



ORGANISATION, MANAGEMENT AND CONTROL MODEL
PURSUANT TO LEGISLATIVE DECREE NO. NO. 231 OF 8/6/2001

DOCUMENT APPROVED BY THE BOARD OF DIRECTORS MEETING OF 27 JULY 2017
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INTRODUCTION

Antonio Carraro S.p.A. is an iconic company of the Veneto region located in Campodarsego, in the province of Padua.

Founded by Giovanni Carraro in 1910, the company is world leader in the production of compact tractors for specialist agriculture and the civil sector.

Since its foundation, Antonio Carraro concentrated on the niche production of medium power four-wheel drive tractors with 20 to 100 hp. In a short time, the company became a sector leader, and was able to gradually increase its range.

The strength of the company is its R&D department, which since 1979 has always been at the heart of new projects for the realisation of innovative and original products.

Feeding on the experience and the technical solutions acquired during the years, Antonio Carraro was able to expand its market presence from specialist agriculture to the civil sector. This brought to the development of the "Groundcare" range, a number of professional vehicles for the maintenance of green spaces, roads and town cleaning.

An internal reorganisation supported by Porsche Consulting brought to a new setup of the company, preparing it for the new challenges of the international markets. "Kaizen" became the new principle of the company: continuous improvement extended to all the activities.

Each detail and each opportunity perceived by the company must be pursued in favour of the Customer.

With decades of experience on a global scale, the company has a staff of approximately 350 individuals, working at the headquarters of Campodarsego (PD) and the commercial branches in Australia, Spain and Turkey.

The sales network consists of a staff of approximately 400 importers and distributors worldwide.

Antonio Carraro S.p.A. and the administrative responsibility of companies

Starting from June 2016, the company has undertaken a process for the implementation and adaptation of its internal procedure and its own organisation Model, in line with the recent regulatory introductions on the administrative responsibility of companies, and with the object of continuously improving its own company management system, ensuring compliance with the legal requirements, and for the creation of value for shareholders and *stakeholders*.

The Company has adopted this updated version of the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001, and has taken steps to appoint a Supervisory Board, entrusted with the task of supervising on the appropriate and effective implementation of the Model, and on the possible opportunities for adaptation of the same.

DEFINITIONS

Company:

ANTONIO CARRARO S.P.A.

Decree:

Legislative Decree no. 231 of 8 June 2001 and subsequent amendments and integrations.

Guidelines:

Code of conduct issued by ANCE – 2013 edition
Assoconsult guidelines – June 2012 review
Confindustria guidelines – March 2014 review
Guidelines of Fondazione Nazionale dei Commercialisti – June 2016

The Model:

This Organisation, Management and Control Model of the company, including any Attachments, which are an integral part of the same.

Predicate offences:

The relevant liable offences provided for under decree no. 231 of 8 June 2001, as better listed in Attachment A – "Predicate Offences" of this Model.

Recipients of the Model:

All the parties identified in section B.7 of this Model, and in particular: the company departments and their members, the employees, partners, agents, consultants, the members of the Supervisory Board.

Sensitive activities:

All the activities and operating processes for which the company has identified that there is a higher possibility of offences to be committed, as listed in paragraphs B.4, B.5 and B.6 of this Model.

Supervisory Board:

the body contemplated and regulated by chapter C of this Model.

Code of Ethics:

Set of principles and values formalized by the Company for the running of its business activities, as described in Attachment "F" to this Model.

Top Management individuals:

Those who are entrusted with the autonomous power of taking decisions in the name and on behalf of the organisation.

Managed staff:

Those who are subjected to the control and supervision of Top Management individuals.

STRUCTURE OF THE DOCUMENT

This document is split into two sections, a GENERAL SECTION and a SPECIAL SECTION, together with several attachments recalled as necessary.

The GENERAL SECTION includes:

A. Fundamental characteristics of Legislative Decree 231/2001 and its application	page	9
B. The Organisation, Management and Control Model of Antonio Carraro S.p.A.	page	15
C. The Supervisory Board	page	24
D. The Disciplinary System	page	32
E. Model distribution and training	page	36

The SPECIAL SECTION consists of several sections with reference to each type of Predicate Offence provided for and considered relevant for the company, on the basis of the sensitive activities as described in the General Section.

After a summary description of the type of offence, each section contains a description of the organisation, management and control principles and rules identified for preventing such offences.

The Sensitive Processes and the Operating Protocols	page	39
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The following attachments are integral parts of this document:

- A. List of Predicate Offences;
- B. Company chart;
- C. Safety chart;

- D. Disciplinary code;
- E. Quality Management Procedures;
- F. Code of Ethics;
- G. Risk Map.

GENERAL SECTION

A. Fundamental characteristics of Legislative Decree 231/2001 and its application

The Decree introduces and regulates the "Administrative responsibility of legal persons, companies and associations, including without legal connotation", following the committing of a crime.

Starting from 2001, the Decree, which represents the implementation of the EU regulations against corruption, has introduced in our legislation the direct responsibility of collective individuals for analytically identified offences that are committed in their interest and to their advantage. This is a criminal type liability defined as "administrative liability".

The recipients of the Decree are companies with legal personality, companies and associations with or without legal personality, economic public bodies and private bodies providing public services, but not the State, territorial public bodies, non-economic public bodies, bodies carrying out constitutional duties (e.g. political parties and unions).

The administrative liability of the organisation is independent and additional to that of the physical person that commits the offence, and persists as such even if the author of the offence has not been identified, or if the offence has extinguished for a reason other than amnesty.

The territorial framework of application of the Decree extends to all the areas in which the organisation operates, including outside the Italian territory, provided that the organisation has its main headquarters in Italy, and that no proceedings are initiated abroad against the organisation for the same offence.

The object of the lawmaker in introducing the Decree is to implement a disciplinary system also intended for the collective organisation receiving the real economic advantage resulting from the offence, in those cases when the illicit behaviour is an expression of the company policy, or at least the result of "organisational fault", therefore inducing companies, and in more general terms all the organisations, to organise and carry out their activities in accordance with the law.

A.1 Types of offences identified by the Decree and its subsequent integrations

The lawmaker has provided that the administrative liability only exists for the offences analytically identified by the Decree. The number of these offences was subsequently

expanded through various legislative amendments of the Decree itself, as well as laws that expressly recalled its application.

The Decree is in continuous evolution, and categories of offences very different from each other have been included within its scope. Some of them may be logically and ordinarily connected with the entrepreneurial activities, while others are separate from actual entrepreneurial activities, and more typical of the actions of delinquent individuals and organisations.

The "Predicate Offences" provided for are briefly listed below, with indication of the regulatory reference, while an exhaustive and detailed list can be found in Attachment "A – Predicate Offences".

1. offences committed during the relations with Public Administrations (art. 24 and 25);
2. computer crimes and crimes related to illicit treatment of data (art. 24-bis, introduced by Law no. 48 of 18 March 2008);
3. organised crime (Art.24-ter, introduced by Law no. 94 of 15 July 2009);
4. currency counterfeiting crimes (art. 25-bis, amended by Law no. 99 of 23 July 2009);
5. crimes against industry and trade (art. 25-bis1, added by Law no. 99 of 23 July 2009);
6. corporate crimes (Art. 25-ter, introduced by Legislative Decree no. 61 of 11 April 2002);
7. crimes with purposes of terrorism or subversion of established law and order (Art. 25-quater, introduced by Law no. 7 of 14 January 2003);
8. practices for the mutilation of female genital organs (art. 25 quater 1)
9. crimes against individuals (art. 25-quinquies, introduced by law no. 228 of 11 August 2003);
10. market abuse offences (art. 25-sexies and art. 187-quinquies TUF, introduced by law no. 62 of 18 April 2005);
11. manslaughter and serious and extremely serious bodily harm committed in violation of accident prevention regulations, or regulations for the safeguard of hygiene and health in the workplace (art. 25-septies, introduced by law no. 123 of 3 August 2007);
12. receiving stolen goods, recycling and use of money, goods or other utility of illicit origin (art. 25-octies, introduced by Legislative Decree no. 231 of 21 November 2007);

13. crimes relating to the violation of copyrights and induction not to make statements, or to make false statements to the judicial authority (Art. 25-h, added by Law no. 99 of 23 July 2009);
14. induction not to make statements or to make false statements to the judicial authority (Art. 25-decies);
15. environmental offences (Art. 25-undecies);
16. exploitation of citizens without regular stay permit (art. 25-k, introduced by Legislative Decree no. 109 of 16 July 2012);
17. attempted crimes (art. 26);
18. transnational crimes (law no. 146, art. 3 and 10, of 16 March 2006).

A.2 Punishability of the organisation and individual involved in the commission of the crime

The Decree provides for some "subjective" and "objective" conditions, on the basis of which it is possible to identify if the organisation is responsible or not for the commission of one of the so-called "predicate" offences.

The "*subjective*" conditions is referable to the subject author of the offence, which may belong to one of two categories:

- the first relates to those individuals who cover a "Top Management" position within the organisation, carry out representation, administration and management functions, with a degree of financial and functional autonomy, in addition to those individuals that in actual terms perform the same functions within the organisation;
- the second relates to those individuals that are subjected to the management, supervision and control of the above "Top Management" individuals.

The "*objective*" condition refers to the objective of the author of the crime. If the objective was the obtaining of an advantage or the safeguard of an interest for the organisation, the latter would objectively be responsible, irrespective of the results of the action, and therefore irrespective of whether or not the advantage has been obtained, or the interest safeguarded. On the other hand, the administrative responsibility is excluded

if the individual committing the crime has done so for his/her own exclusive interest, that cannot be referred, even in the least, to the organisation.

A.3 Punishments contemplated by the Decree for the administrative responsibility of the organisation

The Decree contemplates different types of sanctions that can be implemented against the organisation considered responsible for the crimes. These differ based on the object and the modes of application.

The sanctions that apply in all cases where an administrative liability of the organisation is ascertained are all of a monetary nature, and precisely:

- monetary fine from a minimum of 25,800 Euro to a maximum of 1,549,000 Euro, subject to reductions in special circumstances, depending on the crime, the level of responsibility of the organisation, the activities carried out to eliminate or mitigate the consequences of the event, or to prevent the committing of further crimes, and taking into account the economic and asset situation of the organisation itself;
- confiscation of the profits resulting from the unlawful conduct, intended as revenue of the operation, with the exception of the portion that can be returned to the damaged parties, without prejudice to any rights acquired by third parties in good faith.

Other types of sanctions, such as bans and the publication of the conviction sentence, are imposed for specific contemplated predicate offences, and in other special situations.

Bans are only applicable if expressly contemplated for the actual offence, and have a duration between 3 and 24 months, although they can be permanent in case of repeated offence. They are applied taking into account the specific activity of the organisation that has committed the crime, and precisely relate to:

- the interdiction from carrying out the activity;
- the suspension or withdrawal of any authorisations, licenses or concessions functional to the committing of the offence;
- the ban from dealing with public administrations;
- the exclusion from support, financing, contributions or grants, and the possible withdrawal of any already granted.

In addition to what indicated above, their application is subjected to the organisation having had a relevant level of gain, and to the offence having been committed by Top Management individuals, or by other individuals subjected to the control of Top Management individuals, for those cases when the committing of the offence was made possible or facilitated by serious organisation shortfalls, and always in case of recurrence of the offence.

A.4 The organization, management and control Model as a mean for the limitation of responsibility

The Decree provides that the responsibility of the organisations, as identified in the above paragraphs, is excluded following a behaviour of the organisation considered "virtuous" by the lawmaker, differentiating it on the basis of the "subject" that commits the offence.

The organisation is not objectively liable for offences committed by *individuals in Top Management positions*, if it provides proof that:

- an "Organisation and Management Model" appropriate for the prevention of predicate offences of the type of the one committed had been adopted and efficiently implemented;
- the organisation had entrusted one of its bodies (Supervisory Board), with independent power of action and control, with the task of monitoring the application and the compliance with the Model, and of ensuring its update;
- the Supervisory Board has been diligent in carrying out its supervisory duties in relation to the Model;
- the Top Management individual has committed the offence by intentionally breaching the rules of the Model, fraudulently eluding the Model, which in itself was suitable for preventing the offence.

As far as offences committed by *individuals in subordinate positions*, the organisation can only be sanctioned after ascertaining that the committing of the offence was made possible by "the failure to comply with the management and supervision obligations". The failure to comply with management and supervision obligations does not apply if before the committing of the offence the organisation has adopted and efficiently implemented a Model suitable for preventing offences of the kind of the one committed. For the organisation it will be sufficient to demonstrate to have efficiently adopted and

implemented the Model, on the condition that the Judicial Authority does not demonstrate that the opposite is true, or that there has been a failure to comply with obligations of management and supervision of individuals in subordinate positions.

A.5 The Organisation Model as provided for in Decree 231/2001

The Decree does not provide an analytical and detailed definition of the structure and the content of the Model, but rather only a description of the general principles, in order to ensure, at least as far as its formal composition, exempting effects on the company's administrative liability.

The Decree requires that, "based on the nature and the size of the organisation, as well as on the type of the activity, Models provide for suitable measures to ensure the carrying out of the activities in compliance with the law, and promptly eliminate any risk situations". In particular, it is required that the Model is capable of meeting the following needs:

- identification of the own organisation activities within the scope of which it will be possible to commit offences classed as "predicate offences";
- provision of specific protocols aimed at planning the making and implementation of the decisions of the organisation in connection with the previously identified activities and the predicate offences to prevent;
- identification of procedures for the management of financial resources such to prevent the committing of predicate offences;
- provision of the obligation of providing the Supervisory Board responsible for monitoring the suitability of the Model and the compliance with the same with the necessary information;
- introduction of a disciplinary system suitable for sanctioning the failure to comply with the organisation and management provisions included in the Model.

The Decree also describes the concept of the "effective implementation", a *conditio sine qua non* for exemption from liability, and requiring the following activities:

- regular assessment and modification as required of the Model, in case of ascertainment of significant breaches to its provisions, or in case of changes in the organisation or activities of the company;
- introduction of a disciplinary system capable of sanctioning in case of failure to comply with the provisions of the Model.

B. The Antonio Carraro S.p.A. Organisation, Management and Control Model

In line with its commitment to ensuring that the company business is carried out following the principles of correctness, transparency and legality, safeguarding its own image and its position on the market, as well as the asset integrity in favour of all shareholders and *stakeholders*, the company has adopted its own Organisation, Management and Control Model as represented in this document.

Through the adoption of this Model, Antonio Carraro S.p.A. aims at pursuing the following objectives:

- reiterate that the Company condemns illicit behaviours of any kind, whether falling or not within the category of predicate offences, and irrespective of their reasons, as in addition to breaching current laws, such behaviours go against the principles that the Company wishes to comply with, as described in the Code of Ethics (see Attachment F);
- increase the awareness of all those who operate in the name and on behalf of the Company, particularly those individuals engaged or involved in the activities where the commission of offences is more likely, on the possibility for each of them to be faced with an offence that can be subjected to criminal or administrative sanctions, against them as individuals, or even against the Company as such, with possible serious consequences for all stakeholders;
- make sure that all those who operate in the name and on behalf of the Company, particularly those individuals engaged or involved in activities where the commission of offences is more likely, are aware that the Company has put in place disciplinary sanctions that will be applied in all cases of breach of the operating instructions of this Model;
- identify the most appropriate operating rules and protocols that each individual recipient of the Model will be required to follow and apply for each company activity that the Company considers particularly sensitive as far as Predicate Offences, in order to prevent the occurring of any illicit behaviours, both deliberate and accidental.

B.1 Guidelines of ANCE, ASSOCONSULT, Confindustria and Consiglio Nazionale del Commercialisti

Article 6 of the Decree indicates that organisations may use as references for the issuing of the Model the codes of conduct issued by the associations representing them and communicated to the Ministry of Justice for the assessment of their suitability.

The Organisation, Management and Control Model described in this document and adopted by the company takes into account the guidelines of ANCE, 2013 edition, ASSOCONSULT, as issued in 2012, CONFINDUSTRIA, as issued in 2014, as well as those of 2016 of Fondazione Nazionale dei Commercialisti (hereinafter FNC), in collaboration with Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, adapted to the specific needs of Antonio Carraro S.p.A, particularly as far as its specific organisation system and the actual way in which the company activity is carried out.

B.2 Methods for the preparation of the Model

For the purposes of the preparation of this Model, the Company has proceeded with the following activities, using methods consistent with the Decree and the Guidelines:

- A. Mapping of the Company and analysis of the main risk activities (*strategic risk management*):
 - 1) Collection and analysis of the documentation (company structure and operation information platform);
 - 2) Identification of risk activities and processes (*risk analysis*);
 - 3) Identification and analysis of the existing organisation means for the protection from risks (*risk assessment*);
 - 4) Appropriateness of the existing situation and definition of the opportunities for improvement (*gap analysis*).

The object of stage A was the issuing of a risk map (see Attachment "G) in relation to the possible committing of the individual predicate offences for each company activity. The analysis was completed through the collection of all the documentation useful for creating a summary view capable of describing the Company and the carrying out of its activities. The initial situation was compared with the operating parameters contemplated by the guidelines of ANCE, ASSOCONSULT, CONFINDUSTRIA and FNC, with an assessment of the current operating procedures for the prevention of the risks. This was followed by an

identification of the operating procedures for the improvement of management and the internal control activities, with the object of limiting as much as possible residual risk areas.

B. Identification of the individual parts of the Model for its drafting:

- 1) Genesis of the decisions on the individual risk areas;
- 2) Management of the Treasury;
- 3) Assessment of the suitability of the disciplinary sanctioning system;
- 4) Identification of a plan for the distribution and disclosure of the Model.

The B stage was focused on the identification of the most appropriate operating procedures, in relation to the individual risk areas, with the object of preventing the committing of offences and increase control capabilities. A specific procedure was identified with reference to the management of the treasury and, in more general terms, of the financial assets of the Company.

C. Identification and appointment of the Supervisory Board:

- 1) Identification of the most appropriate type of Supervisory Board;
- 2) Identification of the individuals suitable for covering such role and their appointment;
- 3) Identification of the supervisory procedures in relation to the application of the Model, and its suitability in preventing the committing of offences;
- 4) Regular notifications and assessments.

D. Assessment of the contents of the Code of Ethics and the elements of the Model and their consistency.

B.3 Adoption, implementation and update of the Model

The Antonio Carraro S.p.A. organisation and management system is aimed at ensuring the carrying out of the company activities in compliance with current laws and the provisions of the Code of Ethics implemented with resolution of the Board of Directors (see Attachment "F"). Within the scope of the planning and management of the business activities aimed at efficiency, correctness, transparency and quality, the Company as adopted and implements – tangibly and during its daily activities – the Organisational, Management and Control measures described in this Model, approved with resolution of

the Board of Directors, in compliance with the indications contained in the above Guidelines.

In order to prevent the risk of committing offences, the responsibility of which may fall on the Company, the Model requires:

- the identification of the activities during which the offences would be likely to be committed;
- specific protocols aimed at planning the taking and the implementation of the decisions of the company in relation to the individual operating processes, taking into account the sensitive activity areas and the offences to prevent;
- the identification of procedures for the management of financial resources such to prevent the committing of offences;
- the obligation of providing the Supervisory Board responsible for monitoring the suitability of the Model and the compliance with the same with the necessary information;
- the introduction of a disciplinary system capable of sanctioning in case of failure to comply with the provisions of the Model.

In line with the provisions of art. 7 of the Decree on "effective adoption and implementation", the Model must be promptly amended or integrated, with decision of the Board of Directors, in case of:

- violations or circumventions of its provisions, such to demonstrate the inefficacy or inconsistency for the purpose of the prevention of Predicate Offences;
- significant changes in the organisation or the activities of the Company;
- changes in the law such to make the Model unable of protecting the responsibility of the organisation.

Formal or substantial changes may be made following the proposal of the Supervisory Board, the company function managers, or suggestions and/or indications of each individual recipient of this Model. Each notification or proposal is issued in writing to the Supervisory Board, with indication of the operating or legal reasons for the proposed modification. The Supervisory Board will assess such notification at its full discretion, reserving the right of bringing any shared views to the attention of the Board.

In any case, the Supervisory Board must promptly notify the Chairman of the Board in writing of any events that point out to a need for amending or updating the Model. In this

case, the Chairman of the Board must call for a board meeting for the necessary deliberations falling within its responsibility

Anyone working within the company or collaborating with the same shall be required to comply with the relevant provisions of the Model, in particular as far as compliance with the information obligations set out to ensure the control of the compliance of any actions with the same provisions. The implementation of the principles and provisions of the Model is the responsibility of the administrative body of the Company, as well as of the relevant company Directors and their subordinates. The Supervisory Board is constantly informed on the update and the implementation of the operating procedures, and the suggestions made for their modification.

The Board of Directors is responsible for any changes or integrations to the following elements:

- mapping of sensitive activities and identification of new risk areas in relation to new activities or legislation changes;
- constant control of the parameters of probability and significance of the risks contained in the Risk Map (see Attachment 'G');
- company procedures, reporting systems and related references pursuant to the SPECIAL SECTION of this document.

Copy of the Model, the attached documents and its updates are stored at the headquarters of the Company. Should the Management Team of the company consider it appropriate, extracts of the Model and/or its attachments may be displayed around the company premises, to make sure that all personnel is always aware of the provisions and procedures of the Model.

The General Section and the Code of Ethics of the Model are published on the company website, available to the public for consultation.

B.4 Identification of sensitive activities for the committing of offences

Following the company mapping and the analysis of the main risk area, it was possible to identify the following types of activities susceptible to the risks of offences in violation of the criminal laws indicated by the Decree or, in general, the Code of Ethics of the company, as classified by ANCE and Confindustria:

- characteristic production activity:

the main risk factors relate to behaviours that constitute violations of the following regulations:

1. on accident prevention and safeguard of hygiene and health of workers and any third parties in the workplace;
2. on environmental pollution and the disposal of hazardous waste.

- company communications and controls:

- risk factors relating to the incorrect or incomplete identification, recording and representation of the company activities in the accounting records, the budgets and the information documentation, both internal and external. Other risk factors may relate to behaviours that prevent the required checks on the activity and the accounting records of the company activity by relevant individuals and authorities;

- management of financial flows:

risk factors relating to the correctness of incoming and outgoing financial flows, with reference to both ordinary characteristic activities and extraordinary activities (investments, extraordinary operations, etc.), and their correlation with the appropriate support documentation and specific company events. These risks may be enhanced in case of lack of written delegations or procedures;

- relations with shareholders, creditors and third parties:

risk factors due to behaviours that may even only potentially be prejudicial to the interests of shareholders, creditors and third parties.

B.5 Identification of sensitive processes for the committing of offences

The analysis of the activities of the company has given the possibility of identifying the main operating areas, discussed in the previous section, where risk factors relating to the types of offences identified by the Decree on the date of adoption of this Model may manifest themselves. The whole of the Antonio Carraro S.p.A. company activity has been split into a number of macro-processes common to the various areas of activity.

Some of these processes, marked below, are particularly important, as they relate to the most sensitive company activities:

P.1 Procurement process;

- P.2 Commercial process;
- P.3 Financial and investment process;
- P.4 Administration process;
- P.7 Safety, health and environmental process.

On the other hand, other processes appears less in need of being managed or controlled, due to their marginal role as far as the activities of the company, or to being already indirectly controlled through the mapping of the relevant processes; in particular:

- P.5 Information system processes;
- P.6 Human resource process.

B.6 Identification of the relevant types of offences for Antonio Carraro S.p.A.

The analysis carried out on the company for the purpose of the preparation of this Model, in particular the general mapping and the identification of risk activities, has given the possibility of identifying the following as the categories of Predicate Offences that could potentially engage the responsibility of Antonio Carraro S.p.A.:

1. offences committed during the relations with Public Administrations (art. 24 and 25)
2. computer crimes and crimes related to illicit treatment of data (art. 24-bis, introduced by Law no. 48 of 18 march 2008);
3. crimes against industry and trade (art. 25-bis1, added by Law no. 99 of 23 July 2009);
4. corporate crimes (Art. 25-ter, introduced by Legislative Decree no. 61 of 11 April 2002);
5. manslaughter and serious and extremely serious bodily harm committed in violation of accident prevention regulations, or regulations for the safeguard of hygiene and health in the workplace (art. 25-septies, introduced by law no. 123 of 3 August 2007);
6. receiving stolen goods, recycling and use of money, goods or other utility of illicit origin (art. 25-octies, introduced by Legislative decree no. 231 of 21 November 2007)
7. environmental offences (Art. 25-undecies).

The remaining categories of offences provided for by the decree are not believed to possess risk profiles for the company, including minimal, as far as likelihood and severity. In any case, the operating protocols for the individual company processes, as well as the obligation of behaviours within the limits of the Code of Ethics and the Organisation Model, make it possible to consider almost non-existent the risk of committing offences for the residual categories.

By revisiting the philosophy and the initial objects of the adoption of the Model, Antonio Carraro S.p.A recalls the attention of each recipient of this document to the behavioural principles already contemplated by the Code of Ethics adopted. The role of the Code of Ethics is to generally safeguard the essential values, such as the sense of responsibility, the moral integrity and the respect of the individual, within a framework of correctness and legality. It is believed that its application, mandatory for all individuals involved in the activities of the company, is capable of preventing the committing of Predicate Offences not mentioned before.

In the SPECIAL SECTION of the Model that follows and in Attachment A, for each category of Predicate Offences considered relevant for the company, and for those with reduced risk levels, we will identify and clearly connect the involved company activities and the organisational processes that are typical of the same, outlining the operational protocols to adopt for the taking and implementation of each individual decision.

The document in Attachment A – Predicate Offences, provides a detailed description of all the types of offences contemplated by the Decree, irrespective of their relevance for Antonio Carraro S.p.A. This is done with the aim of promoting their knowledge.

B.7 Recipients of the Model

This Model is an internal set of rules of the Company, and applies:

- to people who carry out, even in practical terms, management, administration, running or control activities within the Company, or at one of its independent and/or temporary units (so called "Top Management individuals");
- to people subjected to management and/or supervision by Top Management individuals, typically company personnel, irrespective of the locations where they carry out their activities. These include "temporary" workers for the

whole duration of their activities at the service of the Company, and all those who collaborate with the company based on sub-contracts (project partners, etc.);

- to people who, although not linked to the company by a normal employment contract or sub-contract, operate following a mandate and on behalf of the same;
- to individual that act in the interest of the Company due to being linked to the same base on legal contractual relations, or other types of commercial agreements.

All the recipients of the Model as identified are requested to comply with the utmost diligence with the provisions of the Model and its implementation procedures.

C. The Supervisory Board

In addition to the adoption of an Organisation, Management and Control Model, article 6 of the Decree also identifies as the essential basis for the exoneration from the responsibility resulting from the committing of a Predicate Offence the appointment of a Supervisory Board as part of the organisation, invested with independent action and control powers, and entrusted with the task of monitoring the suitability of the Model and the compliance with the same, together with the responsibility for its update.

In terms of human and financial resources allocated to the control activities, the internal structure of the Supervisory Board must be directly correlated with the structural complexity of the company (size, organisational characteristics, distribution across the territory, etc.). Paragraph 4 of article 6 of the Decree makes it possible for small organisations to entrust the task and duties of the Supervisory Board to the Board of Directors.

The Supervisory Board may consist of one single individual, or it may consists of several individuals, including both company own internal individuals and external ones.

C.1 Duties of the Supervisory Board

In details, the company entrusts the Supervisory Board with the following tasks:

- continuously monitor the correct compliance with the Model by all the recipients, including with the provisions of article 6, paragraph 1, letter d) of the Decree;
- continuously monitor to ensure the appropriate implementation of the provisions of the Model and the indications of the Code of Ethics;
- continuously monitor to ensure the efficacy and suitability of the Model in preventing the committing of the Predicate Offences identified in the Decree;
- identify and propose to the Management Team possible changes, updates and implementations of the Model, in case of need of adaptation to ensure the continued suitability of the operating provisions following changes in the company structure and organisation, or the regulatory framework of reference;
- specifically manage and monitor the information flows towards the recipients and towards the same organism, on the basis of the provisions of the Model regarding training, distribution and information activities;

- regularly report on its activities to the Board of Directors, as the company body in charge of the adoption and management of the Model.

C.2 Requirements of the Supervisory Board

In order to comply with the requirements of the Decree in terms of organisation and operation of the Supervisory Board, the company believes that it is necessary to generally assess the following provisions.

autonomy and independence:

- the position of the Supervisory Board within the structure of the organisation must guarantee that its control activities are free of any type of interference and/or influence by any members of the organisation, including the Board of Directors;
- the independence is also correlated to the possible allocation of operating duties or decisional powers, including of a preventive nature, the carrying out of which would undermine the objectivity of judgement at the moment of the assessment of the behaviours and of the Model itself;
- autonomy and independence are connected with the possibility and the capability of the Supervisory Board to have an expense autonomy on the basis of an annual budget approved by the Board of Directors, following the proposal of the Supervisory Board itself;
- the Supervisory Board is responsible for its activities in front of the Board of Directors.

professionalism:

- this requirement refers to the specialist technical competencies that the Supervisory Board must possess in order to efficiently carry out the activities entrusted by the Company. In particular, the members of the Supervisory Board must possess appropriate knowledge as regards to each technique useful for carrying out inspection, consultancy, and control system analysis activities, in addition to more general legal and company organisation knowledge;

- if not directly possessed by the Supervisory Board, due to the extension of the field of application of the regulations object of the Decree, and in all the circumstances that require an in-depth analysis of certain specific topics, also as far as possible regulatory integrations, specialist competence can and must be acquired from supports external to the Supervisory Board itself, consistently with the budget allocated to the same, and after notification to the Board of Directors.

continuity of action and its composition:

- in order to ensure the efficient implementation of the Organisation Model, the Supervisory Board must consist, if made of one single individual, of an individual not belonging to the corporate bodies of the organisation, or of other organisations controlled by the same;
- in case of composition consisting of several individuals, the Supervisory Board may consist of individuals belonging to the corporate bodies of the organisation, provided that they have no operating powers.

integrity and absence of conflicts of interest:

- the members of the Supervisory Board must all possess the requirement of integrity;
- the members of the Board of Directors and the family members of executive administrators, as well as any individuals directly or indirectly possessing share of the company capital, are incompatible with the role of member of the Supervisory Board;
- also incompatible with such role are any individuals directly or indirectly entertaining economic relations with the company or its administrators to an extent such that, also in relation to their asset situation, may affect the autonomy of their judgement;
- any members of the Supervisory Board selected among the employees of the company must state upon their appointment, by means of appropriate written declaration, the absence of conditions incompatible with the role that they have been asked to take, in view of their position within the company;
- any members of the Supervisory Board selected outside the company must state upon their appointment, by means of appropriate written declaration,

the absence of conflicts of interests and of conditions incompatible with the role that they have been asked to take, in view of any other roles entrusted to them by the company, or by other organisations that have relations with the company;

- a conviction, even in the absence of final sentence, or plea bargaining, in connection with one of the offences contemplated by the Decree, or a conviction, even in the absence of final sentences, with a punishment that entails the interdiction, including temporary, from covering public roles, or the temporary interdiction from covering a position in the management bodies of legal entities and companies, shall constitute lack of integrity.

C.3 Appointment and operation of the Supervisory Board

As the body responsible for the administration of the company, the Board of Directors appoints the Supervisory Board by resolution, taking into account both the structure identified by the Model as the most appropriate for the company, and the individual requirements of its members.

Before the appointment, the Board of Directors ascertains that the individuals to be appointed possess the necessary autonomy, independence and professionalism requirements, as well as the necessary skills to ensure vigilance, their integrity, and the absence of incompatibilities or conflicts of interest.

At the moment of the appointment, the members of the Supervisory Board must state in writing that they will comply with all the requirements provided for by the Model and that there are no conditions causing incompatibilities or conflicts of interest.

The members of the Supervisory Board are appointed for a period of three years and can be reappointed.

The withdrawal of the powers of the Supervisory Board may only occur for a just cause, by resolution of the Board of Directors and following consultation of the Board of Auditors.

The arising of a situation of incompatibility and/or conflicts of interests, or the sudden lack of one of the individual requirements contemplated by the Model shall constitute a reason for immediate withdrawal of the appointment. Supervisory Board members may

also be divested of their roles in case of legal proceedings that may jeopardise, even partly, their integrity.

C.4 The Supervisory Board selected by Antonio Carraro S.p.A.

In consideration of its operational and management structure and of its size, and taking into account the sensitive activity areas and the processes to monitor, the company has chosen to appoint a Supervisory Board consisting of several members, namely three individuals, two of which external to the company, and one internal.

The two individuals external to the company, identified and appointed by the Board of Directors, must possess the requirements of autonomy, independence, professionalism and continuity of action, and must not be in a position of incompatibility.

The individual internal to the company, also identified and appointed by the Board of Directors, possesses professionalism and knowledge of the operating processes such to improve the capabilities of analysis and assessment of the Supervisory Board and guarantee the information flow from and to the external members, as well as ensuring a higher degree of control and vigilance. The internal individual is asked that their activities are carried out within the framework of maximum autonomy and independence, with the object of increasing the level of vigilance, and report on their actions directly to the top management team.

With its make up and structure, the Supervisory Board consistently supervises to make sure that the organisation and management Models of the company are implemented correctly.

For this purposes:

1. it carries out at least quarterly inspections activities at the premises of the company, to ascertain the implementation of the operating procedures;
2. it has access to all the documents regarding the organisational Models of the companies issued for the purpose of this Model, with particular attention to those regarding the analysis of the company activities and the sensitive processes;
3. it may ask all employees and directors of the company covering roles in risk areas for information, also without previous authorisation of the Board of Directors;

4. it may ask information to the officer in charge of management control and internal control, to the general director, to collaborators, consultants, agents and representatives external to the company;
5. it may view documentation regarding activities carried out by the organisations in sensitive areas and/or regarding the processes most at risk;
6. it receives, at least at six-monthly intervals, and always in case of circumstances that have brought changes to the organisation setup and/or the organisational processes, information from those in charge of the specifically identified risk areas regarding the trend of the activities;
7. proposes to the Board of Directors the activation of the sanctioning procedures contemplated by the disciplinary system, with appropriate motivation;
8. submits the Models to regular assessment, at least on annual basis, and takes care of their update;
9. after each inspection activity, to take place at least quarterly, issues an analytical report, the content of which is recorded in an appropriate book;
10. on an annual basis, and in any case before the approval of the Financial Statements for the period, issues a written report of the activities carried out during the year, with any recommended suggestions, implementations and updates to the Model. The report is recorded in an appropriate book;
11. forwards this report to the Board of Directors and the Board of Auditors before the approval of the Financial Statements.

Both the Supervisory Board as a whole and its members are, for all intents and purposes, bound to the obligation of confidentiality regarding all the information that they may acquire during their activities and duties.

In carrying out its activity, the Supervisory Board may seek the support of external consultants. This is however limited to the carrying out of technical activities requiring specialist skills unavailable within the company.

Upon appointment of the Supervisory Board, and for the whole duration of its appointment, the Board of Directors shall allocate an expense fund for the supervisory activities, to be agreed with the Supervisory Board itself. This expense fund is independently managed by the Supervisory Board, on the basis of the various supervisory

needs that may arise. An annual report of such expenses shall be forwarded to the Board of Directors before the approval of the Financial Statements.

The Supervisory Board may autonomously extend its autonomy of expenditure in the presence of exceptional or urgent circumstances, which shall however then be shared with the Board of Directors within 15 days from the event.

C.5 Information obligations towards the Supervisory Board

Article 6, paragraph 2, lett. d) of the Decree requires that the Organisation Models are capable of meeting the need of establishing information obligations towards the Board in charge of supervising on the suitability of the Models and the compliance with the same. Within this framework, the SPECIAL SECTION of this Model indicates precise information obligations towards the Supervisory Board as far as each sensitive operating process.

With the adoption of the Model, and in particular the information protocols, the Company undertakes to ensure the complete freedom of all the personnel of the organisation to directly contact the Supervisory Board in order to bring to its attention, with guarantee of absolute confidentiality, any breaches of the organisation and management Models, and any irregularities.

In application of the general objectives implicit to the adoption of the Model, the Company requests that in addition to complying with the information obligations contemplated by the individual operating protocols, all the recipients of the Model directly notify the Supervisory Board of:

- any breaches in the operating provisions of which they might become aware;
- any activities that could, even only in part, cause a breach of the Model due to the unsuitability of the operating protocols;
- any suggestions that may be useful for completing, modifying or in any case improving the Model and in particular the operating protocols;
- any information that may be deemed important for the Supervisory Board, to allow it to carry out its activity, including the activation of disciplinary procedures against employees, any news regarding investigations of the Company and any individuals connected with the same, in relation to offences identified in the Model.

For any direct notifications to the Supervisory Board, contact:

Dr. Fabrizio Nardin

Via Roma, 64

31038 Paese (TV)

Tel. 0422 452376

e-mail: odv231@antoniocarraro.it

The company would like to remind everyone that the obligation of notification applies to all the recipients of the Model, and therefore employees, contractors, external individuals and all the corporate bodies.

It is pointed out that the Supervisory Board and any individuals outside of the Supervisory Board collaborating with the same are bound to the obligation of confidentiality regarding any information that they might acquire.

The Company and the Supervisory Board undertake to ensure confidentiality regarding the identity of individuals making any reports. Retaliations and /or discriminations by anyone against reporting individuals shall not be accepted, as forbidden by the Model and the Code of Ethics, and against the principles of the same.

However, the company reserves the right to act against anyone forwarding to the Supervisory Board false or malicious reports.

All notifications shall be promptly assessed by the Supervisory Board, who will independently decide the best course of action.

D. The Disciplinary System

The Decree requires that through the adoption of the Model the company introduces an appropriate disciplinary system sanctioning the failure to comply with its operating procedures.

In particular, the following are to be considered a breaches of procedures subjected to disciplinary actions:

- failure to issue the required documentation for activities relating to sensitive processes, or incomplete or false documentation;
- failure to comply with the behavioural provisions indicated for each sensitive process;
- the prevention of checks, or the unjustified prevention of access to information and documentation for individuals in charges of carrying out procedural and decision checks, including the Supervisory Board, or other behaviours in breach or for the circumvention of the control system;
- the omission or violation of any provisions aimed at ensuring health and safety in the workplace, or to prevent environmental pollution or damage;
- any unjustified violations reiterated by the other provisions of the Model, including failure to inform the Supervisory Board.

All breaches to the Models and any other similar actions according to the above list must be immediately notified to the Supervisory Board as soon as they come to light. As already indicated in the previous chapter, the duty of notification applies to all the recipients of the Model, both internal and external to the company.

The Supervisory Board shall notify the employer, in the person of the President of the company, of any breaches committed by the employees of the company, suggesting the application of appropriate disciplinary sanctions.

In compliance with the principle of confidentiality in relation to information regarding its role, the Supervisory Board is absolutely forbidden to provide any information that may allow to identify the original source of the information. All information is treated in a way that ensures absolutely confidentiality and secrecy.

The sanction, and/or any other disciplinary procedure, defined in relation to the significance of the breach, is only applied under its own responsibility by the employer or other relevant function, in compliance with the current laws and contracts.

The collaboration contracts undersigned by the Company with contractors, consultants, agents, representatives and similar, must contain a clause for the termination of the relations due to failure to fulfil the requirements of the Model that are relevant for them, which must be expressly indicated.

The individual contracts agreed with the Directors of the Company, or the appropriate integration documents undersigned for acceptance, expressly indicate the violations of the provisions of the Model that are relevant for them and which can result in the early termination of the relationship.

When committed by individuals that cover positions, or in effect carry out activities, of representation and/or administration or management of the company, relevant violations relating to the provisions of the Model are notified by the Supervisory Board to the Board of Directors for the necessary actions, which depending on the significance of the violation may be:

- formal written notice condemning the violation of the provisions of the Model;
- suspension from office without remuneration for a period of one to six months in case of particularly serious, repeated or multiple violations;
- proposal or decision of dismissal, in case of particularly serious violations.

The Supervisory Board also informs the Board of Directors of any breaches to the Model of which it has become aware.

The disciplinary system described here, and relating to the dispositions of Legislative Decree 231/2001 is fully included in the disciplinary code of the company, issued in accordance with legal requirements, and is the object of expressed provision and acceptance in collaboration, consultancy, service and supply contracts, as described in the following chapter of this Model (see chapter "E – Model distribution and training").

The implementation of the sanctions is the exclusive responsibility of the Board of Directors, unless in those urgent cases requiring faster actions, in which case it will be the responsibility of the President of the company.

From the moment of its activation, as already contemplated by the regulations regarding work contracts, the sanctioning procedure is carried out following the principles of the right to a fair hearing and defence.

D.1 Sanctions applicable to the employees of Antonio Carraro S.p.A.

The operating and information requirements provided for in the Model constitute the fulfilment by all Antonio Carraro S.p.A. employees of the obligations contemplated by article 2104, par. 2 of the Italian Civil Code. The Organization, Management and Control Model is to be considered an integral part of the "work execution and regulation provisions" set out by the Company for its employees.

The disciplinary system is applied in accordance with the National Collective Work Contract in force for each employment contract and in accordance with the Workers' Statute, the provisions of which are specifically recalled in the company disciplinary code implemented by Antonio Carraro S.p.A.

The sanctions and/or provisions, in order of seriousness of the violation, are the following:

- verbal or written warning or written admonition;
- pecuniary sanction up to a maximum of 4 hours pay;
- suspension of remuneration and the working activity up to a maximum of 3 days.

In case of ascertained more serious violation, and in particular in those circumstances when the behaviours are directly and unequivocally aimed to the committing of an offence, the following measures will be implemented:

- dismissal with notice;
- immediate dismissal without notice if the violation of the Model results in sanctions for the company, and in those cases when the violation is repeated and had already resulted into a final sentence.

In addition to the described sanctions, the Company reserves the right to request compensation for damages from any employees breaching the terms of the Model, also taking into account the hierarchical level of the individual, the significance of the offence and the intentionality of the behaviour.

D.2 Sanctions and measures applicable to administrators and other company functions

For the administrators and the legal representatives, the following sanctions, proportional to the significance of the event, shall apply:

- pecuniary sanction from a minimum of 500 Euro to a maximum of twice the remuneration for the role covered;
- withdrawal or exclusion for a just cause.

A pecuniary sanction from a minimum of 1,500 Euro to a maximum of 3,000 Euro, depending of the significance of the event, shall be applied against the Supervisory Board, should the same fail to fulfil its organisational duties with the due diligence.

The application of sanctions to individuals identified in this section is the exclusive responsibility of the Board of Directors.

D.3 Sanctions and measures applicable to external collaborators and suppliers

The following sanctions shall be applied for external collaborators and suppliers, depending on the significance of the breaches, in case of violations to the operating provisions regarding such relationships:

- termination of the contract;
- reimbursement of any damages.

After the Supervisory Board has received notification of the violation, and carried out the required assessments, the same will be brought to the attention of the Board of Directors, as the company function in charge of the implementation of the most appropriate measures.

E. Model distribution and training

For the purpose of the efficient implementation and application of the Model, the training and information of all the recipients of the same is a necessary element in order to ensure maximum awareness of the behavioural principles that the company wants to implement during its activities, and compliance with the same.

The Human Resource Office is responsible for the correct training of personnel, including the Directors of the company, on the application of the Organisation, Management and Control Model, and shall act in accordance with the provisions of this document and in agreement with the Supervisory Board.

The implemented activities must be appropriate and consistent with the recipients of the training and information, based on their roles within the Company and the activities carried out, and in accordance with the regulatory, economic and social frameworks in which the company operates.

The training and information activities carried out by Human Resources are subjected to the scrutiny of the Supervisory Board. In particular, checks will be carried out on the appropriateness of the tools used and their update following regulatory developments.

E.1 Information

The tools to use for the training and information of the recipients of the Model differ based on the specific types of recipients.

Relations with third-parties:

the contract that will be agreed shall include a declaration stating that this Model has been carefully read and accepted, which will be ensured by handing over a copy of the same during the period before the undersigning of the contract. All the contracts with such parties shall also include specific references to the Model, including the obligation of informing the Supervisory Board, and to the Code of Ethics implemented by the company, as regards to the obligation of compliance with its provisions.

Relations with employees:

employees will receive the information notice regarding the Model and the Code of Ethics at the moment of appointment, by means of actual handing over of the

documents, validated by the recipient's signature as acknowledgement of receipt. As far as those employees already working at the company, also for a temporary period, Human Resources shall hand over to them, in the way considered most appropriate, copies of the Model and the Code of Ethics. This action will be validated by the recipient undersigning an appropriate sheet.

Relations with administrators and corporate bodies:

as the function in charge, Human Resources shall be responsible for handing over to each administrator and each member of the corporate bodies a copy of the Model and the Code of Ethics, keeping in file their acknowledgement signatures on an appropriate sheet.

E.2 Training

The training of personnel and collaborators is a commitment that the company undertakes in addition and further to the Organisation Model notices forwarded to all its recipients, and particularly applies to those individuals working in "sensitive processes".

The Company pays the utmost attention, as far as its company activity, to safety, both on working sites and in all work locations, both for direct employees and third parties. Therefore, it will make sure to put in place training and refresher courses in accordance with the legal requirements, ensuring the attendance of all recipients.

In case of change, update or implementation of the Model, the Supervisory Board shall, through the company and its internal functions, make sure to notify all recipients using the tools considered most appropriate at the time, also taking into account the significance of the change, and always in compliance with the need to ensure a capillary distribution and understanding of the Model and all its parts.