CARRARO GROUP ANTI-CORRUPTION POLICY

CARRARO

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CARRARO

CARRARO GROUP ANTI-CORRUPTION POLICY

1. INTRODUCTION

Carraro S.p.A. (also "Carraro Group") acknowledges the importance of operating in full respect of the principles of honesty, integrity and transparency.

This document outlines the Policy adopted by Carraro Group in order to mitigate the risk of breaches to anti-corruption legislation in all countries in which it operates. The document also describes the practices and responsibilities linked to the distribution of gifts, gratuities or other benefits of any kind which may be interpreted as acts performed (also in cooperation with others) to influence independent judgement or to secure undue advantages.

Such acts, irrespective of local laws or customs, may in certain circumstances be considered as acts of corruption, damage brand reputation and constitute a criminal offence.

2. FIELD OF APPLICATION AND RECIPIENTS

The provisions of this Policy apply to all employees of Carraro S.p.A. and its subsidiaries, as well as all parties who act in the name and on behalf of the Group, even if they are not employed by the Group, in all the geographic areas in which the Group operates.

All parties to whom this Policy is directed, as identified above, are defined collectively as "Recipients".

3. DEFINITIONS

Public Administration: all institutions, offices or subjects belonging to or operating in the name or on behalf of the state or other local authorities.

Public Official: anyone who holds a legislative, judicial or administrative role (e.g. magistrate, police officer, etc.).

Public Service Official: anyone who in any way performs a public service (e.g. teacher, etc.).

4. EXTERNAL AND INTERNAL REFERENCES

The adoption of this Policy by Carraro Group is based upon:

- Legislative Decree no. 231/2001;
- ISO 37001:2016 "Anti-bribery management systems"

The provisions contained in this Policy are integrated with those provided by other procedures and guidelines adopted by the Group which deal with similar aspects; these include but are not limited to:

- the Organisational, Management and Control Model adopted by Italian companies;
- the Carraro Group Code of Ethics;
- the "Relations with the Public Administration" procedure or other similar procedures or provisions issued by the management of each company.

5. GUIDELINES

The guidelines adopted by Carraro Group in order to avoid the commission of acts (including in cooperation with others) aimed at influencing independent judgement or securing undue advantages are provided below:

Corruption: Carraro Group prohibits the donation, promise, acceptance or request, directly or indirectly, of money or any other benefit in excess of modest values or in any case such to compromise the integrity or reputation of one of the parties or that may be interpreted by an impartial observer as aimed at acquiring undue and/or illegitimate advantages.

Payment facilitation: Carraro Group prohibits the donation of money or any other benefit to a Public Official to obtain or maintain an undue advantage for the Group. According to Group payment procedures, any payment made on behalf of the Group must be expressly authorised, verifying the purposes of the payment, the correctness of the amount and ensuring that the correct documentation for the expense and payment are prepared. Any suspicious or doubtful payment requests must be reported to a manager.

Gifts and benefits: Carraro Group prohibits the donation to Public Officials of gifts, understood as goods or services with an economic value, or participations in events such to influence independent judgement.

As regards private citizens, it is permitted to offer or accept gifts, understood as goods or services of a modest value that do not exceed normal courtesy according to local customs and habits.

Hospitality and entertainment: Carraro Group prohibits the donation to Public Officials of hospitality or entertainment, understood as participation at an event at which the donor/host is present, in the case that Carraro Group is the host or guest in such a way as to influence independent judgement.

As regards private citizens, it is permitted to offer or accept hospitality or entertainment (e.g. restaurant meals, tickets to a sporting, theatrical or music event) of a modest value that does not exceed normal courtesy according to local customs and habits.

Work trips taken by employees and third parties must conform to the provisions of the Group Travel Policy.

Funding of political parties: Carraro Group prohibits any form of funding or contribution to political parties and their representatives.

Donations, Sponsorships: Carraro Group permits the donation of contributions in the form of sponsorships to charitable organisations on the condition that such donations are not aimed at obtaining undue advantages for the Group. In any case, donations and sponsorships must:

- be approved and duly authorised;
- be directed at charitable or social non-profit organisations;
- be traceable and documented in written agreements.

Relations with third parties: prior to a collaboration, transaction or project with third parties, the Group may consider any information available as regards their background and reputation in order to assess potential risks of corruption. Other factors of corruption or collusion considered include: the country in which the collaboration, transaction or project is to take place, the potential commercial partners of the third party and the possible effects of the collaboration, transaction or project.

6. TRAINING AND INFORMATION

Carraro Group recognises that employee training and information are fundamental to the implementation of this Policy.

7. REPORTS

Employees of Carraro Group and third parties may report potential breaches of this Policy by writing to the email addresses provided by each Company:

- Carraro S.p.A. and foreign companies: info.odv@carraro.com;
- Carraro Drive Tech S.p.A.: info.odv@carrarodrivetech.com;
- Siap S.p.A.: info.odv@siapgears.com.

Carraro Group guarantees the confidentiality of all reports and does not tolerate any form of retaliation.

Campodarsego, February 15, 2018

Chief Executive Officer