, who resigned from his position as Chief Executive Officer on the same date; checks, in a capacity as the Related Party Transactions Committee, on proposals to depart from the Remuneration Policy approved by the Shareholders' Meeting on 22 April 2020; the assessment of the 2020 objectives of the Executive Directors; the assessment of the criteria adopted for the remuneration of managers with strategic responsibilities and in particular of the MBO variable incentive scheme; assessment of the correct application of the Remuneration Policy; the drafting and proposal to the Board of Directors of the Remuneration Policy.

Committee meetings were attended, on a case by case basis, at the invitation of the Committee itself and on individual agenda items, also by (i) the members of the Board of Statutory Auditors (ii) the Chief Executive Officer, (iii) the Company Director of Human Resources as Secretary, (iv) other executives or functional/departmental managers of the Company involved on a case by case basis or interested parties with regard to the topics addressed.

Functions of the Appointments and Remuneration Committee

The Regulations of the Appointments and Remuneration Committee, approved by the Board on 29 April 2015, governs its tasks, its composition and the procedures on how its meetings should be run, and expressly sets out the composition of the Committee and the

procedures on how its members should take part in the meetings whether they are non-executive or independent directors in line with the issues to be discussed on a case by case basis.

The Committee has been attributed, in addition to the functions provided for by the Code of Conduct for the appointments committee and for the remuneration committee, respectively, with those provided for by the new Procedure for Transactions with Related Parties adopted by the Board on 28 January 2019, when relating to the allocation or increase in remuneration and economic benefits, and the other tasks related to the evaluation and formulation of proposals and recommendations concerning management and human resources organisation and development plans.

In particular, with reference to the Committee's functions pursuant to the Procedure for Transactions with Related Parties, the Committee expresses its precautionary and reasoned opinion on the Company's interest in carrying out Transactions with Related Parties (as defined in the Procedure) as well as on the expediency and substantial correctness of the related conditions if the Transaction with Related Parties (as defined in the Procedure) concerns the assignment or increases in remuneration and economic benefits of any kind, including the granting of loans or guarantees to a member of an administrative or supervisory body or to a senior manager with strategic responsibilities.

***

The proceedings of the Committee are coordinated by the Chairman, Prof. Fabio Buttignon, who is assisted in organising its meetings by the company departments necessary on a case by case basis. The Chairman informs the Board of Directors of Committee meetings, of which a report is drawn up.

Committee members are entitled to access information and company functions necessary for the performance of their duties and - whenever deemed necessary - may use external consultants.

Although the Board has not approved a specific budget, the Committee has access to the financial resources necessary on a case by case basis to carry out its tasks.

9. Remuneration of Directors

General remuneration policy

On 22 April 2020, the Ordinary Shareholders' Meeting approved, at the proposal of the Board, the text of the remuneration policy 2020 which, pursuant to (i) Article 6 of the Code, (ii) Article 123-ter of the Consolidated Finance Act – TUF (iii) the implementing provisions issued by Consob with resolution no. 18049 of 23 December 2011 and (iv) the Procedure for Related Party Transactions, defines the criteria and guidelines for the remuneration of members of the Board of Directors itself and of the managers with strategic responsibilities in the Company.

The remuneration policies and programs which the Carraro Group has adopted for Executive Directors and Managers with strategic responsibilities (individually the "Manager" or collectively the "Management" in 2020 are essentially compliant with the principles provided for by the Code and consistent with its purposes, though with certain minor differences in certain mechanisms necessary to comply with practices, commitments and expectations consolidated in the Management.

To clarify, with reference to the guidelines and criteria used for preparation, see the first section of the Remuneration Report published pursuant to Article 123-ter of the TUF.

Share-based remuneration plans

Currently there are no share-based remuneration plans.

Remuneration of Executive Directors and Managers with strategic responsibilities

Remuneration of Executive Directors and Managers with strategic responsibilities comprises a fixed and a variable component. A part of remuneration - to differing extents depending on the specifics of roles and responsibilities - is linked to achieving specific performance targets. Detailed information on the remuneration of Directors and Managers with strategic responsibilities is provided in Articles 2 and 3 of the 2019 Remuneration Policy.

For Executive Directors, Key Executives and all persons who receive short-term variable remuneration, contractual agreements are entered into, enabling the Company to request the variable part of remuneration paid to be returned, in full or partially (or to retain deferred amounts), determined based on data that are later proven to be wrong (claw-back mechanisms).

Incentive mechanisms for internal auditors and the director responsible for producing the company's accounting documents.

As regards the identification of the incentive objectives of the Director responsible for producing the company's accounting documents, these are specifically identified in line with the corresponding role, and therefore mainly based on individual objectives correlated with the specific activity.

With regard to the head of the Internal Audit function, the latter receives – in line with the role as supervisor – a fixed remuneration whereas, as regards the variable remuneration component, any participation in the Annual MBO plan is envisaged on achievement/exceeding individual objectives that cannot be of the economic/financial type (such as, by way of example but not limited to, turnover, EBIT, EBITDA, net working capital, net financial position).

Remuneration of Non-executive Directors.

Remuneration of non-executive Directors is established as a fixed amount and is therefore not linked to any extent whatsoever with the economic results of the Company. If entrusted with Special Duties, the same receive a fixed amount, in addition to the remuneration foreseen for Directors, the determination of which takes place according to the mechanisms provided for in the Remuneration Policy 2020 (see Article 4.1.1).

Director indemnification in the event of resignation, dismissal or termination of employment following a take-over bid (pursuant to Article 123-bis, paragraph 1, letter i) of the Consolidated Finance Act – TUF)

The Company may sign, with individual Executive Directors or Managers with Strategic Responsibilities, agreements that directly or indirectly provide for predetermined indemnities in the case of termination of the relationship, without prejudice, in any case, to the legal and/or collective bargaining obligations and within limits defined by jurisprudence and existing practices. For further details, reference is made to Article 4.1.6 of the Remuneration Policy.

10. Control, Risk and Sustainability Committee

The Board, in compliance with the provisions of the Code of Conduct on the risk and control committee, has set up its Control, Risk and Sustainability Committee. The Committee consists of three non-executive and independent directors in the persons of Marina Manna (Chairman), Fabio Buttignon and Marina Pittini. The current composition of the Committee is in line with the recommendations of the Code that prescribes that the members of the Control and Risk Committee must be independent directors and that at least one of them must have adequate financial and accounting experience.

The Control, Risk and Sustainability Committee provides the Board with proposals and advice and more specifically it is assigned the following tasks:

- assessing the compliance with accounting principles and, in the case of the group, their homogeneity for the purposes of the preparing the consolidated financial statements, together with the Director Responsible for producing the Company's accounting documents and in liaison with the independent auditors and Board of Statutory Auditors;
- providing opinions on the specific aspects relating to the identification of key corporate risks;
- examining the periodic reports, concerning the assessment of the internal control and risk management system, and those of particular relevance prepared by the Internal Audit function;
- monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- reporting to the Board at least half-yearly, on approval of the annual and half-yearly financial statements, on the activities carried out as well as the adequacy of the internal control and risk management system;
- supporting, with an adequate investigation activity, Board assessments and decisions relating to the management of risks deriving from detrimental facts of which the Board itself has become aware.

The Control, Risk and Sustainability Committee also

- supports the director responsible for sustainability (Chief CSR Officer) and the Board of Directors in determining the degree of compatibility of the risk profile of the Company with sustainable business management in the medium to long term in line with the strategic objectives identified.

In addition, in conjunction with the Director responsible for sustainability *(Chief CSR Officer*), it:

- ensures that regulatory developments and laws related to sustainability are precisely implemented, interpreted and assessed in terms of potential business impact;
- monitors and evaluates sustainability policies aimed at creating sustainable value over time;
- monitors sustainability issues related to the Company's business and management of relations with stakeholders;

and finally:

- defines and proposes to the Director responsible for sustainability (*Chief CSR Officer*) and Board of Directors the guidelines on sustainability and monitors compliance with the principles of conduct and the policies adopted on the matter by the Company and its subsidiaries;
- assists the director responsible for sustainability (*Chief CSR Officer*) and the Board of Directors in drafting, examining and approving the annual Non-Financial Statement;
- monitors international initiatives and industry trends (players/competitors) related to sustainability in order to formulate recommendations on the guidelines to be adopted in terms of sustainability, in line with industry best practices.

The Committee has the possibility to request the Internal Audit function to carry out checks on specific operational areas, giving simultaneous notice to the Chairman of the Board of Statutory Auditors.

The Control, Risk and Sustainability Committee met regularly for a total of 14 meetings during 2020 to discuss both institutional issues and to examine the processes for revising the organisational and control systems aimed at compliance with the new standards of corporate governance. Each meeting saw the attendance of all or the majority of its members, and also, on the specific request of the Board of Statutory Auditors (without limitations with regard to the items on the agenda), the Head of the Internal Audit function, the Risk, Compliance and Sustainability Director, and the Chief Executive Officer or General Manager in a capacity as the executive director in charge of internal control.
Other executives or department/office heads in the company also attended the meetings on a case by case basis when interested or directly involved in issues being discussed, such as the *Chief Financial Officer* (also as Director Responsible for producing the company's accounting documents), the Administrative Manager and the Head of Legal Affairs. The independent auditors also attended the meetings dedicated to the topics under their responsibility.

Minutes of the meetings were duly taken; their average duration was approx. 2 hours.
The Chairman informs the Board of Directors of Committee meetings.
For 2021, 9 meetings have been scheduled, of which 3 already held in the first three months of the year.
The items addressed, with the related opinions, recommendations and decisions regarding information to the Board, were as follows:

a) Issues of a legislative and organisational nature:
   - For the Code of Ethics and Management Model:
     i) the management, evolution of and updates to the Carraro S.p.A. Model;
     ii) the management and evolution of the Management Models adopted by the Italian subsidiaries of Carraro S.p.A.;
     iii) the evolution of and update to the Carraro Group's Code of Ethics;
     iv) the update to the Whistleblowing procedure.

   - For Programme 262:
     i) the presentation n of results of activities carried out for 2019;
     ii) the identification of improvements achieved compared to the previous audit;
     iii) the identification of critical aspects during 2019 activities;
     iv) the final opinion for 2019 on the adequacy of the Group's internal control system;
     v) guidance for planning 2021 activities.
   - For the 2019 Audit Plan:
     i) final data on activities carried out.
   - For the 2020 and 2021 Audit Plan:
     i) the definition of Plan guidelines;
     ii) the definition of Plan objectives;
     iii) details of planned activities;
     iv) the planning of work;
     v) the identification of the annual budget;
     vi) the progress of and updates to the Plan, following the health emergency as a result of the COVID-19 pandemic.
   - For the 2020 Risk, Compliance and Sustainability Plans:
     i) the definition of planned objectives, activities and projects;
     ii) the indication of times and the annual budget;
     iii) the progress of and updates to the Plans following events caused by the COVID-19

pandemic.

- For the 2021 Risk, Compliance and Sustainability Plans:

i) the definition of planned objectives, activities and projects;
ii) the annual budget.

- For the document assessing the organisational, administrative and accounting structure pursuant to Article 2381 of the Italian Civil Code:
  i) review of the administrative/accounting structure, with particular reference to accounting IT systems and procedures in place.
- For the non-financial statement pursuant to Italian Legislative Decree 254/2016:

i) checks on obligations concerning the preparation, certification and publication of the 2019 statement;
ii) an opinion on the materiality analysis, for preparing the non-financial statement.
iii) legal developments concerning non-financial information

b) Issues of an institutional nature:

- The audit plan for the financial statements and aspects emerging from the review of the annual statutory and consolidated financial statements as at 31.12.2019 during the specific meeting with the independent auditors and Board of Statutory Auditors;
- the work plan for the limited review and aspects emerging from the review of the Consolidated Non-Financial Statement ("NFS") as at 31.12.2019, during the specific meeting with the independent auditors and the Board of Statutory Auditors;
- the evidence provided in the Report on fundamental matters, identified during the statutory auditing of the Consolidated Financial Statements of the Group and the Financial Statements as at 31.12.2019 (pursuant to Article 19, paragraph 1 of Legislative Decree 39/10 as amended) and in the Management Letter;
- the evidence provided in the Management Letter concerning the Consolidated Non-Financial Statement of Carraro spa as at 31.12.2019 (pursuant to Italian Legislative Decree 254/2016);
- aspects emerging from the review of the Consolidated Half-yearly Financial Statements as at 30.06.2020;
- review of the Audit Plan for the Consolidated Financial Statements of the Group, the Financial Statements of Carraro spa and the Non-Financial Statement as at 31.12.2020.
- assessment of the independence of the Head of the Internal Audit function;
- the progress of the project for the preparation of the Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 and the international standards GRI and their contents;
- the progress of the plans and projects proposed in developing the Sustainability Model defined by the company, also for the Group;
- the guidelines for the work programme of the Sustainability Operational Committee and new aspects of the organisational structure of the Group's Sustainability Model;
- the procedure for producing the consolidated NFS;
- the reorganisation of the Internal Audit Function;
- the organisation of the Risk, Compliance and Sustainability (CSR) function;
- the organisation of the Information Technology function;
- the adoption of measures to contain the COVID-19 pandemic, regarding personnel health and safety.

c) Other issues:

- the methodology used for impairment testing carried out by the company for the purposes of the financial statements as at 31.12.2019 December, in application of the accounting standards in force and related final calculation;
- the draft of the 2020 Corporate Governance Report;

- the procedure to manage Confidential and Inside Information and to manage the Insider List;
- the situation concerning obligations to manage privacy (GDPR);
- the review of the updated version of the Procedure to manage Important and Inside Information and the Insider List of Carraro S.p.A..
- the methodology used for impairment testing carried out by the Company for the purposes of the financial statements as at 31.12.2020, in application of the accounting standards in force;
- the functioning of the Sustainability Model adopted by the Company and progressive performance of related activities and initiatives by Group companies;
- the Group reorganisation project with particular reference to strategic, legal and tax aspects.

The control activities of the Committee are in turn articulated as follows.

a) Organisation, management and control model pursuant to Italian Legislative Decree 231/2001.

The Committee examined the following aspects, thanks to the information obtained from the Supervisory Board through its members:
i) management of the Carraro S.p.A. Model;
- verification of controls on the conduct envisaged in the Supervisory Board Activity Plan;
- verification of the dissemination of the Model to recipients and constant use of the tools adopted for this purpose and for the information flow to the Supervisory Board;
- monitoring of employee training;
- verification on the number and type of disclosures received by the Supervisory Board in the information flow addressed to the same;

ii) management of the 231 Management Models in the main Group companies controlled by Carraro S.p.A..

In addition, the Committee, through an ongoing exchange with the Supervisory Board, monitored risk assessment activities and occupational safety proceedings, as well as improvement plans and the gap analysis carried out by the EH&S function.
Lastly, it reviewed the Supervisory Board's reports every six months.

b) Process of revision and verification of the adequacy of the internal control system.

The Committee examined and discussed the following:
- the Final Report on programme 262 carried out in 2019, with an updated assessment of the adequacy, tests results, evidence of improvements, findings and the recommended corrective plan;
- the Audit Reports, results and corrective actions identified during audits conducted;
- the 2020 Audit Plan, prepared by the Head of the Internal Audit function.

The Committee reviewed and evaluated the data and information received from company functions, in particular from the Internal Audit function, concerning the adequacy of controls on main company cycles, with reference to the outcomes of the various tests and controls conducted in the second half of the year.

c) Risk analysis

- the reporting of cases or significant matters from a risk analysis perspective;
- the update to the action plan, referred to the 2018 risk analysis (ERM);
- the review of the ERM in an ESG (environmental, social and governance) context.

In receiving information and periodic updates from the Risk, Compliance and Sustainability

Function, from the Internal Audit Function, the Supervisory board or Company Management, the Committee checked for any reported events or matters that were significant in terms of risk analysis, within the framework defined by the group ERM programme, with particular reference to emerging risks (the risk of pandemics and cyber attacks, above all, for 2020).
With reference to the cyber attack on the Company in September, the Committee constantly monitored how the situation developed, and the recovery of company activities, as well as the initiatives designed to prevent IT risk.

d) Audit plans and activities.

The Committee examined the progress of the 2020 Audit Plan during the year, the Audit Reports, the results and the corrective actions emerging from the audit activities carried out by the Internal Audit function. In particular, it reviewed the following:

- the follow up, as well as the second follow up, of the findings and remediation actions as indicated in the Audit Report 2/2020: checks on measures to contain COVID-19;
- the Audit Report 3/2020: processing records pursuant to the GDPR, adopted by the company;
- the Audit Report 4/2020: checks on fees for advisory and other services;
- the Audit Report 5/2020: follow up of the management of relations covered by contracts.

e) Risk and compliance plans and activities

The Committee reviews the content and progressive performance of activities concerning the risk and compliance assessment areas, as indicated by the specific function.

It reviewed the update to the Risk Management Procedure and received information from the Director of the Risk, Compliance and Sustainability function on ERM issues and on relative disclosure provided in the financial statements as at 31.12.2020.

f) Sustainability plans and activities

The Committee took note of the projects and activities planned for sustainability, as well as their progress, thanks to information from the relevant function.

g) Miscellaneous information from Management

The Committee also collected and examined various information from management on the financial situation, organisational aspects, evolution of the company's and the Group's business in the current year, economic performance of the markets and the group's operating units, reorganisation of activities and corporate operations, occupational health and safety, the environmental situation and privacy matters.
In particular, the Committee constantly monitored the Group's reorganisation process started during the year, holding various talks with the Heads of the individual functions involved and the consultants appointed to assist the Company in technical, legal and tax matters.

11. Internal control and risk management system

Legislative Decree 39/2010 transposing Directive 2006/43/EC on statutory audit of annual accounts, which came into force on 7 April 2010, subsequently amended by Legislative Decree 153/2016 entered into force on 5 August 2016, strengthened the role attributed to the Board of Statutory Auditors the role of Internal Auditing Committee with the task of

overseeing the financial reporting process, the effectiveness of internal control, internal audit and risk management systems, the statutory audit of annual and consolidated accounts and independence of the independent statutory auditors, in particular as regards the provision of non-auditing services to the entity subject to the statutory audit of its accounts.

With the support of the Control, Risk and Sustainability Committee, the Board has defined the strategies for the internal control and risk management system, so that the key risks relating to the company and its subsidiaries are correctly identified and adequately measured, managed and monitored.

The internal control and risk management system aims to ensure:

a) adequacy of company processes in terms of efficacy and efficiency;

b) reliability of information provided to the corporate bodies and to the market;

c) protection of the company's value;

d) compliance with external regulations, the company Articles of Association and internal procedures.

The Board of Directors ensures that its assessments and decisions relating to the internal control system, the approval of the financial statements and the half-yearly reports and the relations with the independent auditors are supported by appropriate preparatory work; this activity is assigned to the Control, Risk and Sustainability Committee which, in the presence of the Board of Statutory Auditors, systematically deals with issues directly or indirectly relating to internal control, including the checks on the correct application of the established accounting principles also with meetings and exchanges of information with the independent auditors. The outcomes of these activities are reported to the Board of Directors.

By assessing the Carraro Group's risks (ERM), the Board has allocated internal and external risks that have a possible impact on strategic objectives to five categories: strategic, financial, operational, legal and compliance, and planning and reporting; these categories also broadly include "ESG" (environmental, social and governance) risks.

The structure of the internal control and risk management system can be summarised as follows:

a) strategic risks related to macroeconomic factors, country risk, uncertainty of demand, procurement markets for raw materials and components, changes in the strategy of the main customers operating in sales markets with consequences for commercial and industrial plans;

b) financial risks with monitoring of the performance of the reference markets and in the adoption of specific operating procedures, according to the guidelines defined by the Board of Directors, in particular as regards the exchange rate and interest rate risk; risks relating to the volatility of commodity prices, credit risk, liquidity risk, and the raising of financial resources;

c) internal operational risks:

- with reference to business cycles of purchases, sales, stock management, investments, human resources and other major areas including R&D, environment, quality;
- with reference to business continuity and protection of the value of company assets and data, with reference to asset management procedures and the information technology area;

d) legal and compliance risks include:

- risks pursuant to Italian Legislative Decree 231/2001 relating to a series of offences, including offences against the public administration, corporate and market abuse offences, those concerning occupational and environmental safety, money laundering, cyber and organised offence, counterfeit trademarks and patents, infringement of copyright and against industry and commerce, etc.;
- intellectual property risks;
- risks relating to compliance with external laws and regulations and internal procedures and policies;
- risks related to legal disputes.

e) planning and reporting risks: include risks relating to the reliability of financial disclosures as per Law 262/2005, planning and management reporting.

Consistent with the framework described, the Board of Directors has so far identified the areas of priority intervention for the purposes of managing the Group's risks in terms of the most significant risks identified by the Group ERM analysis, as well as internal operational risks referred to the main business cycles, the financial disclosure process, and the risks related to the main offences identified by the Legislative Decree 231/2001.

As regards the main characteristics of existing risk management and internal risk management and control systems with regard to the financial information, also consolidated, process, reference is made to the brief description pursuant to Article 123-*bis*, paragraph 2, letter b) of the Consolidated Finance Act – TUF in Annex 1.

During the year the Control, Risk and Sustainability Committee reported regularly to the Board on the work of the Committee, on the results of the audits carried out and on the functioning of the internal control system, also highlighting performance compared to the results emerging from audits carried out during the previous year. The adequacy of the internal control and risk management system is assessed by the Board taking into account the analyses and evaluations carried out regularly by the Control, Risk and Sustainability Committee and taking into account the information provided by the Supervisory Board on the Management Model.

The assessment of the internal control and risk management system shows an acceptable degree of overall adequacy in monitoring the main risks deriving from the group's activities.

With regard to the functions assigned to the Board of Statutory Auditors by Legislative Decree 39/2010 as the Internal Auditing Committee, please refer to Article 14 below.

11.1 Executive director in charge of the Internal Control and Risk Management System

The role of the Executive Director in charge of the internal control and risk management system was assigned to the Chief Executive Officer, Alberto Negri, by the Board of Directors in the meeting of 14 May 2018. This position was held until he resigned on 26 October 2020. On 26 October 2020, the Board of Directors co-opted the Director Andrea Conchetto as Director in charge of the internal control and risk management system.

The Executive director in charge of the internal control and risk management system performs the following tasks:

a) ensuring identification of the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and periodically submitting

them for examination by the Board of Directors;

b) executing the guidelines defined by the Board of Directors, taking care of the planning, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness;

c) adapting such system to the dynamics of the operating conditions and the legislative and regulatory panorama;

d) promptly reporting to the Control, Risk and Sustainability Committee (or to the Board of Directors) regarding problems and critical issues that have emerged in the course of his activity or of which he has been informed, so that the committee (or the Board) can take the appropriate initiatives.

He also has the possibility to request the Internal Audit function to carry out checks on specific operating areas and on compliance with internal rules and procedures in the execution of company operations, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of the Control, Risk and Sustainability Committee and to the Chairman of the Board of Statutory Auditors.

11.2 The Head of the Internal Audit function

On 11 May 2020, the Board of Directors of the Company resolved to appoint Monica Bucci as the Head of Internal Audit, at the proposal of the executive director in charge of overseeing the functionality of the internal control system, with the favourable opinion of the Control, Risk and Sustainability Committee and after consultation with the Board of Statutory Auditors. The Board of Directors also established his remuneration and ensured that he has adequate resources for the function to be performed, always subject to the opinion of the Control, Risk and Sustainability Committee. The Board of Directors assessed the independence of the Internal Audit function at its meeting of 28 January 2021.

The Head of the Internal Audit function:

- had direct access to all the information requested in carrying out his duties for the activities performed during the year;
- reported his activities to the Control, Risk and Sustainability Committee and to the Board of Statutory Auditors
- also reported his activities to the executive director responsible for the internal control and risk management system.

It also had at its disposal means which, in relation to the current structure of the Group and the knowledge and experience progressively acquired by internal resources, as well as the effects of the reorganisation with the consolidation of the Risk and Compliance function, were deemed adequate for the performance of the tasks assigned to the Internal Audit function, setting the overall budget for 2020 at €70,000.

The Head of the Internal Audit function is a person internal to the issuer and is not responsible for any operational area nor does he report hierarchically to any manager of operational areas.

The main activities carried out during the year by the Head of the Internal Audit Function involved putting in place the Audit Plan and assisting the Control, Risk and Sustainability

Committee in carrying out activities related to matters addressed (see section 10 above).

Cristiano Dal Checco, Head of the Internal Audit Function until 11 May 2020, was appointed as Risk, Compliance & Sustainability Director on the same date, directly reporting to the Board of Directors, in order to ensure its independence from operating functions.

11.3 Management Model pursuant to Italian Legislative Decree 231/2001

On 29 March 2007 the Board of Directors passed a resolution adopting a Management Model pursuant to Italian Legislative Decree 231/2001, thereby implementing and formalising a Management structure that already existed in the Company and had been continually updated. We would also like to point out that this adoption took place on the conclusion of a project with subsequent updates for the assessment of risks relating to the possible offences envisaged by the decree - an analysis of the company procedures highlighting the weaknesses and the areas of improvement and a consequent alignment plan with subsequent updates, also following the expansion of the category of so-called predicate offences. On the same date, the Carraro S.p.A. Code of Ethics was also adopted.

The Board of Directors subsequently approved:

- on 16 December 2008 the updated version of the Model, extending the area of offences, with particular reference to Italian Law No. 123/07 that introduced corporate liability for offences committed in violation of health and safety legislation (Legislative Decree 81/2008, Article 25 septies of Legislative Decree 231/2001); On the same date, the update to the Group's Code of Ethics was also decided;
- on 15 December 2010, a further updated version of the Model with the inclusion of the offences of money-laundering and (Article 25-octies of Legislative Decree 231/2001) and cybercrimes (Article 24-*bis* of Legislative Decree 231/2001) in addition to other adjustments required with the new corporate organisation with related updating of the Group Code of Ethics;
- on 1 August 2012 a new version of the updated Model with the inclusion of the offences introduced in Legislative Decree 231/2001 in 2009 and 2011: crimes against industry and commerce, (Article 25 bis 1), infringement of copyright (Article 25 novies) and false trademarks and patents (Article 25 bis), association crimes (Article 24 ter) environmental crimes (Article 25 undecies) and inducement not to make statements or to make false statements to the judicial authorities (Article 25 decies), in addition to the reorganisation that concerned the Carraro Group in the period, with related updating of the Group's Code of Ethics;
- on 5 August 2015, a completely revised version of the Model updated to the company's new organisational structure and with the inclusion of the offences introduced in Italian Legislative Decree 231/2001 relating to private-to-private corruption (Article 25-ter), self-laundering (Article 25-octies) and the employment of illegally staying third-country nationals (Article 25-duodecies), in addition to the reorganisation that concerned the Carraro Group in the period, with related updating of the Group's Code of Ethics;
- on 11 February 2016 and 29 April 2016 a new version of the updated Model following the regulatory changes introduced by Law no. 208/2015 (2016 Stability Law), which modified the limit of cash use, bank deposit books or bearer deposit books and bearer securities (Article 49, paragraph 1, Legislative Decree No. 231/2007) and organisational changes;
- on 29 March 2018 a new updated version that incorporated the new legislation introduced in the field of crimes of:

i) illegal intermediation and exploitation of labour (so-called "caporalato", introduced in Article 25 quinquies of Legislative Decree 231/2001),
ii) environmental crimes (so-called eco-crimes) introduced in the Criminal Code in the new Title VI-bis of Book II and included among the predicate crimes of the administrative liability of entities in Article 25 undecies of Legislative Decree 231/2001,
iii) corruption among private individuals (as reformulated by Legislative Decree 38/2017) and incitement to corruption among private individuals, the latter introduced in Article 25 ter of Legislative Decree 231/2001 by Legislative Decree 38/2017,
iv) illegal immigration (Law No. 161 of 17 October 2017 introduced in Article 25 duodecies of Legislative Decree 231/2001);
v) "racism and xenophobia" (Law No. 167 of 20 November 2017 introduced the new Article 25 terdecies of Legislative Decree 231/2001).

- on 28 January 2019, an updated version introducing legal developments concerning:
  i) whistleblowing, introduced by Law 179 of 30 November 2017 on "Provisions for the protection of the perpetrators of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship";
  ii) the repeal of legal action for "private-to-private corruption" and "incitement to private-to-private corruption";
  iii) amendments concerning market abuse relative to the new MAR (Market Abuse Regulation);
  iv) the crime of the traffic of illicit influence (included under the predicate crimes referred to in Article 25 of Legislative Decree 231/2001).
- on 17 December 2020, an updated version that incorporated in the general part 1), new legislation introduced concerning:
  i) the crime of "sports fraud" (Article 25 quaterdecies);
  ii) the crime of "obstructing national cyber security" (Article 24 bis);
  iii) tax crimes (Article 25 quinquiesdecies);
  iv) the crime of "fraud in public supplies" (Article 24);
  v) the crimes of "embezzlement" and "abuse of office", when the crime is against the financial interests of the European Union (Article 25);
  vi) contraband crimes (Article 25 sexiesdecies);
  and in the special part 2) of the Model, concerning:
  i) "Occupational health and safety crimes" (Article 25 septies of Italian Legislative Decree 231/2001) following the risk assessment of 2019 and the project undertaken at each site for the adoption of the Safety Management System;
  ii) "Corporate crimes and crimes concerning market abuse" (Articles 25 ter and 25 sexies of Legislative Decree 231/2001) following the update to the "Procedure for managing and disclosing important and inside information and for setting up and updating the insider list" approved on 17.03.2020.

In the same meeting of 17.12.2020, the Board of Directors
also updated the Code of Ethics of the Carraro Group and Whistleblowing guidelines.

As for the types of offences for which liability of entities is provided for, the following cases have been considered in the current Carraro SpA Management Model:

- offences against Public Administration;
- corporate and market-abuse offences, including the offence of bribery between private individuals and incitement to bribery between private individuals;
- cyber crimes and unlawful data processing;
- offences related to health and safety in the workplace,
- offences regarding handling of stolen goods, money laundering and use of money or goods and benefits of illicit origin and self-laundering;

- organised crime offences;
- offences of counterfeiting of trademarks and patents;
- offences against industry and commerce;
- offences of copyright infringement;
- offences of incitement not to make statements or to make false statements to the Judicial Authority;
- environmental offences;
- the offence of employing illegally staying third-country nationals and illegal immigration;
- the offences of xenophobia and racism;
- offences against the individual (e.g. illegal hiring for low wages);
- offences of sports fraud;
- tax crimes;
- contraband crimes.
-

During 2015, 2016, 2018, 2019 and at the start of 2021, the main Italian subsidiaries of Carraro S.p.A. also updated their own Management Model with regard to the same types of offences, if and as applicable to the respective sectors of activity.

The functioning and compliance with the Carraro S.p.A. Model was placed by the Board under the control of the Supervisory Board, a collegiate body having autonomous powers of initiative and control.

This board comprises an Independent Director, the Director of the Risk, Compliance & Sustainability function of the Carraro Group and an external professional.

The Code of Ethics and an extract of the Model may be consulted on the company's website: www.carraro.com – About Us - Corporate Governance.

11.4 Independent Auditors

The law prescribes that during the course of a trading period independent auditors should check that the company account books are kept correctly, that operations are recorded accurately in the accounts, and that the financial statements and the consolidated group financial statements correspond to the entries in the account books and the audits carried out, and that they comply with the related legislation.

With a shareholders' meeting resolution passed on 15 April 2016, the Company assigned auditing to Deloitte & Touche S.p.A. for auditing of the financial statements relating to the nine-year period 2016/2024, as prescribed by Legislative Decree No. 39/2010.

Following the introduction of the obligation to prepare the Consolidated Non-Financial Statement (NFS) as per Legislative Decree 254/2016, the Board of Directors of Carraro S.p.A. also appointed Deloitte & Touche S.p.A. on 15 February 2018 for the limited audit of the NFS for the years 2017/2024, as required by the aforementioned decree.

11.5 Director Responsible for producing the company's accounting documents and other company roles and functions

On 26 June 2007, the Board appointed the Chief Financial Officer, Enrico Gomiero, as the Director Responsible for producing the company's accounting documents. The reason for this was that following the assessment made, the company post held by Mr Gomiero was the most appropriate for the requirements needed for such a position, due to the posts he had already held, his qualifications and the responsibilities inherent therein.

Moreover the Board resolved that the Financial Reporting Officer, in order to carry out the tasks assigned to him, will be provided with the financial and human resources in line with

the annual budget prepared by the Senior Manager in charge and approved by the Board itself. Subject, nevertheless, to the possibility of the Director Responsible for producing the company's accounting documents to take any action required by urgent and contingent situations which go beyond the approved budget, with the requirement of immediate disclosure to the Board at its earliest meeting.

The Financial Reporting Officer, (i) where necessary and appropriate, may make use of the collaboration of other company departments in addition to those he manages in the role of senior manager in the company, in order to carry out his task, in accordance with procedures that will be agreed with them, and (ii) has the authority and the duty to issue instructions to the subsidiary companies, within the limits of the resolutions passed by their company bodies and the responsibilities that each of these have, and to see that they adopt all actions, procedures and activities considered appropriate to enable the same Senior Manager in charge to be able to carry out the tasks assigned to him and provided for by Italian Law No. 262/2005.

Other company roles and functions with specific tasks in terms of internal control and risk management are:

– the Board of Directors, which plays a role of guidance and assessment of the adequacy of the System;

– the Director in charge of the internal control and risk management system is identified in the Company's Chief Executive Officer;

– the Control, Risk and Sustainability Committee, with the task of supporting the assessments and decisions of the Board relating to the risk management and internal control system;

– corporate functions entrusted with the so-called "second level" controls, aimed at ensuring the monitoring and management of corporate risks;

– the head of the Internal Audit function, as a "third level" control, in charge of verifying that the internal control and risk management system is adequate and operational;

– the Board of Statutory Auditors, which oversees the effectiveness of the internal control and risk management system.

11.6 Coordination among parties involved in the internal control and risk management system

Coordination between the parties involved in the internal control and risk management system is guaranteed by the distribution of tasks among the various entities, as already illustrated in the previous points, and by the method adopted for the exchange and sharing of information. In fact, Control, Risk and Sustainability Committee meetings are attended by members of the Board of Statutory Auditors, the Executive Director in charge of the internal control and risk management system, the Director Responsible for producing the company's accounting documents, the Head of the Internal Audit function, the Risk, Compliance and Sustainability Director and the Supervisory Board. The Chairman of the Control, Risk and Sustainability Committee ensures the continuity and completeness of the flow of information to the Board of Directors regarding risk management and internal controls.

12. Directors' Interests and transactions with related parties

The Procedure for Transactions with Related Parties whose entire text may be consulted on the company's website: www.carraro.com – About Us – Corporate Governance, was unanimously approved by the Company's Board of Directors on 28 January 2019, following

the favourable opinion expressed unanimously by the Control, Risk and Sustainability Committee pursuant to Article 4, paragraphs 1 and 3 of the Consob Regulations on the provisions relating to transactions with related parties, adopted with resolution No. 17221 dated 12 March 2010 and subsequently amended with resolution No. 17389 dated 23 June 2010.

The Procedure indicates the principles to which the Company must adhere in order to ensure the correctness and openness of transactions with related parties with regard to three primary aspects: identification of the counterparties, the management procedures and the openness of disclosures. For this purpose, the document defines and identifies the parties referred to as "related parties" and the transactions with related parties. In examining each relationship with related parties, attention was paid to the substance of the relationship and not simply to its legal format.

The most important transactions must be approved by the Board beforehand with a binding and reasoned opinion provided by the Control, Risk and Sustainability Committee, except when the resolutions concern remuneration for which the Appointments and Remuneration Committee has been attributed responsibility. Such transactions involve providing the public with a disclosure document.

Other transactions, unless they fall within the residual category of low value transactions, are defined as "less important" and can be implemented on receipt of a reasoned and non-binding opinion from the same Committee. The Procedure also outlines the cases where the Procedure need not be applied, including in particular those ordinary transactions that are concluded at conditions equivalent to market or standard conditions, intra-group transactions, provided that there are no significant interests for other related parties of the Company, and for transactions of a low value.

13. Appointment of Statutory Auditors

The Company's Articles of Association prescribes that the Board of Statutory Auditors consists of three regular statutory auditors and two substitutes appointed by the Shareholders' Meeting by means of a list voting system, to ensure minorities appoint one Regular Auditor and one Alternate Auditor.

Only shareholders that by themselves or together with other shareholders are the holders of stock representing at least 2.5% of the share capital with voting rights in the ordinary Shareholders' Meeting are entitled to present lists, or those who represent a different percentage that may be determined by Consob pursuant to its Regulations for Issuers. The lists presented by Shareholders should be presented to the headquarters of the Company at least 25 days prior to the date set for the Shareholders' Meeting on the first call or a different term set by Consob regulation.

For additional procedures and legitimate presentation of lists, the provisions in the Consolidated Finance Act – TUF, the Consob Issuer Regulations and Article 30 of the Articles of Association shall apply, as last amended by the Board of Directors in the extraordinary meeting of 26 March 2021. Together with each list, the declarations with which the individual candidates accept their nomination must be presented and published, declaring under their own responsibility, that there are no causes prejudicing their eligibility and compatibility and that they satisfy the requirements prescribed for their respective roles.

Each candidate must present a résumé of his or her personal and professional characteristics alongside the declarations. The Statutory Auditors are selected from persons who may be defined as independent, also according to the criteria prescribed by the Code with regard to Directors. The Board of Statutory Auditors examines the compliance with these criteria after the appointment and thereafter, every year.

If and until expressly provided for by mandatory legal and/or regulatory provisions, each list, except for the lists containing a number of candidates of less than three, must consist of a number of candidates belonging to the gender (male and female) less represented such that, where this list turns out to be the list which obtained the highest number of votes, from the same a number of Auditors of the less represented gender is drawn, at least equal to the minimum quota indicated by law, also be temporary regulations in force.

Those persons, who according to the law or the regulations are subject to ineligibility or loss of office, or do not have the necessary requirements may not be elected as Statutory Auditors, and if they are elected they will lose office. The chair of the Board of Statutory Auditors falls to the regular auditor having obtained the highest number of votes in the second list.

14. Composition and functioning of the Board of Statutory Auditors (pursuant to Article 123-bis, paragraph 2, letter d) and d-bis) of the Consolidated Finance Act – TUF)

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association and has a control function over the management of the company.

Legislative Decree 39/2010 transposing Directive 2006/43/EC on statutory audit of annual accounts, which came into force on 7 April 2010 and was subsequently amended by Legislative Decree 135/2016, attributed to the Board of Statutory Auditors the role of Internal Auditing Committee with the task of overseeing the financial reporting process, the effectiveness of internal control, internal audit and risk management systems, the statutory audit of annual and consolidated accounts and independence of the independent auditors, in particular as regards the provision of non-auditing services to the entity subject to the statutory audit of its accounts.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting held on 14 May 2018 and finishes its term of office at the Shareholders' Meeting for the approval of the 2020 financial statements. The Board of Statutory Auditors is composed of the following persons

1. Carlo Pesce (Chairman)
2. Saverio Bozzolan (Regular Auditor)
3. Stefania Centorbi (regular auditor)
4. Barbara Cantoni (substitute auditor)
5. Gabriele Andreola (substitute auditor)

The Statutory Auditors Saverio Bozzolan, Stefania Centorbi and Barbara Cantoni were elected on the majority list submitted by the shareholder Finaid Spa.

The Auditors Carlo Pesce and Gabriele Andreola represent the minority list presented by the shareholder Julia Dora Koranyi Arduini. In accordance with the provisions of Article 30 of the Articles of Association, the chairmanship of the Board of Statutory Auditors is held by the first candidate on the minority list (Carlo Pesce). The lists submitted by the shareholders Finaid SpA and Julia Dora Koranyi Arduini were not linked.

The personal and professional characteristics of statutory auditors are provided in the documentation attached to this Report. When presenting his candidature as a member of the Board of Statutory Auditors at the Shareholders' Meeting of 14 May 2018, Saverio Bozzolan indicated that with reference to application criterion 3.c.1, letter e) of the Code of Conduct for listed companies, if he were to be appointed as Statutory Auditor, he would hold the position of Statutory Auditor of Carraro S.p.A. for more than nine years in the last twelve and that he believes he will continue to meet the independence requirements. At the first meeting of the Board of Statutory Auditors following its appointment, held on 14 May 2018, it conducted assessments and confirmed its independence.
On 28 January 2021, the Board of Statutory Auditors conducted an annual audit on the

independence of its members, confirming that they met this requirement. On the same date, the Board of Statutory Auditors examined the results of the self-evaluation of its operations in light of the rule of conduct Q.1.1 for the Board of Statutory Auditors of Listed Companies (May 2019) and subsequently communicated these results to the Board of Directors.

A total of 15 meetings of the Board of Statutory Auditors were held during the financial year, with each meeting lasting on average 3.5 hours.
The Board has scheduled 6 meetings for 2021, up to the end of its term of office, of which 4 have already been held.

No statutory auditor ceased to hold office during the course of the trading period.

No changes in the composition of the Board of Statutory Auditors have been put into effect since the date of the closure of the trading period.

Diversity criteria and policies

Current provisions of the articles of association and practices adopted so far have created conditions that enable the Board of Statutory Auditors to represent diversity in the professional world.
The composition of the Board of Statutory Auditors is diversified by age, gender and training and professional career.
In particular, as regards gender diversity, the current composition of the Board of Statutory Auditors complies with the principle in Article 30 of the Articles of Association, which guarantees that at least one third of elected auditors will be of the least represented gender (male or female), in line with the recommendations of the 2018 version of the Code of Conduct.

On 26 March 2021, following an opinion provided by the Appointments and Remuneration Committee, in compliance with Recommendation 8 of the new Corporate Governance Code, the Board of Directors adopted the "Policy on diversity criteria for the composition of company boards".

***

During the first meeting after the Shareholders Meeting appointing the new Board of Statutory Auditors, which took place on 14 May 2018, and in the meetings held on 27 February 2019, 10 February 2020 and 28 January 2021, the Board conducted its annual audits of the activities of the Board of Directors, regarding the independence requirements for directors.
The Board also verified the independence of the independent auditors, in compliance with the laws and regulations on the subject, as well as the nature and extent of services rendered, other than the statutory audit of the accounts of the company and its subsidiaries, by the independent auditors itself and by entities belonging to its network. The Board of Statutory Auditors has forwarded the outcome of these reviews to the Board.

***

As from the appointment of the Board, which took place on 14 May 2018, no specific initiatives have been adopted aimed at expanding the knowledge of statutory auditors on the sector in which the Company operates. The Board of Statutory Auditors has acquired knowledge of the Company's sector and the strategies of the Company and the Group through meetings with top management (Chief Executive Officer and Executives with Strategic Responsibilities) specifically for this purpose.

Participation of the Chairman of the Board of Statutory Auditors and/or Statutory Auditors in the meetings of Board Committees is believed to ensure a constant update on the Company dynamics and their evolution, on the principles of proper risk management, as well as on the reference regulatory scenario.

During the course of its activities, the Board of Statutory Auditors systematically interfaced with both the Internal Audit function and the Control, Risk and Sustainability Committee. Coordination took place through sharing of respective activity plans and, where possible, carrying out activities jointly. Coordination with the Control, Risk and Sustainability Committee and exchange of information took place via the members of the Board of Statutory Auditors attending the meetings of the Control, Risk and Sustainability Committee and the consultation on certain agenda items of common interest.

***

During the course of 2020 there were no situations for which the members of the Board of Statutory Auditors would have had to declare their interests or those of a third party in a specific company transaction. The exchange of information between the Board of Statutory Auditors, the Internal Audit function and the Control, Risk and Sustainability Committee takes place through the systematic participation of the Board of Statutory Auditors at the meetings of the Committee and the participation of the Head of the Internal Audit function in meetings of the Board of Statutory Auditors.

15. Relations with Shareholders

The Company has an interest in establishing and maintaining a continual dialogue with shareholders, as well as with institutional investors and analysts. This is established by the *Investor Relations* operations which are carried out in harmony with the top management of the company through timely and comprehensive communication of significant events, as also by holding regular meetings with analysts and investors.

The Company's website has the section "Investor Relations" which can be easily identified and accessed. It provides information concerning the Company that has relevance for its shareholders, in order to enable them to exercise their rights in full knowledge.

The company makes half yearly reports and company and consolidated financial statements available to the public. The Shareholders' Meeting, participation at which is encouraged and facilitated, represents for our company a fundamental opportunity for communication between shareholders and the Board of Directors.

The person in charge of Investor Relations is the Group's Chief Financial Officer, Enrico Gomiero. Constitution of a corporate structure fro managing relations with shareholders was not evaluated.

16. Shareholders' Meetings (pursuant to Article 123-bis, paragraph 2, letter c) of the Consolidated Finance Act – TUF)

Pursuant to Article 12 of the Articles of Association: "Those with voting rights and for whom the Company has received a communication made by the intermediary based on the evidence relating to the end of the accounting day of the seventh trading day preceding the date set for Shareholders' Meeting in first or single call have the right attend the Shareholders' Meeting."

As it stands the Board is not intending to submit to the Shareholders' Meeting a proposal for regulations since it is of the opinion that the powers assigned to the Chairman of the Meeting by the Articles of Association – including the running of Shareholders' Meetings (article 15 Articles of Association – allow him to guarantee an ordered running of the Shareholders' Meetings.

Shareholders who, even jointly, represent at least one fortieth of the share capital may request, within ten days of the publication of the notice of call of the meeting (or within five days in the cases provided for by law), to add to the list of items to be discussed, indicating the further items proposed in said request. Notice of such additions shall be given, in the

same forms prescribed for the publication of the notice of call, at least fifteen days (or at least seven days in the cases provided for by law) before the date set for the Shareholders' Meeting. Additions to the list of items to be discussed are not permitted for items on which the Shareholders' Meeting resolves, in accordance with the law, on the proposal of the directors or on the basis of a project or report prepared by the directors, other than those referred to in Article 125-ter, paragraph 1, of Legislative Decree no. 58 of 24.2.1998. Each shareholder is always assured the right to intervene in the items under discussion. The Board reported to the Shareholders' Meeting on operations carried out and scheduled, by responding to specific questions posed by the shareholders. The Board assured shareholders adequate information regarding the elements required to take decisions under the responsibility of the Shareholders' Meeting. with full understanding of the situation.

One should note that there were no significant variations to the market capitalisation of the Company, or to the composition of the company's shareholders such as to make it necessary to propose amendments to the Articles of Association to the Shareholders' Meeting relative to the percentages established for the exercise of the prerogatives protecting minority shareholders. On this point, one should also note that in application of Article 144-*quater* of the Consob Regulations for Issuers no.11971/1999, for the presentation of lists for the appointment of members of the Board and the Board of Statutory Auditors, articles 21 and 30 of the Articles of Association of the Company require that the percentage threshold of 2.5% of share capital with voting rights or the different measure required by the Consob regulations, which will be indicated in the notification of the Shareholders' Meeting.

It is recalled that among the categories of shares envisaged by Article 5 of the Articles of Association there are the ordinary shares that grant double voting rights, for the prerequisites of which reference is made to section 2 a) of this Report.

17. Further corporate governance formalities

As of the close of the financial year, there are no innovations with respect to that indicated in this Report.

18. Changes since the closure of the trading period

Since the date of the closure of the trading period there have been no other changes in the corporate governance structure in comparison with those indicated in the specific sections.

19. Considerations on the letter of the Chair of the Corporate Governance Committee

In a letter dated 22 December 2020 addressed to the Chairs of the Boards of Directors of issuers, and also sent to the CEOs and Chairs of the control bodies, the Chair of the Corporate Governance Committee - based on the results of the Annual Report and included in the Report on the adoption of the Code of Conduct - indicated the main areas to focus on, in improving the governance practices of issuers. The Committee requested the recommendations to be put to the management board, the competent board Committees and control body, and to report on the Company's considerations in this Report.

The above letter was carefully analysed and considered. In particular, these recommendations were specifically reviewed by the board Committees and the Board of Directors, in order to share reflections, and were also specifically considered during the self-evaluation and when preparing and approving this Report.

Special attention was also paid to the new concept of a sustainable business and of "value creation" introduced by the Corporate Governance Code which the Company will integrate in the definition of strategies, the risk management and internal control systems - with the aim of conducting business properly and in line with the goals set by the Board of Directors in order to contribute to the sustainable success of the Company - and the remuneration policy (to which reference is made).

The above recommendations and hopes of the Committee have been specifically presented and considered in this Report, as part of information on various issues addressed and will be considered in order to identify possible developments in governance or to achieve alignment in adopting self-governance regulations, providing adequate explanations on their adoption.

TABLES

Table 1: Information on ownership structures

Share Capital Structure– paragraph a) of the Report

	No. shares	% of share capital	Listed (specify markets) / not listed	Rights and obligations
Ordinary shares	79,716,430	100	Listed in Borsa Italiana SpA	
Multiple/prime voting shares (pursuant to Article 127-sexies TUF)	0	0	-------	
Shares with limited voting rights	0	0	-------	
Shares with no voting rights	0	0	-------	

*Excluding the treasury stock acquired by the company

Other financial instruments

(attributing the right to subscribe shares to be issued

	Listed (specify markets) / not listed	No. of instruments in circulation	Category of shares serving the conversion/exercise	Number of shares serving the conversion/exercise
Convertible bonds:	no	no	no	no
Warrant	no	no	no	no

Significant holdings of share capital

Declarant	**Direct shareholder**	**% of ordinary capital**	**% of voting capital**
Enrico Carraro and Tomaso Carraro (pro indiviso)	Finaid	35.395	42,607
Enrico Carraro and Tomaso Carraro (pro indiviso)	Enrico Carraro and Tomaso Carraro (pro indiviso)	7,417	8,63
Koranyi Arduini Julia Dora	Koranyi Arduini Julia Dora	27.133	32,66

Table 2: Composition of the Board of Directors and the Committees

Board of Directors													Control, Risk and Sustainability Committee		Appointments and Remuneration Committee	
Position	**Members**	**Year of birth**	**Date of first appointment ***	**In office since**	**In office until**	**List ****	**Exec.**	**Non-exec.**	**Indep. Code**	**Indep. TUF**	**No. of other offices *****	(*)	(*)	(**)	(*)	(**)
Chairman	Enrico Carraro	1962	09.01.87	14.05.18	App. FS.2020	M	X	-	-	-	-	11/11				
Chief Executive Officer • ◊	Alberto Negri	1955	29.10.14	14.05.18	26.10.2020	M	X	-	-	-	-	10/10				
Director	Tomaso Carraro	1966	27.01.97	14.05.18	App. FS.2020	M	X	-	-	-	-	11/11				
Director	Riccardo Arduini	1948	18.12.15	14.05.18	App. FS.2020	m	-	X	-	-	2	10/11				
Director	Fabio Buttignon	1959	23.03.15	14.05.18	App. FS.2020	M	-	X	X	X	5	10/11	13/14	M	6/6	C
Director °	Marina Manna	1960	23.03.15	14.05.18	App. FS.2020	M	-	X	X	X	5	11/11	14/14	C	6/6	M
Director	Marina Pittini	1967	23.03.15	14.05.18	App. FS.2020	M	-	X	X	X	1	11/11	14/14	M	6/6	M
Director	Enrico Gomiero	1958	14.05.18	14.05.18	App. FS.2020	M	X	-	-	-	-	11/11				
Director	Virginia Carraro	1988	14.05.18	14.05.18	App. FS.2020	M	-	X	-	-	-	10/11				
Director	Andrea Conchetto	1970	26.10.2020	26.10.2020	First Shareholders' Meeting	-	X	-	-	-	-	1/1				
----------DIRECTORS LEAVING OFFICE DURING THE PERIOD IN QUESTION----------																
Chief Executive Officer • ◊	**Alberto Negri**	**1955**	**29.10.14**	**14.05.18**	**26.10.2020**	**M**	**X**	**-**	**-**	**-**	**-**					

No. meetings held during reference trading period:	**BoD: 11**	**CRSC: 14**	**App. & Rem. C.: 6**
Indicate the quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 147-*ter* of the Consolidated Finance Act – TUF): 4.5%			

• This symbol indicates the Director in charge of the Internal Control and Risk Management System.
◊ This symbol indicates the main person responsible for managing the issuer (*Chief Executive Officer* or CEO).
° This symbol indicates the Lead Independent Director (LID).
* The date of first appointment of each director means the date on which the director was appointed for the first time (ever) to the BoD of the issuer.
** This column shows the list from which each director was taken ("M": majority list; "m": minority list; "BoD": list presented by the BoD).
*** This column indicates the number of posts as director or statutory auditor held by the person in question in other companies listed on regulated markets (including foreign), or in financial, banking and insurance companies of significant dimensions.
(*). This column indicates attendance of directors in Board and Committee meetings, respectively (indicate the number of meetings attended compared to the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).
(**). This column indicates the position of the director in the Committee: "C": Chairman; "M": member.

Table 3: Composition of the Board of Statutory Auditors

Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independence acc. to Code	Attendance at Board meetings ***	Number other posts ****
Chairman	Carlo Pesce	1951	14 May 2018	14 May 2018	Approv. FS. 2020	m	X	15/15	19
Standing Auditor	Saverio Bozzolan	1967	23 April 2009	14 May 2018	Approv. FS. 2020	M	X	15/15	7
Standing Auditor	Stefania Centorbi	1969	23 March 2015	14 May 2018	Approv. FS. 2020	M	X	14/15	7
Alternate Auditor	Barbara Cantoni	1962	20 April 2012	14 May 2018	Approv. FS. 2020	M	X	--	--
Alternate Auditor	Gabriele Andreola	1959	14 May 2018	14 May 2018	Approv. FS. 2020	m	X	--	--
Number of meetings held during the reference trading period: **15**									
Indicate the quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Article 148 of the Consolidated Finance Act – TUF): 4.5%									

NOTES

* The date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the issuer.
** This column shows the list from which each statutory auditor was taken ("M": majority list; "m": minority list)
*** This column indicates attendance of statutory auditors in Board of Statutory Auditors meetings (indicate the number of meetings attended compared to the total number of meetings that could have been attended; e.g. 6/8; 8/8 etc.).
****This column indicates the number of posts as director or statutory auditor held by the person in question pursuant to Article148-bis of the Consolidated Finance Act – TUF and to the related implementing provisions contained in the Consob Issuers Regulation (Art 144-terdecies and following). The complete list of offices is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers Regulations.

ANNEXES

Annex 1.

Principal characteristics of the existing systems of managing risks and internal control in relation to the process of financial disclosures, including those for consolidation (pursuant to Article 123-*bis*, paragraph 2, letter b) of the Consolidated Finance Act – TUF)

The risk management activities are an integral part of the internal control system.
The internal control system on financial disclosures is the process aimed at ensuring the objectives that can be identified as the reliability, precision and promptness of the disclosure itself.

The internal control system on financial disclosures adopted by Carraro S.p.A. was defined in accordance with Article154-*bis* of the Consolidated Finance Act - TUF and inspired by the "COSO Report" ("Internal Control – Integrated Framework", published by the Committee of Sponsoring Organizations of the Treadway Commission), according to which, the internal control system can be defined as a series of mechanisms, procedures and instruments aimed at ensuring that the corporate goals on the effectiveness and efficiency of operations, the reliability of financial disclosures and compliance with current legislation are achieved.

The planning, definition and maintenance of the internal control system are guaranteed through a process of identification and *assessment of risks* and the identification and assessment of the controls and the information flows.

Carraro S.p.A. adopts administrative and accounting procedures that ensure that the internal control system on financial reporting enjoys an adequate standard of reliability. This system consists mainly of accounting standards, criteria and methods that are common to the whole group, the same accounting and reporting layouts, planning of final accounting and financial statements preparation which is co-ordinated centrally and has similar control procedures.
Due to this series of mechanisms that are governed by rules which are distributed through group instructions or guidelines listed in the "Group Accounting Manual", the Parent Company achieves an efficient system of collecting and exchanging data with its subsidiaries and performs the necessary task of co-ordination. In this way, the control system has been defined so as to ensure the dissemination of the controls at the various levels within the management structure in line with the assigned operational responsibilities and the sustainability of these controls over time, so that their performance is integrated and compatible with operating requirements and the level of available resources.

The approach adopted by Carraro S.p.A. relating to the assessment, monitoring and updating of the internal control system on financial disclosures allows the assessments to be made by following a structure which concentrates on the areas of greater risk or importance, or on the risks of significant errors within the parts of the financial statements and the disclosure documents that accompany it. For this purpose the procedure is as follows:
i) identifying the number and nature of the risks of significant error in the elements of financial and economic disclosures;
ii) analysing the operating processes and the control activities;
iii) identifying among these the key controls or the most significant ones for mitigating risks, and assessing their efficacy and thoroughness;
iv) checking on the operativity of the controls using specific testing activities.

The risks of error which might have significant effects on the economic and financial disclosures are identified and assessed through a process that identifies, by looking first at the most significant financial statements items, the management entities, the processes involved with the specific operating activities and the related accounting items generated from them; the controls protecting against the identified risks are identified with the same criteria. According to the methods

adopted by Carraro S.p.A., the risks and related controls are therefore associated with the corporate processes which are fundamental in the formation of accounting data.

The association and the assessment of the adequacy of the controls, in particular the “key controls”, with the identified risks allow their risk mitigation to be appreciated together with the importance of any residual risk, achieving in this way the objective of limiting the risk of a potentially significant error in the financial statements.

The existing controls in the group may, on the basis of the best international practices, be identified with the two principal types:
1. controls that operate at a Group level or individual subsidiary level such as the assignment of responsibilities, powers and mandates, separation of roles and assignment of rights of access to IT system applications;
2. controls that operate at a process level (or “line" controls) such as for example the issuing of authorisations, the performing of reconcilements, the exercising of controls on accuracy and tests on compliance.

The "line" controls are of an automatic nature where the procedures are more widely automated or carried out directly by the operator or by a supervisor. This category also includes the so- called “transversal” or monitoring controls performed by the Group’s administrative and control management, aimed at identifying and understanding the most significant anomalies. In addition, the controls can also be of a precautionary nature with the aim of preventing the occurrence of errors or anomalies which may cause errors in the financial reporting, or of the investigative type with the aim of detecting the errors or anomalies which have occurred.
The checks on the efficacy of the design and effective operativity of the key controls are carried out by the Internal Audit department through testing.

Where deemed appropriate, the assessment of the controls may lead to the identification of compensatory controls, corrective actions or plans for improvement. The results of monitoring are periodically reviewed by the director responsible for producing the company's accounting documents, by the Control, Risk and Sustainability Committee, by the executive director in charge of the internal control system and the Board of Statutory Auditors of the Parent Company, that in turn report to the Board of Directors.

Annex 2.
Personal and professional characteristics of the company directors

Enrico Carraro. Born on 17 April 1962, , Enrico Carraro joined the family business when he was 22. He began his professional career by getting to know the different realities and business areas. Later he began to take on positions of responsibility in smaller companies of the Carraro Group. He gradually followed a career that led him to take on roles of increasing responsibility. In 2007 he took on the role of Executive Deputy Chairman of the Carraro Group with responsibility for New Business Development initiatives, based on which he coordinated the search, evaluation and definition of new businesses, and the related medium and long-term development plans. In April 2012 he was appointed Chairman of the Carraro Group. Since February 2011, Enrico Carraro is a member of the Padua Confindustria Board and in July 2012 he was appointed in Rome as a member of the Commission chaired by Carlo Pesenti for the reform of Confindustria. From April 2013 to February 2017 he was Vice Chairman of Confindustria Veneto with responsibility for internationalisation. From June 2018 to February 2020, he was deputy chair of Assindustria Veneto Centro (an organisation bringing together Confindustria Padova and Unindustria Treviso). In October 2019, he was appointed Chair of Confindustria Veneto and in January 2021 this appointment was renewed for the period from 2021-2025.

Tomaso Carraro. Born in Padua on 23 April 1966, Tomaso Carraro joined the company in 1992. From 1994 to 2002 he was manager of Carraro North America, the group's Commercial/Industrial branch on the NAFTA market. While in the United States, he gained an MBA from the Graduate School of Business - University of Chicago (currently Chicago Booth). In the late nineties, he was actively involved in the Group's internationalisation process (acquisitions of Carraro Argentina, Carraro Poland and O&KA, and the establishment of Carraro India). In 2004, Tomaso Carraro became Director of the Vehicles Business Unit, formerly Agritalia. In the following three years, Agritalia was entirely transformed from an economic/strategic struggler to a shining star of the Carraro Group. In June 2007, Tomaso Carraro became Chairman and CEO of Gear World, the Carraro Group's new industrial project for the gears sector, created to independently develop components activities at an international level, with a turnover of approximately 200 million euro, 1,500 employees and 6 production sites in Italy, USA, India and China. From 2009 to 2018, Tomaso Carraro was President of ASSIOT, Movement and Power Transmission Systems, the Association representing manufacturers of Drives and Gears (an industry worth 5 billion euros).
As from 20 April 2012 Tomaso Carraro is the new Deputy Chairman of the Group. From June 2014 to September 2016 he was Chairman of Eurotrans, the European Committee of the trade associations of gear and drive manufacturers. He is also a Board Director of the Carraro Group's most important companies. Tomaso Carraro has been Chair of Care & Share Onlus, an association created to help abandoned and local children in southern India and at present is deputy chair in charge of international relations.

Alberto Negri. Born in 1955, Alberto Negri acquired a consolidated experience in multinational companies, holding various managerial roles in the industrial and management field, in various business areas. A graduate in Electrical Engineering at the Polytechnic of Milan, along his career he had the opportunity to work in the Operations sector of industrial companies such as Philips (electronics), SKF Industrie (bearings) and Fiamm Group (batteries), until becoming General Manager of McCormick Plc - Argo Tractors Group (Landini - Valpadana, tractors) in 2004 and Chief Executive Officer of Performance In Lighting, leading

group in the Italian lighting sector, in 2007. In March 2011 Alberto Negri joined the Carraro Group, taking on the managerial responsibility of Gear World, i.e. the Business Unit conceived with the aim of giving independent development to Group companies operating in the gears sector (with plants in Italy, Argentina, India, United States and China). At the same time as the merger of Gear World with the Carraro Drive Tech BU, in January 2013 Alberto Negri took responsibility for the new integrated production platform of the Group, with the role of Senior Vice President Supply Chain & Operations, coordinating the strategies related to the optimal production structure, to the technology choices related to production processes and to procurement and management policies of the entire Supply Chain. In September 2014, to guarantee consistency in the implementation of the strategies, and with the objective of preparing the succession process for the Carraro Group's operational top management, envisaged for the spring of 2015, Alberto Negri was appointed Managing Director of the company, maintaining the role and responsibilities of Carraro Drive Tech and gradually taking responsibility for coordinating the activities of Divisione Agritalia. He was Chief Executive Officer of the Issuer from 29 October 2014 to 26 October 2020 when he stepped down from his appointments in the Carraro Group.

Riccardo Arduini. Born in Peschiera del Garda on 26 September 1948, Mr. Arduini is the Chairman of the Board and main shareholder of the Brazilian company CINPAL, operating in South America in the mechanical sector. He is a member of the Board of Directors and shareholder of Rumo Logistica Operadora Multimodal S.A., a company active since 1997 in the logistics sector in Brazil as well as of São Carlos Empreendimentos and Participações SA a real estate company active since 1999 in Brazil. Mr. Arduini holds a degree in Mechanical Engineering and a postgraduate qualification in Business Administration from Fundação Getulio Vargas (FVG).

Marina Pittini. Having graduated from Ca' Foscari University in 1992 in Business Administration, legal specialisation, she carried out a short experience in auditing at KPMG in Milan from 1992 to 1994, in manufacturing and banking companies; in 1995 she joined the family business, Ferriere Nord SpA, Gruppo FinFer Spa. Here her career developed through the financial statements office, corporate ICT, credit management and customer credit worthiness, from where she oversaw all loans of affiliates as well as the relationships with the credit insurance company. Subsequently, she gained experience in the corporate treasury and financial management of the Pittini Group, overseeing all credit lines, including short-term ordinary loans, M/L loans and the subsequent setup and negotiation of the loan securitisation plan. She was Chief Financial Officer until 2015. Furthermore, within the Pittini Group, she followed the *in-house* training school. Today she manages the Pietro Pittini Foundation and holds the position of director in various companies and bodies.

Marina Manna. She graduated in Economics and Commerce - legal specialisation - at the Faculty of Economics and Commerce of the Ca'Foscari University of Venice in 1984. Since 1989 she has been on the Register of chartered accountants and accounting experts of the District Court of Padua and in the List of Auditors. Since then, she has worked as a chartered accountant mainly in the economic and legal sectors (advisory services on tax, corporate matters and assets). She teaches at the School of Higher Education of the National Council of Accountants and Bookkeepers. She has held positions on the Board of the Order of Chartered Accountants of Padua. She was a member of the Board of Directors of Banco di Napoli S.p.A.. She is currently on the Board of Directors of Padova University, a non-executive Director of Carel S.p.A. and BusItalia Veneto and Auditor for some medium and large-sized companies

(including Nice Group S.p.A., BLM S.p.A., Pandolfo Alluminio S.p.A., Sinloc - Sistemi Iniziative Locali).

Fabio Buttignon. Born in Belluno on 6 November 1959, he is Professor of Corporate Finance at the University of Padua (Department of Economics and Business Management), where he holds the Advanced Corporate Finance course. He has carried out research in Business Strategy and Finance at the University of California in Los Angeles (UCLA). He is registered in the register of chartered accountants and statutory auditors and participates in corporate governance with the position of director (non-executive) and statutory auditor for a number of medium and large companies (including: Carraro S.p.A., 3B S.p.A., Aquafil S.p.A., Benetton srl, Electrolux Italia S.p.A., Electrolux Professional S.p.A., Lotto Sport Italia S.p.A., SIT S.p.A., Stevanato Group S.p.A., Valentino S.p.A., Salgaim Ecologic S.p.A. and Legor Group S.p.A.). He is the main partner and founder of the firm Buttignon Zotti Milan & Co., specialised in advisory activities in company valuations and finance operations for corporate development and restructuring. He has published numerous articles in Italian and international journals on issues of company valuation, finance and business strategy.

Enrico Gomiero. Born in 1958, Enrico Gomiero has a long managerial experience in leading multinational companies in various business areas. With a technical and commercial background, over the years he has consolidated his skills through numerous specialised training courses and a four-year Master's course, coordinated by professors of the Bocconi Business School, focused on Administration, Finance and Control issues. Having joined one of the most important Italian pharmaceutical companies with an international profile, Fidia Farmaceutici SpA, in the 1980s, Enrico Gomiero soon moved from the general accounting area to take on the role of developing the entire financial department and ultimately managing it. At the beginning of the 1990s, Enrico Gomiero became Financial Director of the PAM Group, one of the most important Italian retailers, with responsibility for planning and financial control. In 1994, Enrico Gomiero joined the Carraro Group as Financial Director, dealing first with the listing of Carraro SpA on the Milan Stock Exchange (which took place in 1995) and later actively participating in the internationalisation plan that led the Group to expand its global presence to India, China and South America. In 1997 he was appointed Chief Financial Officer, a role in which he followed several extraordinary transactions such as acquisitions, joint ventures, the construction of new production facilities and, more recently, the processes for rationalising the Group's equity investments. In parallel, Enrico Gomiero set up a new management model for the AFC area, integrating all Group companies, able to guarantee homogeneous and timely economic-financial and operating information. He has also coordinated activities to guarantee the Group's adequate financial structure, including bond issues (in 2001, 2018 and 2020), a capital increase (in 2017) and various loan agreements over the years with Italian and international financial institutions. Since May 2018, he has been a Board Director of Carraro SpA.

Virginia Carraro. Born in Padua in 1988, Virginia Carraro graduated from high school with a focus on languages. She subsequently perfected her knowledge of English in London thanks to an intensive in-depth course lasting 6 months, after which she joined the Group. In June 2010 she joined the Marketing and Communication team at Elettronica Santerno SpA, a company specialised in power electronics, right at the height of the photovoltaic boom. In this field she dealt with operational marketing, collaborated in the organisation of events and

numerous promotional activities on products and brand identity. In the autumn of the same year, she moved to Gear World SpA, the Group's centre of excellence for gears and components, within the Sales & Marketing area, coming into contact with some leading OEM customers. During this period, she had the opportunity to learn skills related to the sales relationship and the main dynamics relating to logistics and operations. In March 2011, Virginia Carraro joined the Communications Department of Carraro SpA, the Group's holding company, reporting directly to the Head of Communication - Carraro Group. Here she had the opportunity to take an active part in the strategic planning of Corporate/Financial and Product Communication activities (for each Business Area) and to collaborate in daily planning for the various Group companies (in Italy and abroad). In order to further develop her skills, in 2014 she moved to Qindgao (China), joining the staff of Carraro China for 5 months, and had the opportunity to interact with various local operational areas (from Commercial to HR, to Communications) and above all with numerous local partners (customers and suppliers), consolidating the experience already gained in relationship-building.

Andrea Conchetto Born in Vicenza in 1970, Andrea Conchetto graduated in Electrical Engineering at the University of Padua. He was then awarded a Master's from Bocconi University. In 2006 he joined the Carraro Group as COO of the Vehicles Division (Agritalia).
From May 2007 to March 2011 he managed Carraro's Argentine plant, then returned to Italy and became Chief Operating Officer of Gear World, Carraro's industrial project for the gears sector. Since 2014, has served as the Group's Operations & Supply Chain Director, coordinating the strategies, logistics and industrial policies of the entire global production platform.
In December 2019, he was appointed General Manager of Carraro SpA reporting directly to the Chief Executive Officer.
He has been on the board of Carraro SpA since 26 October 2020.

Personal and Professional Characteristics of Company Statutory Auditors

Carlo Pesce (San Martin - Argentina, 1951). Carlo Pesce graduated from the University of Venice "Ca' Foscari" in Economics and Business Studies (1984). He is a chartered accountant (since 1985, with registration from May 1985) and auditor and founding partner of the firm "Grimani & Pesce Dottori Commercialisti" based in Venice Mestre, a part of the ACBGroup network of leading national professional firms. From 1974 he worked with leading professional firms and associations of national importance, acquiring solid experience in the field of management consultancy from the statutory-accounting, administrative, tax and legal point of view. He provides tax, corporate and financial consulting for companies, in particular in the planning and execution of corporate transactions and restructuring of groups of companies, company and brand valuations, and the development of business plans. He has significant experience in the valuation of companies and shareholdings. He has carried out judicial assignments, as a bankruptcy administrator, permanent technical consultant and expert in estimating companies' economic capital. He has been an inspector in proceedings pursuant to Article 2409 of the Italian Civil Code. He assists businesses in crisis procedures, including creditor arrangements. Sectors in which the Firm's main clients operate: real estate, electromechanics and electronics, mechanics, machine tools, transmission systems and components for agricultural and construction machinery, pharmaceuticals, artistic and industrial glassware, food, wine, chemical analysis, water purification, awnings, furniture accessories, major retail, banks, financial and industrial holding companies, financial intermediaries. He holds positions on Boards of Directors and Boards of Statutory Auditors.

He has given lectures at professional associations and associations.

Saverio Bozzolan (Padua, 1967). Saverio Bozzolan holds a Degree in Statistical and Economic Sciences - business specialisation (University of Padua), a PhD in Business Administration (Ca' Foscari - Venice), and is a Professor in the Department of Business and Management at LUISS Guido Carli University (Rome), where he teaches Financial Statement Analysis, Corporate Governance and Internal Auditing. He is responsible for Executive Programs at Luiss Business School on Corporate Compliance and Risk Management issues. Previously he was a Professor at the University of Padua where he taught "Risk and Performance Management" and "Governance of Groups and Consolidated Financial Statements". He has spent periods of study and work abroad at, among others, the Industrial and Finance Division of the Bank of England (London), the London School of Economics (London), the Cass Business School (London) and the University of Seville. He is mainly involved in corporate governance, risk analysis and assessment, internal controls/corporate compliance and economic and financial disclosures, issues on which he has acquired significant research, having published books and articles in national and international journals, as well as professional experience.

Stefania Centorbi (Venice, 1969). A graduate in Economics and Commerce at the University of Venice "Ca' Foscari" (1994), with full marks, she is a chartered accountant (since 1995, with registration in January 1996) and statutory auditor. From 1995 to 2002, she worked with leading professional firms and trade associations of national importance, acquiring a solid experience in the field of management consultancy from the statutory-accounting, tax and legal point of view. From 2003 to 2012, she collaborated with management consulting firms, also connected with the university world, in the areas of management control, business process analysis and ICT project management. Since 2013 she has been mainly involved in corporate governance, control and compliance systems, as well as extraordinary transactions: She is specialised in Legislative Decree 231/2001 (Administrative Responsibility of Entities). She holds positions on Boards of Statutory Auditors and Supervisory Boards. She has taught and still teaches and holds seminars, both at the CUOA Business School, as well as at professional associations and orders, training institutions and universities.

Barbara Cantoni. (Padua, 1962). A graduate in Economics and Commerce at the University of Venice "Cà Foscari" (1986), she is a Chartered Accountant and Statutory Auditor. After experience with a leading independent auditors and professional studies, in 1992 she founded Studio Associato Cantoni Chioatto. She carries out professional activities in the tax consultancy, corporate, administrative and extraordinary transaction fields in companies in the industrial and commercial sectors. She holds positions on Boards of Statutory Auditors and as a Statutory Auditor, as well as on Supervisory Boards pursuant to Italian Legislative Decree 231/2001. She is also specialised in out-of-court management of companies in crisis, in financial advice to companies and in succession and generational transitions. She also collaborates with the University of Padua for the certification of European projects.

Gabriele Andreola (Venice, 1959). A graduate in Economics and Commerce at the University of Venice "Ca' Foscari" (1986), Gabriele Andreola is a chartered accountant (since 1989, with registration in September 1989) and statutory auditor. From 1987 he worked with leading professional firms of national importance, acquiring a solid experience in the field of management consultancy from the statutory-accounting, tax and legal point of view. Since 1992, he has been a partner of Studio Grimani & Pesce Dottori Commercialisti, based in

Mestre, an ACBGroup firm which includes leading national professional firms. He mainly provides tax, corporate and financial consulting for companies, in particular in the planning and execution of corporate transactions and restructuring of groups of companies, company and brand valuations, and the development of business plans. Sectors in which the Firm's main clients operate: real estate, electromechanics and electronics, mechanics, machine tools, transmission systems and components for agricultural and construction machinery, pharmaceuticals, artistic and industrial glassware, food, wine, chemical analysis, water purification, awnings, furniture accessories, major retail, banks, financial and industrial holding companies, financial intermediaries. He holds and has held positions on the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards. He has given and continues to give lectures and seminars, including at professional associations. Former auditor of regional training projects/European Social Fund. He was President of the Order of Chartered Accountants and Accountants of Venice and Vice-President of the Marino Grimani Foundation for the four-year period 2013-2016. Board Member of the Order of Chartered Accountants and Accounting Experts of Venice in the periods 2002-2007 and 2008-2012. Formerly a member of the Disciplinary Proceedings Commission of the Order of Chartered Accountants and Accounting Experts of Venice, the Triveneto Disciplinary Proceedings Commission, and the Disciplinary Commission of the National Council of Chartered Accountants and Accounting Experts.