

CAREL

REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE 2024

13 marzo 2025

(TRANSLATION FROM THE ITALIAN ORIGINAL WHICH REMAINS THE
DEFINITIVE VERSION)
<https://www.carel.com>

REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE 2024

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GLOSSARY

Borsa Italiana	Borsa Italiana S.p.A., with registered office in Piazza Affari 6, Milan.
Carel, issuer or company	Carel Industries S.p.A., with registered office in Via Dell'Industria 11, Brugine (PD). VAT number, tax code and Padua company registration number 04359090281.
Code/Code of Corporate Governance	The Code of Corporate Governance of Listed Companies approved in January 2020 by the Corporate Governance Committee.
Corporate Governance Committee	The Italian Committee of Corporate Governance of Listed Companies, promoted by Borsa Italiana, as well as ABI (the Italian Bankers Association), ANIA (the Italian Insurance Association), Assogestioni (the Italian Investment Management Association), Assonime (the Association of Italian Joint Stock Companies) and Confindustria (General Confederation of Italian Industry).
Consob	The Italian Commission for Listed Companies and the Stock Exchange, registered office in Via Martini 3, Rome.
Board of directors or board	The company's board of directors.
Report date	13 March 2025, the date on which this report was approved by the company's board of directors.
231 decree	Legislative decree no. 231 of 8 June 2001.
Year	The year ended 31 December 2024 to which this report refers.
ESRS	The sustainability reporting standards defined in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023
Euronext Milan	Stock exchange organised and managed by Borsa Italiana.
Group or Carel Group	Collectively Carel Industries S.p.A. and the companies it controls as per article 2359 of the Italian Civil Code and article 93 of the CFA.
Related party procedure	The definition of this is set out in section 10 of this report, as defined below.
Single measure on post-trading	Bank of Italy/Consob joint measure of 13 August 2018 governing regulation of central counterparties, central securities depositories and centralised management (the "single measure on post-trading").
Issuers' Regulation	The regulation issued by Consob with resolution no. 11971 of 14 May 1999 for issuers, as subsequently amended and integrated.
Loyalty shares regulation	This has the meaning set out in section 2.d) of this report, as defined below.
Related-party regulation	The regulation issued by Consob with resolution no. 17221 of 12 March 2010 for issuers, as subsequently amended and integrated.
Report	This corporate governance report prepared in accordance with article 123-bis of the CFA and article 89-bis of the Issuers' Regulation.
By-laws	The company's by-laws in force at the report date.
CFA or Consolidated Finance Act	Legislative decree no. 58 of 24 February 1998, as subsequently amended and integrated.

Unless specified otherwise, reference should be made to the definitions contained in the Code of Corporate Governance for: directors, executive directors, independent directors, significant shareholders, chief executive officer (CEO), board of directors, board of statutory auditors, business plan, companies with concentrated ownership, large companies, sustainable success and senior management.

Furthermore, unless otherwise specified, in the sections covering the relevant ESRS, reference should be made to the definitions contained in the ESRS, in particular those relating to: **lobbying activities, value chain, affected communities, corruption and bribery, corporate culture, consumers, sustainability statement, employees, discrimination, suppliers, own workforce, impacts, sustainability-related impacts, value chain workers, non-employees, independent board members, metrics, business model, harassment, targets, opportunities, sustainability-related opportunities, administrative, management and supervisory bodies, policy, impoverished people, stakeholders, sustainability matters, materiality, risks, sustainability-related risks, end-users.**



INTRODUCTION

As required by the legislation and regulations applicable to companies listed on Euronext Milan and to ensure the correctness and transparency of corporate disclosures, this report presents Carel's corporate governance system.

Its format complies with that made available to issuers by Borsa Italiana in January 2025.

Carel has been listed on the STAR segment of Euronext Milan since 23 May 2018.

In its meeting of 18 February 2021, Carel's board of directors resolved on the adoption of the Code of Corporate Governance, which guarantees listed companies' continuous compliance with international best practices. Carel informs the market on how it intends to apply this new Code in this report.

The report has been published in the Investor Relations/Shareholders' Meetings/Shareholders' Meeting 23 April 2025 section of the company's website www.carel.com.

1. COMPANY PROFILE

Carel's corporate governance structure, based on the traditional administration and control system, comprises the following bodies:

- I. the **board of directors**, which oversees the company's running;
- II. the **board of statutory auditors**, whose tasks comprise monitoring (i) compliance with the law and by-laws and correct administration principles, (ii) the internal controls and administrative-accounting system, and the latter's reliability in properly presenting the company's operations, (iii) the proper implementation of the corporate governance rules established by the codes of conduct issued by the managers of regulated stock markets or sector associations that the company confirms it complies with in a public statement, (iv) the adequacy of the instructions given to the subsidiaries about the disclosure of inside information, and (v) in its role as the internal audit committee, the financial and non-financial reporting process, the efficiency of internal controls, internal audit and risk management systems, the statutory audit of separate and consolidated financial statements and the independence of the audit company;
- III. the **shareholders' meeting**, at which shareholders resolve on all matters reserved to them by the law or by-laws.

The board of directors has two committees:

- I. the **audit, risk and sustainability committee**, which supports the board of directors' assessments and decisions on the internal control and risk management system by performing appropriate checks, as well as the board of director's approval of the company's financial reports and sustainability statements. This committee is also responsible for supporting the board of directors in analysing issues relevant for the generation of long-term value and for acting as the related-party transactions committee pursuant to the appropriate procedure;
- II. the **remuneration committee**, which mainly advises and makes recommendations to the board of directors on remuneration issues and oversees the preparation of the documentation to be presented to the board of directors to support the relevant decisions.

Each committee has three non-executive, independent directors as its members. They have an internal regulation which establishes their role and duties.

The statutory audit is performed by an **audit company**, included in the register of independent auditors, appointed by the shareholders on the basis of a reasoned proposal made by the board of statutory auditors.

In addition and also in accordance with the Code of Corporate Governance and regulations in force, the company has:

- a. elected three independent directors out of a total of the nine members of the board of directors;
- b. defined the guidelines for the internal control and risk management system, appointing the managers in charge;
- c. adopted an inside information procedure, an insider register and an internal dealing procedure;
- d. adopted the related-party procedure required by article 4 of the Related-party regulation;
- e. adopted a shareholders' meeting regulation;
- f. adopted a regulation governing the functioning of the board of directors;
- g. appointed an internal audit manager and provided him/her with the appropriate structure;
- h. appointed a group chief technology officer and provided him/her with the appropriate structure;
- i. appointed a regional western Europe chief executive officer and provided him/her with the appropriate structure;
- j. appointed an enterprise risk manager and provided him/her with the appropriate structure;
- k. appointed a manager in charge of financial reporting and provided him/her with the appropriate structure;
- l. appointed an investor relator to liaise with the shareholders;

- m. set quantitative and qualitative criteria to evaluate the significance of circumstances relevant under the Code, when assessing the independence of directors and statutory auditors;
- n. adopted a shareholder dialogue policy;
- o. adopted a Code of Ethics;
- p. adopted and updated, where necessary, an organisational, management and control model as per the 231 decree and a supervisory body;
- q. adopted a whistleblowing procedure and implemented a whistleblowing system in accordance with the provisions of the law.

The board of directors steers the company in complying with the Code's principles and recommendations in the pursuit of sustainable success, which translates into the creation of long-term value for shareholders, taking into account the interests of the other key stakeholders. Reference should be made to the sections of this report that describe: (i) how this objective is integrated into the strategies (section 4.1), the remuneration policies (section 8) and the internal control and risk management system (section 9); (ii) the specific corporate governance measures taken (sections 6 and 9, in relation to the audit, risk and sustainability committee).

The Carel Group is committed to making strategic choices that also focus on sustainability. The group falls within the scope of application of Legislative decree no. 125 of 6 September 2024, which requires to report on sustainability (the "**sustainability statement**"). The sustainability statement is included in the directors' report which forms part of the annual report and is available on the company's website (www.carel.com), in the *Investor Relations/Sustainability section*.

As reported on 4 January 2023, at 1 January 2023, the company no longer qualifies as an SME in accordance with articles 1.1.w-quater.1) and 2-ter of the Issuers' Regulation.

The company's capitalisation at 31 December 2024 approximated €2.11 billion. The company's capitalisation at the report date approximated € 2.1 billion. The company's turnover in 2024 approximated €232 million.

For the purposes of Code's flexible application options, the company meets both the definitions of a "company with concentrated ownership" and a "large company" at the report date.

2. THE OWNERSHIP STRUCTURE (ARTICLE 123-BIS.1 OF THE CFA) AT THE REPORT DATE

a) Share capital (article 123-bis.1.a) of the CFA)

At the report date, Carel's subscribed and paid-up share capital amounted to €11,249,920.50, split into 112,499,205 ordinary shares without a nominal amount.

Shares are dematerialised in accordance with article 83-bis and following articles of the CFA. They can be transferred and have the same dividend and voting rights established by the law and the by-laws, except for that provided for by article 13 of the by-laws.

At the report date, the company has not issued other share categories, convertible financial instruments or financial instruments that can be exchanged with shares.

Table 1 attached to this report provides more information about the ownership structure.

Moreover, in their meeting of 20 April 2021, the shareholders approved the adoption, in accordance with article 114-bis of the CFA, of an incentive plan involving the free award of ordinary Carel shares, the "2021-2025 equity-settled performance plan", to beneficiaries to be identified, including on more than one occasion, from among the executive directors, key management personnel and employees of the company or its subsidiaries depending on the strategic importance of their positions.

In their meeting of 18 April 2024, the shareholders adopted, in accordance with article 114-bis of the CFA, another incentive plan involving the free allocation of ordinary Carel shares, the "2024-2028 share-based performance plan", to beneficiaries who play a key role in achieving the Carel Groups targets and who will be identified by the board of directors, including on more than one occasion, upon proposal of the managing and after hearing the opinion of the remuneration committee, from among the executive directors, key management personnel and employees of the company or its subsidiaries depending on the strategic importance of their positions.

The shares earmarked for the above equity-settled incentive plans are comprised exclusively of treasury shares. At the report date, there are no equity-settled incentive plans that entail capital increases, including bonus capital increases. More information about the plans is available in the document prepared in accordance with article 114-bis of the CFA and article 84-bis of the Issuers' Regulation, which is available for consultation at the company's registered office, at Borsa Italiana and on the company's website (www.carel.com) in the Investor Relations/Shareholders' Meetings section. Information is also available in the remuneration report drawn up in accordance with article 123-ter of the CFA and article 84-quater of the Issuers' Regulation, available on the company's website www.carel.com and as provided for by the ruling regulations.

During their meeting of 14 September 2023, the shareholders approved a divisible share capital increase, against payment, of a maximum of €200 million to be carried out by issuing ordinary shares to be offered as an option to shareholders pursuant to article 2441.1 of the Italian Civil Code (the "**capital increase**").

On 16 November 2023, the board of directors set the final terms and conditions of the capital increase, resolving to issue a maximum of 12,499,205 new shares to be offered as an option to eligible shareholders at a ratio of one new share for every eight Carel shares held.

All 12,499,205 shares were subscribed for a total consideration of €199,987,280.00.

b) Restrictions to the transfer of shares (article 123-bis.1.b) of the CFA)

At the report date, there were no restrictions to the transfer of shares, such as limitations on the number of shares that may be held or the need to obtain the approval of the company or other shareholders.

c) Significant investments in share capital (article 123-bis.1.c) of the CFA)

At the report date, based on the shareholder register, communications received pursuant to article 120 of the CFA and other information available to the company, the parties indicated in Table 1 attached hereto, to which reference should be made, hold company shares equal to or greater than 3% of its share capital directly or indirectly. Specifically, they are:

- **Luigi Rossi Luciani S.a.p.a.**, which directly holds 33.95% of the share capital, with voting rights of 44.46% due to the shareholder's inclusion in the list of loyalty shares;
- **Athena FH S.p.A.**, which directly holds 18.77% of the share capital, with voting rights of 24.58% due to the shareholder's inclusion in the list of loyalty shares.

d) Shares with special rights (article 123-bis.1.d) of the CFA)

At the report date, the company has not issued shares that give special controlling rights, nor do the by-laws provide for special powers for certain shareholders or holders of specific categories of shares.

In accordance with article 127-quinquies of the CFA, article 13 of the by-laws establishes that each share held by the same party for at least 24 consecutive months from the date of its inclusion in the relevant register kept by the company has 2 (two) votes. The holder of the voting rights may irrevocably waive its right, in whole or in part, to the second vote.

The company keeps a loyalty share list which it updates every three months (31 March, 30 June, 30 September and 31 December) or at other dates as provided for by the sector regulations and, moreover, before the record date.

Loyalty shares are considered in the calculation of the constitutive and deliberative quorums. They do not affect rights other than voting rights attributable to holders of specific investment percentages.

Carel's by-laws and loyalty shares regulation (the "**loyalty shares regulation**"), adopted by the company's board of directors on 29 March 2018, as subsequently amended on 10 November 2022 (effective as of 18 January 2023) provide more information about this and are available on the company's website (www.carel.com). In accordance with article 143-quater of the Issuers' Regulation, identifying data of the shareholders that have requested inclusion in the special list and details of their investments (which are higher than the ceilings indicated in article 120.2 of the CFA) and the date of their inclusion are also available on the website.

In the interest of full disclosure, it is noted that the loyalty shares regulation was amended on 10 November 2022 to adjust the provisions contained therein to comply with the amendments made to the Single measure on post-trading. The amendments establish, inter alia, that loyalty shares shall be allocated within 24 months from the inclusion of the shares in the special list, without requiring any further communication by the broker. These amendments became effective on 18 January 2023.

e) Shares held by employees: voting right exercise mechanism (article 123-bis.1.e) of the CFA)

At the report date, the company has not adopted specific equity-settled plans for its employees that would give them voting rights. Information about the 2021-2025 and 2024-2028 equity-settled performance plans is available in the remuneration report and the document on the plans published in accordance with the ruling regulations and posted on the company's website (www.carel.com).

f) Restrictions to voting rights (article 123-bis.1.f) of the CFA)

The by-laws do not contain specific restrictions to the voting rights, such as limitations on voting rights to a set percentage or number of votes or conditions for the exercise of voting rights or systems whereby, with the cooperation of the company, dividend rights tied to the shares are separate to ownership of the shares.

g) Shareholder agreements (article 123-bis.1.g) of the CFA)

At the report date, the company was aware of two shareholder agreements.

On 10 June 2018, Luigi Rossi Luciani S.a.p.a. and Athena FH S.p.A. entered into a shareholder agreement, renewed from June 2021 until 10 June 2024, for the appointment of members to Carel's corporate bodies (the "**agreement**"). At the report date, the total number of Carel shares transferred as part of the agreement is 59,309,147, equal to 52.72% of the company's share capital and 118,601,586 voting rights or roughly 69.04% of the share capital with voting rights. The agreement was entered into to create a voting syndicate for the appointment of the members of the company's corporate bodies in accordance with article 122.1 of the CFA.

On 27 July 2015, Cecilia Rossi Luciani, Carlotta Rossi Luciani and Vittorio Rossi Luciani, who have investments equal to 99.99% of Luigi Rossi Luciani S.a.p.a. as bare ownership with voting rights shared in an undivided co-ownership regime, entered into a regulation to govern this undivided co-ownership (the "**regulation**"). The regulation includes, inter alia, shareholder agreements for voting and blocking syndicates pursuant to article 122.1/5.b) of the CFA. In turn, Luigi Rossi Luciani S.a.p.a. holds 44.46% of Carel's shares carrying voting rights.

The complete versions of the agreement and the regulation were sent to Consob and filed with the Padua Company Registrar on 14 June 2018. The key information taken from these documents was published on the company's website www.carel.com in the Corporate Governance/Shareholders' Agreements section. The main information of the agreement published on the company's website was updated, pursuant to article 131.2 of the Issuers' Regulations, on 18 December 2023, to acknowledge the intervening change in the number of shares subject to the agreement and the voting rights attached to them as a result of the capital increase.

h) Change of control clauses (article 123-bis.1.h) of the CFA) and by-laws provisions for takeover bids (articles 104.1-ter and 104-bis.1 of the CFA)

At the report date, the company has not entered into significant agreements that become effective, can be amended or voided in the case of a change of control over the company or its subsidiaries.

Its by-laws do not provide for waivers from the passivity rule as per article 104.1/1-bis of the CFA or the application of the neutralisation rules as per article 104-bis.2/3 of the CFA.

i) Proxies to increase share capital and authorise the repurchase of treasury shares (article 123-bis.1.m) of the CFA)

The board of directors has not been given proxies to increase share capital as per article 2443 of the Italian Civil Code. The by-laws do not provide for the possibility of issuing participating financial instruments.

Pursuant to article 6 of the by-laws, the shareholders may authorise the board of directors to increase share capital or issue convertible bonds up to a set amount and for a maximum period of five years from the date on which they pass the related resolution.

In accordance with article 2441.4.2 of the Italian Civil Code, the company may resolve to increase share capital with the rights of first option for up to 10% of its existing capital, as long as the issue price matches the shares' market price and this is confirmed by the audit company in a specific report.

On 18 April 2024, the shareholders revoked the authorisation to repurchase and allocate treasury shares, for the part not yet performed, which it had given the company's board of directors on 21 April 2023.

The shareholders concurrently authorised the board of directors to repurchase treasury shares in one or more instalments up to a maximum of 5,624,960 shares (considering the treasury shares already held by the company and its subsidiaries from time to time), equal to 5% of the company's share capital. The authorisation had the following purposes: (i) to comply with obligations arising from equity-settled performance plans or other share plans for the employees, directors and statutory auditors of the company, its subsidiaries or associates; (ii) to purchase treasury shares held by employees of the

company or its subsidiaries and assigned or subscribed pursuant to articles 2349 and 2441.8 of the Italian Civil Code, or as a result of remuneration plans approved pursuant to article 114-bis of the CFA; (iii) to carry out transactions to support market liquidity to thereby facilitate regular trading and avoid price fluctuations that are not in line with market trends; and (iv) to undertake sale, exchange, trade-in, contribution transactions or other acts of disposal of treasury shares to acquire equity stakes and/or real estate and/or enter into agreements (including commercial ones) with strategic partners and/or implement industrial projects or extraordinary finance transactions that fall within the development goals of the company and of the Carel Group.

The authorisation to repurchase treasury shares was requested for the maximum period of time envisaged by article 2357.2 of the Italian Civil Code, i.e., 18 months from the resolution date.

The repurchases shall be made within the limits of the distributable profits and available reserves shown in the most recent regularly approved financial statements at the date of each transaction (i) at a price that does not deviate, by excess or defect, by more than 20% from the reference price recorded by the share at the stock exchange session of the day preceding each individual transaction, and in any event (ii) at a price that does not exceed the higher of the price of the last independent transaction and the price of the highest current independent purchase offer made at the trading venue where the repurchase is made.

The shareholders also authorised the company's board of directors to sell (in whole or in part, or in more than one instalment), for the same purposes as those set out above, treasury shares in portfolio pursuant to article 2357 of the Italian Civil Code without any time constraint, including before the maximum number of treasury shares has been repurchased and possibly when they are repurchased so that the treasury shares held by the company and, if necessary, by its subsidiaries, do not exceed the authorised number.

The resolution was passed with the favourable vote of the majority of the company's shareholders attending the meeting, other than the shareholders who hold, including jointly, the majority stake, including a relative majority, provided that it exceeds 10% (ten) (i.e., Luigi Rossi Luciani S.p.a. and Athena FH S.p.A.). The exemption under the combined provisions of article 106.1/1-bis/1-ter, to the extent applicable, and article 3 of the CFA and article 44-bis.2 of the Issuers' Regulations, shall apply to such shareholders.

At the reporting date of 31 December 2024, the company held 6,355 treasury shares; this is unchanged at the report date.

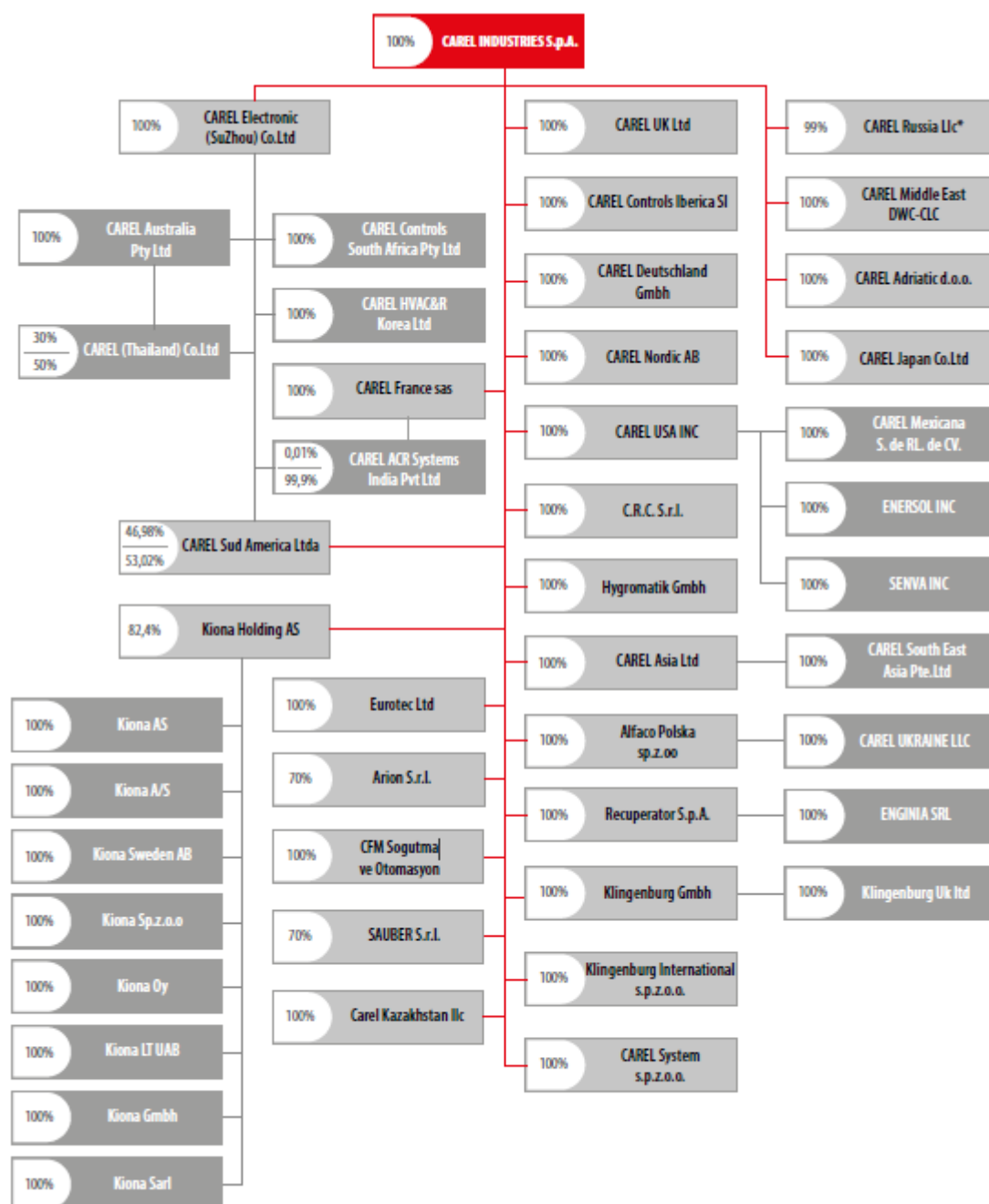
j) Management and coordination (article 2497 and following articles of the Italian Civil Code)

The company is not managed and coordinated by another party as per the provisions of article 2497 and following articles of the Italian Civil Code. After reviewing its situation, the company deems that it does not perform any of the activities that would require management and coordination in accordance with article 2497 and following articles of the Italian Civil Code. Specifically, although it is controlled by another company, Carel does not deem that it is required to comply with the disclosure requirements of article 16.1.a) of the Market Rules, as none of its shareholders, including Luigi Rossi Luciani S.p.a., which holds 44.46% of its share capital with voting rights, manages and coordinates it as per the provisions of article 2497 and following articles of the Italian Civil Code, as per the communication received by the company on 9 November 2015 and duly notified to the competent Company Registrar on 10 November 2015. In addition, the company is included in the consolidated financial statements of Luigi Rossi Luciani S.p.a..

* * *

The following chart shows the group companies and the company's investments therein at the report date.

STRUCTURE OF THE CAREL INDUSTRIES GROUP



Specifically:

- the information required by article 123-bis.1.i) of the CFA (agreements between the company and the directors [...] that provide for term of office entitlement in the case of their resignation, dismissal without just cause or termination of the relationship due to a takeover bid) are presented in the remuneration report published in accordance with article 123-ter of the CFA on the company's website (www.carel.com) and with the other legally-required methods;

- b. the information required by article 123-bis.1.l.i), part 1, of the CFA (regulations governing the appointment and replacement of directors [...], where they are different from applicable supplementary legislative and regulatory provisions) is presented in the section of this report on the board of directors (see section 4.2);
- c. the information required by article 123-bis.1.l), part 2, of the CFA (regulations governing [...] the amendment of the by-laws, where different from applicable supplementary legislative and regulatory provisions) is presented in the section of this report on the shareholders' meeting (see section 13).

3. COMPLIANCE (ARTICLE 123-BIS.2.A), PART 1, OF THE CFA)

The company complies with the provisions of the Code of Corporate Governance.

The Code of Corporate Governance is available on the committee's website

<https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.eng.en.pdf>.

Neither the company nor its subsidiaries (including key subsidiaries) are required to comply with non-Italian laws that would affect its corporate governance structure.

The company's main corporate governance tools are set out below (they comply with the most recent regulatory and legislative requirements, the Code of Corporate Governance and national and international best practices):

- By-laws;
- Shareholders' meeting regulations;
- Organisational, management and control model as per the 231 decree and a supervisory body;
- Code of Ethics;
- Company departments for the manager in charge of financial reporting, the internal control manager and the investor relations manager;
- Regulation of the board of directors;
- Regulation of the audit, risk and sustainability committee;
- Regulation of the remuneration committee;
- Shareholder dialogue policy;
- Related-party procedure adopted in accordance with article 4 of the Related-party regulation;
- Inside information procedure and register of people with access to inside information;
- Internal dealing procedure;
- Internal control and risk management system guidelines.

4. BOARD OF DIRECTORS

4.1 ROLE OF THE BOARD OF DIRECTORS

The board of directors steers the company in the pursuit of sustainable success, which translates into the creation of long-term value for shareholders, taking into account the interests of the other key stakeholders.

To this end, the board defines the strategies of the company and the group it heads in line with the pursuit of sustainable success and monitors their implementation. It also establishes the most appropriate corporate governance system for the company's business and the pursuit of its strategies, taking into account the degree of autonomy offered by the regulation. If necessary, it assesses and promotes the appropriate amendments, submitting them to the approval of the shareholders when they fall under their remit.

Moreover, the board of directors fosters dialogue with shareholders and other key stakeholders in the most appropriate manner.

To enable the pursuit of the above objectives, it is the company's consolidated practice that the board of directors:

- reviews and approves the business plan of the company and its group, including an analysis of issues relevant for the generation of long-term value (assisted, where necessary, by the audit, risk and sustainability committee);
- monitors the implementation of the business plan and assesses general performance by regularly checking results against the budget;
- defines the nature and level of risk in line with the company's strategic objectives, considering all aspects relevant to the company's sustainable success;
- defines the corporate governance system of the company and the structure of its group;
- assesses the adequacy of the organisational, administrative and accounting structure of the company and its key subsidiaries, especially as regards their internal control and risk management system (see section 9);
- approves transactions of the company and its subsidiaries that are of strategic, economic, financial or capital importance, defining general criteria to identify these transactions;
- upon the proposal of the chairperson in agreement with the chief executive officer, adopts a procedure for the internal and external management of company documents and information, with particular reference to inside information (see section 5);

The main activities carried out by the board of directors in relation to the above areas during the year and up to the report date are presented below.

The company's board of directors has reviewed and approved the annual budget, which included an analysis of issues relevant for the generation of long-term value; In defining the nature and level of risk in line with the company's strategic objectives, the group has considered the aspects that are relevant to the company's sustainable success; During the year, the board of directors monitored the implementation of the annual budget and assessed the company's performance based on the regular, detailed information received from the competent bodies at each board meeting and by regularly checking results against the budget.

On 26 February 2025, also based on that reported by the chairperson of the audit, risk and sustainability committee and the assessments of the chief executive officer, the board of directors deemed the organisational, administrative and accounting structure of the company and its group (including key subsidiaries) to be adequate, including in relation to the internal control and risk management system.

Moreover, on the same date, the board of directors did not deem it necessary to define general criteria to identify transactions that are of strategic, economic, financial or capital importance to the company and

its subsidiaries, as it prefers to assess each situation individually based on the information received from the executive directors.

In addition, on 13 March 2025, the board did not deem it necessary or advisable to prepare reasoned proposals to be submitted to the shareholders for the definition of a different corporate governance system, deeming the current corporate governance system of the company and the group it heads to be adequate and functional (see section 13).

Lastly, the company adopted a procedure for the internal management and external communication of documents and information (see section 5) and a shareholder dialogue policy (see section 12).

Reference should be made to the other paragraphs of section 4, as well as sections 7, 8 and 9 of this report, respectively, for further information on the board in terms of its composition, role, appointment and self-assessment, remuneration policy, internal control and risk management system.

For additional information on the role and responsibilities of the administrative, management and supervisory bodies in charge of monitoring the material impacts, risks and opportunities within these bodies, as well as considering their role in the relevant governance procedures, reference should be made to the section *Role of governance bodies in managing sustainability issues* of the sustainability statement.

For additional information on the company's governance organisation with respect to sustainability matters, reference should be made to the section *Corporate culture* of the sustainability statement.

For additional information on how the administrative, management and supervisory bodies are informed about sustainability matters and how these matters were addressed during the reporting period, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

4. APPOINTMENT AND REPLACEMENT (ARTICLE 123-BIS.1.L) OF THE CFA)

In accordance with article 17 of the by-laws, the company is managed by a board of directors which has between 5 (five) and 13 (thirteen) members, decided by the shareholders in an ordinary meeting when they appointed the directors or changed in a subsequent resolution.

The directors have a term of office of not more than three years, as decided by the shareholders. Their term of office expires when the shareholders meet to approve the financial statements related to their last year of office.

On 18 April 2024, the shareholders set the number of directors at nine and their term of office at three years, until approval of the financial statements at 31 December 2026. The shareholders appoint the directors in an ordinary meeting using the lists system, except when decided otherwise or provided for by mandatory laws or regulations.

Shareholders that, when the list is presented, either individually or jointly hold a number of shares equal to the percentage established by Consob pursuant to the applicable legislation and regulations for the presentation of lists of candidate directors may present lists of candidate statutory auditors. In accordance with the applicable legal, regulatory and by-laws provisions and Consob management decision no. 123 of 28 January 2025, the lists of candidates may be presented by shareholders that either individually or jointly hold a number of shares equal to at least 1% of the shares with voting rights in ordinary shareholders' meetings.

The lists are lodged at the company's registered office using the methods established by the ruling regulations at least 25 days before the meeting called to resolve on the appointment of directors. The company shall make the lists available to the public at least 21 days before the meeting date using the methods established by the ruling regulations.

Shareholders, including those belonging to the same group of companies or that have entered into a significant shareholder agreement as per article 122 of the CFA, may not present or jointly present more than one list, nor may they vote for more than one list, including via trustees or nominees.

Each candidate may run for just one list in order to be eligible.

Each list:

- shall include no more than 13 candidates, listed in consecutive order;
- shall include and specifically state that at least one director meets the independence requirements established by the by-laws (the “independence requirements”); if the list has more than seven candidates, it shall include and specify at least two candidates with these requirements;
- may not be comprised solely of candidates of the same gender (male or female), if it has three or more candidates, but rather shall have a number of the less represented gender that ensures the presence of directors of the less represented gender in accordance with the laws and regulations in force from time to time about gender balance, without prejudice to the fact that if this is not a whole number, it shall be rounded as provided for by the laws and regulations applicable from time to time;
- shall have the documentation required by the by-laws and all other statements, information and/or documents required by law and the application regulations attached as an annex thereto.

A) When two or more lists are presented, the candidates are voted for and the directors appointed using the following methods:

- candidates from the two lists with the most votes are elected by applying the following criteria: (i) a number of candidates equal to the total number of directors to be elected less one is taken from the list that obtained the most votes (the “majority list”) in consecutive order of presentation; (ii) one director, the first on the list, is taken from the list that received the second most votes and is not linked (including indirectly) to the shareholders that presented or voted for the majority list (the “minority list”);
- the lists that have not received a number of votes at least equal to half the number of shares required to present a list are not considered;
- should lists receive the same number of votes, the shareholders re-vote solely for these lists and the winning list is that which receives the most votes;
- should the independence requirements not be met using the above methods, the following approach is taken: the candidate who does not meet the independence requirements established by the law for directors of listed companies and who has been elected last in consecutive order from the list that received the most votes is replaced by the first candidate with the independence requirements established by the law for directors of listed companies not elected from the same list, in consecutive order. If this approach does not lead to a sufficient number of independent directors as established by the law for directors of listed companies, the elected non-independent director is replaced by means of a resolution taken by the shareholders by majority vote, after presentation of candidates with the independence requirements established by the law for directors of listed companies.
- If the regulations about gender balance are not complied with using the above methods, the candidates of the most represented gender elected last in consecutive order from the majority list are replaced with the first unelected candidates on the same list of the other gender; if this is not possible, in order to comply with the above regulations about gender balance, the shareholders shall appoint directors using the ordinary methods and majority vote, without using the list voting mechanism.

B) When just one list is presented, the shareholders vote for this list and if it obtains a relative majority, all the directors are taken from that list in accordance with the legal and regulatory provisions applicable from time to time and the gender balance regulations set out above.

C) If no list is presented or just one list is presented but does not obtain the relative majority of votes or if the number of elected directors is lower than the number to be elected or if the entire board of directors does not have to be replaced or if it is not possible to elect directors using the above methods for any reason whatsoever, the shareholders shall appoint the directors using the ordinary methods and majority vote, without using the list voting mechanism, as long as the minimum number of independent directors and gender balance requirements are met.

Should directors leave office, the legal provisions apply without the obligation to use the list voting mechanism, as long as the minimum number of independent directors and gender balance requirements are met.

The loss of independence by a director entails their resignation pursuant to article 147-ter.4 of the CFA solely if the minimum number of independent directors established by the CFA is no longer met.

The company does not have to comply with any other regulations covering the composition of its board of directors.

Reference should be made to section 7 for information on the role of the board of directors and its committees in the self-assessment, appointment and succession processes for directors.

4.3 COMPOSITION (ARTICLE 123-BIS.2.D/D-BIS OF THE CFA)

During their ordinary meeting of 18 April 2024, the shareholders appointed the current board of directors, for a three-year term of office, expiring when the shareholders' meeting is called to approve the financial statements at 31 December 2026. It comprises the following nine members: Luigi Rossi Luciani (executive chairperson), Luigi Nalini (executive deputy chairperson), Francesco Nalini (managing director and chief executive officer), Carlotta Rossi Luciani (executive director), Cinzia Donalisio, Marina Manna, Mario Cesari, Laura Rovizzi and Gianluigi Vittorio Castelli (non-executive independent directors).

Accordingly, the board of directors is comprised of executive and non-executive directors with the professional experience and expertise necessary for the tasks entrusted to them. The number and the expertise of the non-executive directors are such to ensure their decision-making power is significant during the adoption of board resolutions and to ensure they can effectively monitor operations; the requirement that a significant number of non-executive directors be independent has been met since all non-executive directors are independent.

The directors' personal and professional expertise and characteristics are summarised below.

Luigi Rossi Luciani: after earning a diploma in accounting, he began his business career in 1966, founding Nastrificio Victor S.p.A. in Piove di Sacco (Padua), where he currently serves as chairperson. Since the 1990s he has been involved in various business associations; in particular, from 2000 to 2005 he was chairperson of Confindustria (General Confederation of Italian Industry) for the Veneto region and a member of Confindustria's executive board. He is one of the company's founders and, at the report date, serves as chairperson of the board of directors.

Luigi Nalini: with a degree in mechanical engineering from La Sapienza University of Rome earned in 1970, he began his career with Hiross Group, initially as R&D manager and then as technical director. From 1988 to 1997, as co-founding shareholder, he served as technical director and general manager of Uniflair S.p.A.. He is one of the company's founders and was managing director from 1997 to 2018. At the report date, he is Carel's executive deputy chairperson.

Francesco Nalini: having earned a degree in engineering management from the University of Padua in 1997, he worked at McKinsey from 2001 to 2002 and, from 2002 to 2005, was ICT manager at Errenneci S.r.l.. Since November 2017, he has been a member of the board of directors of the University of Padua. He joined the company in 2005, where he served as director of operations prior to becoming general manager of the company from 2005 to 2018. Since March 2018, he has been the company's managing director, including at the report date.

Carlotta Rossi Luciani: holding a degree in industrial design from the Italian Design School of Padua, she also has a master's degree in lean management from the CUOA Business School in Altavilla Vicentina (Vicenza). From 2009 to 2012 she was a graphic designer for a number of companies and joined Carel in 2013, specialising in the "lean" sector. Since January 2017, she has been lean development office manager for Carel Adriatic. Since March 2018, she has been a director of Carel, a position she still held at the report date, and on 28 April 2021 she was named director responsible for sustainability.

Cinzia Donalisio, holding a *summa cum laude* degree in computer science on artificial intelligence from the University of Pisa in 1984, she spent the early years of her career at Stanford University's artificial intelligence research centre while working for Olivetti.

She then joined the telecommunications sector (Ericsson) and later the financial sector (SIA - Società Interbancaria per l'Automazione, now Nexi), where she gained extensive experience in the development and planning of digital and financial strategies, marketing, research and development and M&A, holding executive roles for over 30 years. For more than 10 years she sat on the boards of directors of complex, highly regulated and technology-intensive companies. She is an expert in governance, remuneration and sustainability matters and, in 2013, she became a founding member of Governance Advisory S.r.l., a company that supports businesses in developing corporate governance strategies and policies, where she currently acts as the managing partner. She is included in the register of financial advisors and chairs the board of directors of V&M family partners S.p.A., an independent financial advisory company. According to the Bellisario Foundation, she also boasts an "excellent curriculum" as she meets the profiles of Italian women eligible to hold top management positions in listed, private and public administration companies. She is also a director of Carel at the report date.

Marina Manna earned a degree in economics and business, with a focus on law, from Ca' Foscari University of Venice in 1984. She is included in the register of chartered accountants of the Padua Court and the register of independent auditors since 1989. She has worked as a chartered accountant since 1989 mostly providing tax consulting services and technical services for civil and criminal proceedings. She is a lecturer at the School of Advanced Training of the Italian Association of Chartered Accountants. She has also held positions at the Padua branch of the Italian Association of Chartered Accountants. She also served as member of the board of directors of Banco di Napoli S.p.A. and she is currently a member of the board of directors of the following bodies: University of Padua, Alta Vita – Istituzioni Riunite di Assistenza. She has duties on the boards of statutory auditors for a number of medium and large companies, including: Carraro S.p.A., SINLOC S.p.A. – Sistemi Iniziative Locali, BLM S.p.A., Nice Group S.p.A., Fonderie Pandolfo Alluminio S.p.A. and FPT Industrie S.p.A.. She chairs the supervisory body at Carraro S.p.A., Siap S.p.A. and Drivetech S.p.A.. She is also a member of the board of directors of Siderforgerossi Group S.p.A.. At the report date, she is a director of Carel, chairs the audit, risk and sustainability committee and is a member of the company's remuneration committee.

Mario Cesari, born in 1967, holds Swiss and Italian citizenship, graduated in 1992 in industrial engineering from the Milan Polytechnic with a dissertation prepared at the Fraunhofer Institute in Stuttgart and an MBA with honours from INSEAD in 1997. His international career covers more than three decades during which he gained expertise in operations, strategy, acquisitions and board meetings. Mario began his career in 1993 in the automotive sector at Valeo in France and Asia and, from 1997, he held various roles at the consultancy firm McKinsey & Co. (Paris and Geneva offices) with a focus on automotive, lean manufacturing and private equity, before becoming senior manager in 2001. Between 2001 and 2004, he was principal at Berkshire Partners in Boston, and later executive director at Vestar Capital in Paris, both US private equity funds. Between 2009 and 2022, he was responsible for strategy and development at the Thyssen Bornemisza Group in Zurich, a large private European industrial holding company, where

he gained additional experience in investments, extraordinary transactions and strategic business development. In 2022, he founded his own consulting company, Ischyra Europa GmbH, with the mission of promoting the growth of family-owned groups in Europe. He is also a member of the board of directors of Piovan S.p.A., Industrie De Nora S.p.A., chairs Light Conversion UAB and is a director and member of the investment committees of Larry (Falck family holding company) and the De Agostini Group.

Laura Rovizzi, economist, expert in business development and digital sector regulations.

For several years, she worked as a senior researcher at the London Business School and Columbia University in New York. During her long management career she worked for Olivetti, Omnitel/Vodafone, Enel, Wind Telecomunicazioni and Eolo. She was head of the internet and multimedia department, head of the Libero portal and also head of the regulatory affairs and strategic planning department. In 2008, Laura founded Open Gate Italia, an institutional and regulatory consulting company, where she serves as managing director. In 2011, she founded www.firstonline.info, a web magazine on economics, finance and markets. Since 2015, she has sat as an independent member on the boards of various listed companies. Since 2020, she has been temporary lecturer and co-director at LUMSA - Institutional relations and market regulation master's degree.

Gianluigi Vittorio Castelli, graduated in physics with a specialisation in cybernetics from the University of Milan. He began his career in the field of system integration and, at the same time, started his academic career at the Institute of cybernetics at the University of Milan: from 1978, for 18 years, he worked with Etnoteam, which he left in 1996, as head of the systems division. In 1996, he became CIO of Infostrada. In 1997, he joined Fiat Auto, again as CIO, where he coordinated the IT operations in Italy, Brazil, Argentina and Poland. In 2000, he became CEO and general manager of the Fiat Group's software services company (GSA). In 2001, he moved to Omnitel, in the role of CIO, and became CTO a year later. In 2003, he moved to the UK as global IT director at Vodafone. In 2006, he returned to Italy and became ICT executive vice president of Eni's IT function. He is also a board member of Eni's AdFin. In 2015, he left Eni and established the DEVO Lab at SDA Bocconi, where he is currently associate professor of practice. Since 2016, he has held various roles in Ferrovie dello Stato as central director of innovation and information systems, CEO of Nugo and chairperson of FS Technology. Finally, he chaired the board of directors of Ferrovie dello Stato from 2018 to 2021. He also chaired the International union of railways (UIC) and acted as advisor to Ministers Pisano and Colao for the creation of the national strategic hub (PSN or Polo Strategico Nazionale). He is a member of Fondazione ResPublica's management board.

More information about the company's board of directors is provided in Table 2 (attached).

This report also includes an attached list of all the positions held by the directors in other companies at the report date, using the criteria established herein.

Carel has applied diversity criteria (including for gender) in the composition of its board of directors, with due regard for the key objective of ensuring adequate expertise and professionalism among its members.

Given the company's structure and size, as well as its ownership structure and list voting mechanism provided for by the by-laws, which guarantees transparent elections and a balanced composition of the board of directors, in its meeting of 26 February 2025, the board of directors did not deem it necessary to adopt specific diversity policies and/or practices with respect to the composition of the boards of directors and statutory auditors and the age, gender and educational and professional background of the various members.

In their extraordinary meeting of 20 April 2021, the shareholders of Carel approved the proposals to amend articles 17 and 23 of the by-laws, in compliance with the budget law no. 160/2019 containing provisions on gender quotas for the boards of directors and statutory auditors of listed companies.

The composition of the board of directors complies with the provisions on gender quotas for the company bodies of listed companies. Specifically, at least two fifths of the board of directors is comprised of

directors of the less represented gender, in compliance with the provisions on gender balance in the company bodies of listed companies.

For additional information on the composition and diversity of the administrative, management and supervisory bodies, reference should be made to the *Carel's corporate governance structure* section of the sustainability statement.

For additional information on the expertise and skills of the administrative, management and supervisory bodies, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

For additional information on the expertise of the administrative, management and supervisory bodies in respect of business conduct, reference should be made to the *Training on corporate culture* section of the sustainability statement.

Diversity criteria and policies for the board of directors and the company's organisation

In their meeting of 18 April 2024, the shareholders resolved, inter alia, on the renewal of the board of directors, whose term of office expires with the approval of the financial statements at 31 December 2023. In view of this renewal, on 6 March 2024 and taking into account the results of the self-assessment process, the board of directors expressed its guidance on the composition of the new board, including the hope that, in presenting the lists, the shareholders would maintain a similar quality level of the board in terms of expertise and experience, considering the characteristics, including gender, of the candidates. It also highlighted the opportunity for the shareholders to assess the potential inclusion of individuals with management experience in listed companies or companies comparable to Carel in terms of size, complexity, internationalism and/or business, with a view to further enriching the range of the board members' backgrounds, professionalism and expertise.

More information about the measures in place to promote equal treatment and opportunities within the entire corporate structure adopted by the company is available in the *diversity policy, gender equality policy and equal treatment and opportunities for all* sections of the sustainability statement.

Maximum number of positions held in other companies

On 13 March 2025, the board of directors agreed not to define general criteria about the maximum number of positions that can be held in other listed or large companies as director or statutory auditor considered acceptable for the effective performance of duties as a director of the company, without prejudice to each director's obligation to assess the compatibility of their positions as director and statutory auditor in other listed or large companies with their diligent performance of their duties taken on as a director of Carel, also considering their involvement in board committees.

Considering their positions held in other companies, the company's board of directors deemed that the number and nature of such positions did not interfere with and are, therefore, compatible with their efficient performance of their duties as director of Carel on the same date.

4.4 ROLE OF THE BOARD OF DIRECTORS (ARTICLE 123-BIS.2.D) OF THE CFA)

The board of directors plays a pivotal role in guiding and managing the company. In accordance with article 20 of the ruling by-laws, it has exclusive powers for the company's management. It has the most wide-ranging powers to carry out all those transactions deemed necessary or suitable to achieve the company's business object, except for those reserved to the shareholders by law or the by-laws.

Again as provided for by the by-laws, in accordance with article 2365.2 of the Italian Civil Code, the board of directors is responsible for taking the following decisions, without prejudice to the shareholders'

powers: (i) mergers and demergers in the instances covered by articles 2505 and 2505-bis of the Italian Civil Code; (ii) the opening or closing of branches; (iii) the reduction of share capital should one or more shareholders withdraw; (iv) the alignment of the by-laws with regulations; and (v) the transfer of the registered offices within Italy.

The board of directors has adopted a regulation establishing the rules and procedures for its functioning, also to ensure the effective management of the information to be provided to the directors (the “regulation” for the purposes of this section).

One of the areas covered by the regulation is the minutes taking method (by the board secretary or, if a different person, by the secretary of the meeting) and the procedures to manage information to be provided to the directors, specifying the timeline for the timely transmission of information (sufficiently in advance, usually after the meeting has been called) and the methods to protect data and information provided so as not to jeopardise the timeliness and completeness of information streams.

The complete text of the regulation is available in the Corporate Governance/Procedures and Regulations section of the company’s website www.carel.com.

Every board member must ensure they have adequate time to diligently fulfil the tasks which have been assigned to them.

During the year, the board of directors met seven times with the following attendance percentages of each director:

Luigi Rossi Luciani	7/7	100%
Luigi Nalini	7/7	100%
Francesco Nalini	7/7	100%
Carlotta Rossi Luciani	7/7	100%
Cinzia Donalisio	7/7	100%
Marina Manna	6/7	85.71%
Maria Grazia Filippini (*) (in office until 18/04/2024)	3/3	100%
Mario Cesari (**) (in office since 18/04/2024)	4/4	100%
Laura Rovizzi (**) (in office since 18/04/2024)	4/4	100%
Gianluigi Vittorio Castelli (***) (in office since 18/04/2024)	3/4	75%

(*) Maria Grazia Filippini was present at all three of the meetings held during the period of the year in which she was director.

(**) Mario Cesari and Laura Rovizzi attended all four of the meetings held during the year in which they served as directors.

(***) Gianluigi Vittorio Castelli was present at three of the four meetings held during the period of the year in which she was director.

The board meetings lasted for an average of around two hours and 10 minutes and were conducted in compliance with the regulation.

Nine meetings have been scheduled for 2025, of which three have already been held at the report date.

More information is provided in Table 2 (attached).

The chairperson of the board of directors ensures that all the information and documents necessary to allow the directors take decisions are made available to them in due time and using the appropriate methods. In particular, the regulation stipulates that documentation relating to the items on the agenda be made available to the members of the board of directors and members of the board of statutory auditors well in advance, usually after the meeting date has been announced. During the year, documentation about the meeting agendas was sent to directors and statutory auditors roughly two days before the meeting date.

The regulation stipulates that the time limit for making available the documentation related to the items on the agenda may be extended or reduced, only in the case of documentation of particular relevance

and/or complexity, or urgent or evolving operations, while they do not provide for hypotheses of derogation from the above time limit for reasons of confidentiality (since for this purpose there is already a specific electronic system for managing and sharing documents with confidential access, for the meetings of the board of directors). During the year, there were no recorded instances of this time limit being reduced or extended.

When the documentation relating to the items on the agenda was extensive or complex, the information was provided in brief presentations accompanied by tables and charts.

As provided for by the by-laws, the chairperson calls a board meeting whenever they deem it advisable or when at least two directors request it be called. If the chairperson is absent or unable to do so, the board meeting is called by the deputy chairperson, when appointed.

The board of statutory auditors or just one standing statutory auditor may also call a board meeting in accordance with article 151 of the CFA.

Board meetings are called by a notice sent by letter, telegram, fax or e-mail with notice of receipt to the address of each director or standing statutory auditor at least three days before the date set for the meeting. Urgent meetings can be called with notice sent one day beforehand. Board meetings and their resolutions are valid, even when the meeting has not been formally called, when all the directors and standing statutory auditors in office are present. Should the chairperson be absent or unable to attend, meetings are chaired by the deputy chairperson, if appointed, or in their absence or impediment, by the longest-serving managing director present at the meeting or, in their absence or impediment, the longest-serving director present.

Board meetings can be held by audio or video conference as long as: (i) the meeting chair and meeting secretary are present in the same place and write and sign the minutes given that the meeting is deemed to have been held in that location; (ii) the meeting chair can check the identity of the participants, direct the meeting and check and announce the results of any votes; (iii) the meeting secretary can adequately follow the meeting for which they are taking the minutes; and (iv) the participants can participate in the discussions and simultaneous voting on the matters on the agenda and can view, receive and send documents.

All of the seven meetings could be attended via video conference. The company provided all the participants with the related credentials and access methods each time.

Board resolutions are taken when the majority of the directors in office are present and by majority vote. In the case of a tie, the vote of the meeting chair prevails.

During the year, the board of directors:

- gave a positive assessment of the adequacy of the organisational, administrative and accounting structure of the company and its group (including key subsidiaries), especially as regards their internal control and risk management system;
- assessed the company's general performance based on the regular, detailed information received from the competent bodies at each board meeting and by regularly checking results against the budget;
- assessed the independence of the directors Marina Manna, Cinzia Donalisio, Mario Cesari, Laura Rovizzi and Gianluigi Vittorio Castelli;
- approved the audit plan prepared by the internal audit manager for 2024 after consulting the audit, risk and sustainability committee, the board of statutory auditors and the chief executive officer.

The shareholders have not authorised departures from the competition ban as per article 2390 of the Italian Civil Code.

In addition, during 2025 and up to the report date, the board of directors:

- has given a positive assessment of the adequacy of the organisational, administrative and accounting structure of the company and its group (including key subsidiaries), especially as regards their internal control and risk management system on 26 February 2025;

- on 6 March 2024, in view of their renewal, the board of directors have expressed new guidance on the size and composition of the new board;
- on 13 March 2025, has checked that the directors Marina Manna, Cinzia Donalisio, Mario Cesari, Laura Rovizzi and Gianluigi Vittorio Castelli continued to meet the independence requirements.

Reference should be made to section 4.1 for more information on the activities carried out by the board of directors during the year and up to the report date.

4.5 ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

On 18 April 2024, the shareholders resolved, inter alia, to appoint Luigi Rossi Luciani as chairperson of the board of directors.

The chairperson of the board of directors acts as an intermediary between the executive directors and the non-executive directors and ensures the effective functioning of the board.

Specifically, during the year, the chairperson of the board ensured that:

- the pre-meeting information and additional information provided during the meeting is suitable to allow directors to carry out their duties in an informed manner, ensuring that adequate time is given to each of the matters on the agenda of the respective board meetings to allow a constructive and comprehensive debate and the contribution and exchange of ideas;
- the activities of the board committees (with preliminary, propositional and consultative duties) are coordinated with those of the board of directors;
- in agreement with the chief executive officer, the managers of the company and its group companies, who are competent on the issues concerned, attend the relevant board meetings to provide insights on the items on the agenda, including at the request of one or more directors. During the year, non-members were often invited to take part in the board meetings, mainly the company's managers and area managers depending on the matters to be discussed, to ensure the directors and statutory auditors were provided with sufficient details thereon;
- all members of the board of directors and board of statutory auditors can, after their appointment and during its mandate, take part in initiatives designed to provide them with adequate knowledge of the company's industry and company dynamics and their development, including in relation to the company's sustainable success. Such initiatives also cover risk management issues as well as any relevant part of the regulatory and self-regulatory framework. The company deems that the directors and, especially the executive directors, have sufficient knowledge in this respect. To this end, with respect to the type and organisation of the projects designed to provide the directors, and specifically the independent directors, with a suitable understanding of the above matters during the year, the chairperson of the board of directors generally organises board induction sessions to provide its members with a suitable understanding of the business sectors, also in the light of the company's performance and changes in its ownership structure. These sessions provided an overview and in-depth look at the company's various business segments through reports and presentations prepared by senior management in the areas of R&D, marketing and sales, HR and organisation, operations and administration and finance and control. Thanks to these meetings, the statutory auditors obtained an understanding of the group's business model and products/markets, its competitive leverage, its core operations and R&D, HRM strategies and the functioning of the administration, finance and control unit, especially as regards critical issues and risks. During board meetings, the chief executive officer regularly reports on the business sectors in which the company operates, providing updates on its performance and future trends, also in respect of the company's sustainable success, as well as the principles of sound risk management, the legislative framework and internal regulations;
- the board's self-assessment process is adequate and transparent.



For additional information on the expertise and skills of the administrative, management and supervisory bodies, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

For additional information on the expertise of the administrative, management and supervisory bodies in respect of business conduct, reference should be made to the *Training on corporate culture* section of the sustainability statement.

Board secretary

The board of directors adopted the board regulation and appointed a board secretary on 18 April 2024.

At the report date, Arianna Giglio, the company's legal affairs and compliance manager, holds the role of board secretary.

The board has responsibility for appointing and removing, at the chairperson's proposal, the secretary and for the definition of their related requirements (professional experience in particular) and powers. Requirements and powers of the secretary are defined in the board regulation, which requires the secretary to have suitable expertise in the area of company law and corporate governance.

During the year, the secretary assisted the chairperson of the board (particularly as relates to the aspects set out in the previous section 4.5 "Role of the chairperson of the board of directors") and provided the board with impartial assistance and advice on all aspects relevant to the proper functioning of the corporate governance system.

The secretary receives suitable support when carrying out their duties.

4.6 EXECUTIVE DIRECTORS

The board of directors comprises executive and non-executive directors.

As provided for by the by-laws, the board of directors appoints one or more managing directors, establishing their operating and representation powers within the limits of the law and the by-laws. These powers, limited to certain transactions or categories of transactions or duties, may also be delegated to other members of the board of directors.

On 18 April 2024, the shareholders appointed Luigi Rossi Luciani as chairperson of the board of directors and Luigi Nalini as deputy chairperson of the board of directors.

On 18 April 2024, the board of directors appointed Francesco Nalini as managing director, also for the purposes of the Code of Corporate Governance, like in the previous setup. The managing director, Francesco Nalini, was also confirmed as the director in charge of the internal control and risk management system in compliance with the recommendations of the Code of Corporate Governance.

On the same date, the board of directors also assigned strategic powers to the chairperson, Luigi Rossi Luciani, and to the deputy chairperson, Luigi Nalini (who was also assigned the same powers as those assigned to the chief executive officer if the latter is absent or unable to attend), as well as operating powers and for sustainability matters to the director, Carlotta Rossi Luciani, again like the previous setup.

Chief executive officer

On 18 April 2024, the chief executive officer was given the following operating powers by the board of directors: (i) all ordinary administration powers not reserved by law or the by-laws solely to the board of directors and/or the shareholders to be exercised by single and joint signature up to the threshold of €1,000,000.00 (one million) or its equivalent in another currency or up to the threshold of €5,000,000.00 (five million) or its equivalent in another currency to agree framework supply or sale agreements for each individual transaction; and (ii) all extraordinary administration powers not reserved by law or the by-laws solely to the directors and/or the shareholders to be exercised by single or joint signature up to the threshold of €5,000,000.00 (five million) or its equivalent in another currency for each individual transaction and for a total of €15,000,000 (fifteen million) or its equivalent in another currency on an annual basis; and (iii) to agree, amend and terminate loan and financing agreements of all types for up to €20,000,000 (twenty million) or its equivalent in another currency per transaction; and (iv) to formulate non-binding offers and sign the non-binding pre-contractual documentation for the acquisition of companies, the setup of joint ventures and for the completion of non-recurring transactions in general; (v) to dismiss, appoint and hire as replacement personnel, including management, at all group

companies, and (vi) the specific power to sub-delegate and/or give proxies within the limits of the powers received.

In addition, by notarial deed of 9 March 2023, the board of directors gave the chief executive officer special power-of-attorney, granting him the following powers: (i) any and all wider and appropriate powers to represent the company at the ordinary and extraordinary shareholders' meetings of any of the group's subsidiaries; (ii) any and all wider powers to carry out all necessary activities aimed at dismissing, appointing and hiring in substitution, personnel, including executive personnel, at all the subsidiaries of the group; all with the promise of ratification and validity, under legal obligations with accountability.

The chief executive officer has principal responsibility for the company's operations.

Chairperson of the board of directors

On 18 April 2024, the board of directors gave the chairperson of the board of directors the following powers with individual signatory powers and the option to sub-delegate: (i) to explore and assess the strategies and opportunities for business combination (for example and not limited to, mergers, acquisitions, joint ventures) or business development; (ii) to maintain and enter into transactions with banks and credit institutions to agree, amend and terminate loan and financing agreements of all types within the threshold of €5,000,000 (or its equivalent in another currency) per transaction and for a total of €15,000,000 (or its equivalent in another currency) per year; (iii) to maintain relations and manage communications within the group; and (iv) to assign mandates to management consultants up to a threshold of €500,000 (or its equivalent in another currency).

The chairperson of the board of directors was selected from the list presented by the company's majority shareholder and is a separate person to the chief executive officer, who has principal responsibility for the company's operations.

The allocation of powers to the chairperson is in line with the company's traditional structure for its board of directors and, in line with article 3, recommendation 13 of the Code of Corporate Governance is balanced by the appointment of a lead independent director (Mario Cesari since 18 April 2024).

On 18 April 2024, the board of directors also assigned the deputy chairperson of the board of directors, Luigi Nalini, the powers, to be exercised with single signature and that can be sub-delegated, to define, explore, assess and propose commercial strategic projects for the company and the group as well as responsibility for the new products and technologies sector. He was also given the same powers assigned to the chief executive officer Francesco Nalini to be exercised with single signature and that can be sub-delegated in the case of the chief executive officer's absence or impediment.

For additional information on the role and responsibilities of the administrative, management and supervisory bodies in charge of monitoring the material impacts, risks and opportunities within these bodies, as well as considering their role in the relevant governance procedures, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

For additional information on the role and responsibility of the administrative, management and supervisory bodies in respect of business conduct, reference should be made to the *Training on corporate culture* section of the sustainability statement.

For additional information on how the administrative, management and supervisory bodies are informed about sustainability matters and how these matters were addressed during the reporting period, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

Executive committee (article 123-bis.2.d) of the CFA)

As provided for by the by-laws, the board may delegate part of its duties to an executive committee, comprised of between 3 (three) and 5 (five) directors, setting their powers, the number of members and the committee's modus operandi. At the report date, the company does not have an executive committee.

Information provided to the board by delegated directors/bodies

At the first possible board meeting, the delegated bodies report on their activities carried out in the exercise of their proxies and, in particular, on any atypical, unusual or related-party transactions and those of economic, financial or capital significance performed by the company and its subsidiaries.

In addition and pursuant to the by-laws, the directors promptly report to the board of directors at the board meeting or send a written report to the board of statutory auditors at least once a quarter on the activities and transactions of economic, financial or capital significance performed by the company and its subsidiaries. Specifically, they report on transactions in which they have a direct interest or an interest on behalf of third parties or transactions that are affected by the party that carries out management and coordination activities.

Other executive directors

On 18 April 2024, the board of directors resolved to assign Carlotta Rossi Lucini the following operating powers to:

- Define policies for the group's sustainability vision and strategy with the chief executive officer;
- Design a sustainability governance system with the chief executive officer;
- Establish the periodic improvement objectives with the chief executive officer and check regularly that they are met;
- Support the integration of the sustainability activities into the business plan in accordance with the company's Code of Ethics and the Code of Corporate Governance together with the chief executive officer and the dedicated internal units (such as the ESG team and the legal affairs and compliance office);
- Identify tools and methods to measure the creation of value over the medium to long term once the sustainability plan has been implemented;
- Periodically check the company's sustainability status;
- Provide regular reports to the board of directors on sustainability issues;
- Participate in the meetings of the audit, risk and sustainability committee, when invited to do so, to report on the progress of the activities underway and scheduled, the sustainability risks and related organisational structure;
- Participate in the meetings of the remuneration committee, when invited to do so, to define the ESG objectives in the remuneration policies;
- Monitor compliance with the relevant regulations, changes in such regulations and national and international best practices;
- Supervise the preparation of the sustainability statement;
- Define and coordinate the stakeholder engagement policies and channels (including the company website) in terms of their sustainability in compliance with the defined strategy;
- Manage the group's reputation and stakeholders' assessments of its sustainability policies.

No other directors can be considered executive directors in that they: (i) hold management positions in the company; (ii) are chairperson of a key subsidiary of the company at the time they have operating powers or powers for the preparation of company strategies; or (iii) hold the role of chief executive officer, or management positions, in a key subsidiary of the company or in the company's parent when the position also covers the company.

4.7 INDEPENDENT DIRECTOR AND LEAD INDEPENDENT DIRECTOR

Independent directors

At the report date, 5 (five) of the 9 (nine) directors qualify as independent pursuant to the CFA and the Code of Corporate Governance: Cinzia Donalisio, Marina Manna, Mario Cesari, Laura Rovizzi and Gianluigi Vittorio Castelli.

Their number and expertise are suitable to the needs of the company and the functioning of the board, as well as the setup of board committees.

The chairperson of the board of directors did not qualify as independent.

The board of directors:

- immediately after its appointment, checked the existence of the independence requirements for each of the non-executive directors classified as independent;
- in situations relevant for independence purposes and at least once a year, checked the existence of the independence requirements for each of the non-executive directors classified as independent;
- in carrying out the above assessments, considered all available information (particularly that supplied by the directors subject to assessment), evaluating all circumstances that could compromise independence as defined by the CFA and the Code, applying (inter alia) all criteria provided for by the code with reference to the independence of directors.

On 18 April 2024, at the beginning of its term of office, the board of directors set quantitative and qualitative criteria for the assessment of the significance of circumstances relevant under the Code, for the purposes of assessing the independence of directors and statutory auditors.

The independence of the company's directors pursuant to the Code is assessed taking into consideration that the circumstances that compromise, or could compromise, the independence of a director are usually the following:

- a. the director is a significant shareholder of the company, where a "significant shareholder" is a person who, directly or indirectly (through subsidiaries, trustees or nominees), controls the company or is able to exercise significant influence over it or who participates, directly or indirectly, in a shareholders' agreement whereby one or more parties exercise control or significant influence over the company;
- b. the director is, or was in the previous three years, an executive director or employee:
 - of the company or a key subsidiary of the company or a company under common control; key subsidiaries are those whose turnover accounts for more than 25% of the consolidated turnover of the group to which the company belongs;
 - of a significant shareholder of the company (as per the definition of "significant shareholder" in point a) above);
- c. the director has, or had in the previous three years, directly or indirectly (e.g., through subsidiaries or through companies of which the director is an executive director, or as partner of a professional or consulting company), a significant commercial, financial or professional relationship:
 - (i) the company or its subsidiaries, or the relevant executive directors or top management; Senior management personnel refers to the senior managers who are not members of the board of directors of the company and have the power and responsibility for planning, directing and controlling the activities of the company and its group; such directors are the key management personnel identified as such in the remuneration report published by the company pursuant to article 123-ter of the CFA;

(ii) with a party that, including with other parties via a shareholders' agreement, controls the company or, if the control is exercised by a company or entity, with its executive directors or senior management.

Except in the case of specific circumstances that are assessed individually, commercial, financial or professional relationships are generally deemed significant where, even in just one of the relevant years, the remuneration exceeds at least one of the following parameters:

- 5% of the director's net income, as shown in the latest tax return, in the event of a direct commercial, financial and/or professional relationship between the director and one or more of the parties referred to in points (i) and (ii) above;
- 5% of the annual turnover of the group to which the company or entity belongs, over which the director has control, or in which the director is executive director, or of the professional or consulting company in which the director is partner.

Without prejudice to the above, if the director is also a partner of a professional or consulting company, the board assesses the significance of the professional relationships that could affect the director's position and role within the professional or consulting company or that, in any case, relate to significant transactions of the company or its group including independently of the quantitative parameters;

- d. the director receives, or has received in the last three years, from the company or one of its subsidiaries or parent, significant additional remuneration compared to the fixed remuneration for the position and for participation in meetings of the committees recommended by the Code or provided for by ruling regulations.

For the purposes of the above, "fixed remuneration for the position" means:

- the remuneration set by the shareholders for all directors, or established by the board of directors for all non-executive directors as part of the overall amount that may be approved by the shareholders for the board of directors as a whole;
- any remuneration allocated for specific roles taken on by the non-executive director within the board (chairperson, deputy chairperson, lead independent director), defined according to the best practices set out in recommendation 25 of the Code (i.e., considering remuneration policies widely used in the company's industries and for companies of similar size and international reach as the company).

The "fee for participation in meetings of the committees recommended by the Code" refers to the remuneration that the director receives for participation in board committees with duties relevant to the application of the Code, including any committee set up pursuant to recommendation 1a) of the Code, as long as it is not an executive committee. Fees for participation in the committees and bodies provided for by ruling regulations, such as the related-party transactions committee and the supervisory body, with the exception of any executive committees, are treated in the same way as the fee for participation in meetings of "committees recommended by the code" and therefore form part of "fixed remuneration for the position".

Conversely, the remuneration received by the director for positions in the parent or in the subsidiaries is considered "additional remuneration" and its "significance" is therefore assessed.

Specifically, the additional remuneration paid to the director by the company, one of its subsidiaries or its parent that exceeds 30% of the "fixed remuneration for the position" due to the director, calculated as set out above, is deemed significant;

- e. the director has served on the company's board of directors for more than nine of the last twelve years, including non-consecutively;
- f. the director is an executive director of another company of which the company's executive director is a director;

- g. the director is a shareholder or director of a company or entity of the network of the company's audit company;
- h. the director is a close relative of a person who falls under any of the circumstances referred to in the previous points. For the purposes of the above, "close relatives" are spouses not legally separated, relatives and similar up to the fourth degree of kinship (for executive directors and/or significant shareholders) and within the second degree for other parties and people living in the same household.

The above criteria also apply, with the appropriate distinctions, to the assessment of the independence of the members of the board of statutory auditors, which they are required to carry out.

On 13 March 2025, the board of directors checked that the non-executive directors Cinzia Donalisio, Marina Manna, Mario Cesari, Laura Rovizzi and Gianluigi Vittorio Castelli met the independence requirements of article 147-ter.4 of the CFA (which refers to article 148.3 of the CFA) and the independence requirements of article 2, recommendation 9 of the Code, also considering the above-mentioned quantitative and qualitative criteria for the assessment of the significance of the circumstances relevant under the Code, using the documents provided by each director. Each non-executive director provided the board of directors with all the information necessary for or relevant to the assessment.

On the same date, the board of statutory auditors checked that the assessment criteria and procedures applied by the board of directors to assess its members' independence had been applied correctly.

During the year, the independent directors met twice without the other directors and statutory auditors: on 18 December 2024 and 15 January 2025, at the invitation of the lead independent director. During these meetings, all coordinated by the director Mario Cesari Filippini as lead independent director, the independent directors discussed the functioning of the board of directors and its committees, the powers assigned to the directors and the information provided by the executive directors to the independent directors.

Lead independent director

In its meeting of 18 April 2024, Carel's board of directors resolved to appoint the independent director, Mario Cesari, as lead independent director of the company.

The lead independent director acts as a point person and coordinates the requests and contributions of the non-executive directors, particularly the independent directors, and coordinates the meetings of the independent directors.

5. MANAGEMENT OF CORPORATE INFORMATION

Procedures for the management of inside information and the insider register

On 29 March 2018, the company's board of directors introduced a procedure, subsequently updated on 4 August 2021, for the management of inside information and the insider register of the people who have regular or infrequent access to inside information due to their professional or business activities or duties, with effect from the date of presentation of its IPO to Borsa Italiana.

Reference should be made to the procedure available in the Corporate Governance/Procedures and Regulations section of the company's website www.carel.com.

Internal dealing procedure

On 29 March 2018, effective from the stock market listing date, the company's board of directors adopted a procedure to manage the disclosure requirements for internal dealing as per article 19 of the MAR (market abuse regulation), article 114.7 of the CFA and article 152-quinquies and following articles of the Issuers' Regulation, subsequently updated on 4 August 2021.

More information is available in the internal dealing procedure in the Corporate Governance/Procedures and Regulations section of the company's website www.carel.com.

6. BOARD COMMITTEES (ARTICLE 123-BIS.2.D) OF THE CFA)

On 18 April 2024, in order to ensure the effective performance of its duties in line with article 18 of the by-laws and article 3, recommendation 16 of the Code, the board of directors set up a audit, risk and sustainability committee. This committee was given the duties of the related-party transactions committee (see section 10) and the remuneration committee.

The committees report on their activities regularly to the board of directors.

The audit, risk and sustainability committee is comprised of three non-executive and independent members:

- **Marina Manna** (chairperson);
- **Cinzia Donalisio** (member);
- **Mario Cesari** (member).

The remuneration committee is comprised of three non-executive and independent members:

- **Cinzia Donalisio** (chairperson);
- **Marina Manna** (member);
- **Mario Cesari** (member).

The board of directors adopted a regulation for each committee, defining the rules for its functioning, including the minutes taking method (by the secretary of the meeting) and the procedures to manage information to be provided to the members.

For more information on the key contents of the committee regulations, reference should be made to the complete texts available in the Corporate Governance/Procedures and Regulations section of the company's website www.carel.com.

During the year, documentation about the meeting agendas was sent to the committee members roughly three days before the meeting date.

The committee members were appointed by the board on the basis of their experience and expertise.

Given the structure and size of the company, the fact that it is a "company with concentrated ownership" and the list voting mechanism provided for in its by-laws, which ensures the transparent election and balanced composition of the board of directors, including with respect to a sufficient number of independent directors, the board of directors has not deemed it necessary to set up an appointments committee. These functions are therefore carried out by the board of directors in accordance with the provisions of article 3, recommendation 16 of the Code for companies with concentrated ownership, including large ones, like the company. The board of directors devotes adequate space within board sessions to perform the functions typically carried out by the appointments committee.

Other committees (other than those required by ruling regulations or recommended by the Code)

No additional committees have been formed in relation to the audit and risk committee (who have been assigned the functions of the related-party transactions committee) and to the remuneration committee.

On 28 February 2019 (confirmed on 28 April 2021), the board of directors also gave the audit and risk committee responsibility for sustainability issues, renaming it the audit, risk and sustainability committee. Its role is to support the board of directors in analysing issues relevant to the long-term generation of value.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE

7.1 SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS

The board of directors periodically assesses the effectiveness of its activities and the contribution of its individual members, via formalised procedures supervised by the board.

Specifically, since, according to the definitions of the Code of Corporate Governance, Carel qualifies as a “large company with concentrated ownership”, also based on the provisions of article 4, Recommendation 22 of the Code, every three years, the board conducts a self-assessment of itself and its committees, covering size, composition and its functioning (also considering the board’s role in the definition of strategies and in monitoring performance and the adequacy of the internal control and risk management system).

The most recent self-assessment of the board and its committees was conducted in 2024. It also covered the assessment of the functioning, size and composition of the board and its committees using the anonymous questionnaires completed by the directors which included (i) assessments on the compliance of the company’s corporate governance system with the recommendations of the Code of Corporate Governance; and (ii) recommendations to improve their application. The directors sent the questionnaires anonymously through the company secretary to the lead independent director and the board reviewed them on 6 March 2024.

To the extent of its duties, the board ensures that the directors’ appointments and succession process is transparent and effective in achieving an optimal composition of the board of directors.

Article 4, recommendation 23 of the Code, which recommends outgoing boards of directors, before their renewal, adopt guidelines for the board’s optimal quantitative and qualitative composition, is not applicable to the company as it does not fall into the “companies other than those with concentrated ownership” category.

Nevertheless, the board:

- issued guidelines for the board’s optimal quantitative and qualitative composition before its renewal during the shareholders’ meeting of 18 April 2024, taking into account the findings of its self-assessment;
- requested that parties presenting lists containing a number of candidates greater than half of the members to be elected provide adequate disclosure, in the documentation accompanying the presentation of the list, on the list’s compliance with the guidelines issued by the board (including

in relation to the company's diversity criteria), and indicate their candidate for the position of chairperson of the board of directors.

The board of directors has not deemed it necessary to adopt a succession plan for its chief executive officer and its executive directors given its duties and the size and ownership structure of the company and the group and the practice of appointing people with significant experience with the company as its executive directors. As a result, Carel has no succession plan for its chief executive officer or its executive directors at the report date. Given its ownership structure, it may request its board of directors to promptly take the necessary resolutions.

For additional information on how the administrative, management and supervisory bodies determine whether adequate expertise and skills are available or will be developed to monitor sustainability issues, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

7.2 APPOINTMENTS COMMITTEE

Given the structure and size of the company, the fact that it is a "company with concentrated ownership" and the list voting mechanism provided for in its by-laws, which ensures the transparent election and balanced composition of the board of directors, including with respect to a sufficient number of independent directors, the board of directors has not deemed it necessary to set up an appointments committee. These functions are therefore carried out by the board of directors in accordance with the provisions of article 3, recommendation 16 of the Code for companies with concentrated ownership, including large ones, like the company. The board of directors devotes adequate space within board sessions to perform the functions typically carried out by the appointments committee.

8. DIRECTORS' REMUNERATION – REMUNERATION COMMITTEE

8.1 DIRECTORS' REMUNERATION

Information about the directors' remuneration is available in the remuneration report, to which reference should be made, prepared in accordance with article 123-ter of the CFA and article 84-quater of the Issuers' Regulation, and in compliance with the recommendations of article 5 of the Code which can be found on the company's website (www.carel.com) or consulted using the other methods provided for by the ruling regulations.

For additional information on incentive schemes and remuneration policies linked to sustainability issues, reference should be made to the *Integration of sustainability-related performance in incentive schemes* section of the sustainability statement.

8.2 REMUNERATION COMMITTEE

Except for that set out below, reference should be made to the relevant sections of the remuneration report published in accordance with article 123-ter of the CFA for information about this committee.

The board of directors has set up a remuneration committee.

Composition and functioning of the remuneration committee (pursuant to article 123-bis.2.d) of the CFA)

The remuneration committee appointed by the board of directors on 18 April 2024 comprises three non-executive independent directors, Cinzia Donalisio (chairperson), Marina Manna and Mario Cesari. On the same date, the board of directors checked that all the committee members had experience and familiarity with financial or remuneration policies deemed adequate by the board at the time of appointment.

The remuneration committee meets when called by its chairperson who coordinates the meetings (Cinzia Donalisio). Minutes are duly drawn up and the chairperson reports on the meeting at the next meeting of the board of directors.

During the year, the remuneration committee met six times, with the participation of all of its members and the board of statutory auditors. The HR manager also attended all the meetings upon the invitation of the committee's chairperson and informing the chief executive officer.

On average the meetings of the remuneration committees lasted 1 hour and 20 minutes.

The committee has scheduled at least six meetings for 2025, of which two have already been held at the report date.

More information is provided in Table 3 (attached).

During the year, the remuneration committee was entirely comprised of non-executive independent directors (other than the chairperson of the board of directors) and its chairperson was chosen from among the independent members.

In accordance with the remuneration committee's regulation, directors do not attend committee meetings at which their fees to be proposed to the board of directors are being discussed.

The remuneration committee's duties

The remuneration committee provides input, makes recommendations and performs supervisory activities to ensure that the group defines and applies remuneration policies designed to motivate and retain resources with the professional skills required to achieve the group's objectives and that also align management's interests with those of the shareholders.

- Specifically, the committee, in accordance with the new regulation approved when renewing the board: supports the board of directors in developing the remuneration policy for directors and key management personnel;
- provides non-binding opinions and proposals about how to calculate the remuneration packages for the chairperson of the board of directors, the deputy chairperson, the chief executive officer and the executive director, as well as on the performance objectives to which the variable part of their remuneration is pegged;
- provides non-binding opinions and proposals about how to calculate the remuneration packages for those parties whose remuneration and incentives are decided by the board of directors, in line with any incentive plans adopted by the company, as well as on the performance objectives to which the variable part of their remuneration is pegged. In this case, the criteria for the definition of the remuneration amounts will be established in relation to the strategic objectives identified by the board of directors from time to time;

- monitors the actual application of the remuneration policy, checking that the performance objectives are met and providing the board of directors with general recommendations;
- regularly assesses, including with the assistance of the control and/or internal units, the adequacy and overall consistency of the remuneration policy for the directors, key management personnel and other persons whose remuneration and incentives are decided by the board of directors, in accordance with the company's incentive plans (if it has any);
- formulates opinions in relation to benefits in the case of the early termination of the relationship;
- evaluates how the termination may impact the rights granted as part of equity-settled incentive plans; prepares non-binding opinions and proposals about long-term plans, including share-based performance plans, recommending the goals to which these benefits should be pegged and the criteria to assess their achievement; monitors the development and application over time of any plans approved by the shareholders upon the proposal of the board of directors;
- expresses an opinion to the board of directors on the proposed remuneration for directors with special duties at the key subsidiaries, pursuant to article 2389 of the Italian Civil Code, as well as for the general managers and key management personnel of such subsidiaries;
- provides adequate feedback on the activity carried out by the company bodies, including the shareholders' meeting, in due time for the preparation of the meetings called to discuss remuneration;
- ensures the chairperson or another committee member attends the shareholders' meeting to report to the shareholders on how the committee carries out its duties;
- ensures efficient and operating connections with the company departments responsible for preparing and checking the remuneration and incentive policies and practices;
- is responsible for proposing the methods and timing for the annual self-assessment of the board of directors related to the assessment of the board itself and its committees (e.g., audit, risk and sustainability committee, remuneration committee), assisted by the support of the control and/or corporate functions, and possibly by specific external professionals in order to comply with the reference best practices (e.g., Code of Corporate Governance); the self-assessment must include specific references to the effective functioning, size and composition in terms of professional characteristics, experience and gender of the members;
- carries out any other duties the board of directors may allocate the committee with specific resolutions, including but not limited to, supporting the board of directors in the preparation of the remuneration report.

The main activities performed by the remuneration committee during the year and up to the report date consisted of assessing and expressing an opinion on the approval of the remuneration policy.

When carrying out its duties, the committee has access to information and the company units necessary to perform its duties as well as to financial resources and external experts, within the budget approved by the board of directors (€35,000 for 2024)

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – AUDIT, RISK AND SUSTAINABILITY COMMITTEE

The board of directors has defined guidelines for the internal control and risk management system. These consist of a set of rules, procedures and organisational structures for the effective and efficient identification, measurement, management and monitoring of the key risks, in order to contribute to the company's sustainable success, in line with the company's strategies.

An effective internal control and risk management system helps ensure the protection of the company's assets, the efficiency and effectiveness of company transactions, the reliability, accuracy and timeliness of financial information and compliance with laws and regulations.

The board of directors also ensures that its assessments and decisions related to the internal control system, the approval of the annual and interim financial statements and the relationship between the company and the independent auditor are supported by adequate preliminary investigations and defines the nature and level of risk in line with the company's strategic objectives, considering all risks relevant to the company's sustainable success.

The company's internal control and risk management system is designed to contribute to the company's management in line with the objectives set by the board of directors through a process to identify, manage and monitor the key risks.

The system allows the identification, measurement, management and monitoring of the key risks and ensures the reliability, accuracy and timeliness of the financial reporting.

The system allows the mapping, monitoring and management of risks that could compromise the internal processes' adequacy in terms of their efficiency and effectiveness, the reliability of the information provided to the corporate bodies and the market, the protection of the company's assets and compliance with external regulations, the by-laws and internal procedures. Specifically, the latter are tied to the sector and market context as well as all the stakeholders' perception of the group's operations.

Carel's risk management procedures are based on the Italian and international best practices, such as, for example, the Code.

The following bodies monitor the internal control and risk management system, to the extent of their responsibilities:

- Board of directors;
- Audit, risk and sustainability committee;
- Remuneration committee;
- Chief executive officer;
- Board of statutory auditors;
- Supervisory body;
- Internal audit unit;
- Manager in charge as per article 154-bis of the CFA;
- Enterprise risk management.

Responsibility for the introduction of an adequate internal control and risk management system lies with the board of directors. Assisted by the audit, risk and sustainability committee, the board of directors carries out its duties as assigned by the Code, including:

- a. the definition of guidelines for the internal control and risk management system so that the main risks to which the company and its subsidiaries are exposed (including risks that may become significant for sustainability purposes in the long term) are correctly identified and properly measured, managed and monitored, also setting the degree of compatibility of these risks with the company's management in line with the strategies identified;

- b. the assessment, at least once a year and unless unforeseen events occur that would require exceptional analysis to check the effectiveness of the controls for specific situations, of the adequacy of the internal control and risk management system considering the company's characteristics and its risk profile and its effectiveness;
- c. the approval, at least once a year, of the audit plan prepared by the internal audit manager after consulting the board of statutory auditors and the chief executive officer;
- d. the description of the main characteristics of the internal control and risk management system in the report on corporate governance and how the various parties involved coordinate their work, with the inclusion of an opinion on the system's adequacy.

During the year, the board gave a positive assessment of the adequacy of the internal control and risk management system considering the company's characteristics and its risk profile and its effectiveness.

For additional information on the role and responsibilities of the administrative, management and supervisory bodies in charge of monitoring the material impacts, risks and opportunities within these bodies, as well as considering their role in the relevant governance procedures, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

For additional information on the role and responsibilities of the administrative, management and supervisory bodies linked to business conduct, reference should be made to the *Corporate culture* section of the sustainability statement.

For additional information on how the administrative, management and supervisory bodies are informed about sustainability matters and how these matters were addressed during the reporting period, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

For additional information on the company's internal control processes in relation to sustainability reporting, reference should be made to the *Internal controls over sustainability reporting* section of the sustainability statement.

9.1 CHIEF EXECUTIVE OFFICER

On 28 April 2021, the board of directors appointed the chief executive officer to set up and maintain the internal control and risk management system. Following the renewal of the board of directors, on 18 April 2024, the board of directors confirmed Francesco Nalini as the director in charge of the internal control and risk management system in compliance with the recommendations of the Code of Corporate Governance.

During the year, the chief executive officer:

- ensured the identification of the main business risks, considering the company's activities and those of its subsidiaries, and periodically reports thereon to the board of directors;
- implemented the guidelines defined by the board of directors, which involved the design, drafting and management of the internal control and risk management system, and monitored the system's adequacy and effectiveness and ensured that the system reflects the company's operating conditions and the legislative and regulatory framework;
- entrusted the internal audit unit to carry out checks of specific operating areas and of compliance with internal rules and procedures in company transactions, simultaneously reporting thereon to the chairperson of the board of directors, the chairperson of the audit, risk and sustainability committee and the chairperson of the board of statutory auditors;

- reported promptly to the audit, risk and sustainability committee on the issues and critical matters that were identified during their activities or that they were informed of so that the committee could take appropriate actions.

Furthermore, on the proposal of the chief executive officer, Francesco Nalini, the board of directors approved an ambitious organisational restructuring in 2024 with the objective of unlocking the company's full potential. The aim is to evolve towards an increasingly integrated, collaborative and synergic operating model to strengthen the focus on customers and international markets and the company's ability to provide integrated product and service solutions while staying on top of the innovation curve.

This new organisational model envisages a redistribution of competencies among senior corporate governance functions, eliminating the position of general manager and introducing new senior figures along with reinforced, streamlined structures reporting directly to the CEO. In this manner, the CEO hones in on developing the company's activities, as well as maintaining a strong focus on developing and elaborating long-term strategies in an increasingly interconnected international environment.

9.2 AUDIT, RISK AND SUSTAINABILITY COMMITTEE

The board of directors has set up a audit, risk and sustainability committee.

Composition and functioning of the audit, risk and sustainability committee (pursuant to article 123-bis.2.d) of the CFA)

The audit, risk and sustainability committee appointed by the board of directors on 18 April 2024 comprises three non-executive independent directors, Marina Manna (chairperson), Cinzia Donalisio and Mario Cesari. On the same date, the board of directors checked that all the committee members had suitable expertise in the company's operating sector, such to assess the related risks. Specifically, the board of directors checked that all the committee members had experience and familiarity with accounting and financial and/or risk management, deemed adequate by the board at the time of appointment.

The audit, risk and sustainability committee meets when called by its chairperson, Marina Manna, who coordinates the meetings. Minutes are duly drawn up and the chairperson reports on the meeting at the next meeting of the board of directors.

During the year, the committee met nine times, with the participation of all of its members, the chief executive officer, the internal audit manager and the board of statutory auditors, also in its role as the internal audit committee in accordance with Legislative decree no. 39 of 27 January 2010.

Directors or representatives of company departments that are not members of the committee participated in meetings of the audit, risk and sustainability committee at the invitation of the chairperson of the committee. The chief executive officer was informed of the participation of the representatives of the relevant company departments.

The average length of the committee meetings was two hours.

The committee has scheduled eight meetings for 2025, of which three have already been held at the report date.

More information is provided in Table 3 (attached).

During the year, the audit, risk and sustainability committee was comprised of non-executive independent directors (other than the chairperson of the board of directors) and its chairperson was chosen from among the independent members.

The audit, risk and sustainability committee's duties

The committee supports the board of directors' assessments and decisions on the internal control and risk management system as well as the board's approval of the company's financial reports.

Specifically, the audit, risk and sustainability committee's duties include:

- assessing, together with the manager in charge of financial reporting and after consulting the audit company and the board of statutory auditors, the correct application of the accounting policies and, in the case of groups, their suitability for the preparation of consolidated financial statements;
- expressing opinions on specific aspects to identify the company's main risks;
- reviewing the regularly-prepared reports on the internal control and risk management system and special reports prepared by the internal audit unit and other units with specific responsibilities for ensuring compliance with regulations;
- monitoring the independence, adequacy, efficiency and effectiveness of the internal audit unit and other units with specific responsibilities for ensuring compliance with regulations;
- asking the internal audit unit to perform checks of specific operating areas and concurrently informing the chairperson of the board of statutory auditors;
- reporting to the board of directors on its activities at the board meetings held to approve the draft financial statements and the interim financial statements;
- assisting the board of directors in defining strategies, guidelines and the adequacy of the internal control and risk management system, based on the company's characteristics and risk profile, and its effectiveness by focusing on all the related and necessary activities so that the board of directors can prepare a correct and efficient risk governance policy;
- assisting the board of directors by providing supporting documentation, in assessing and taking decisions about risks arising from events or circumstances of which the board of directors has become aware.

In addition, pursuant to its regulation, the committee:

- assists the board of directors in approving, at least once a year, the action plans prepared by the internal audit unit and other units with specific responsibilities for ensuring compliance with regulations;
- assists the board of directors in preparing the report on corporate governance for the matters pertinent to it, such as, for example and not limited to, the main characteristics of the internal control and risk management system, the methods used to coordinate the various parties involved in the system and the committee's assessment of the system's overall adequacy;
- after consulting the board of statutory auditors, assists the board of directors in assessing the recommendations of the audit company in their management letter and any report on key audit matters identified during their audit work; and
- expresses its opinion to the board of directors on the appointment and removal of the internal audit manager and whether this manager's remuneration has been defined in line with the company policies.

When carrying out its duties, the committee has access to information and the company units necessary to perform its duties as well as to financial resources and external experts, within the budget approved by the board of directors (€35,000 for 2024).

In addition, the board of directors gave the audit, risk and sustainability committee, comprising non-executive independent directors, the duties of the related-party transactions committee as well as the duties and responsibilities that, pursuant to the related-party regulation, are attributed to committees whose members are all or mostly independent.

Lastly, in relation to its duties and responsibilities for sustainability, the audit, risk and sustainability committee, inter alia:

- assists the board of directors by making proposals and offering recommendations with assessments and decisions related to sustainability issues;
- defines and provides the board of directors with guidelines about sustainability and monitors compliance with the relevant rules of behaviour adopted by the company and its subsidiaries;
- provides the board of directors with assessments and opinions on sustainability policies defined to ensure the creation of value over time for the shareholders and all the other stakeholders in the medium to long term in compliance with sustainable development principles;
- provides the board of directors with assessments and opinions on sustainability guidelines, objectives and related processes and the sustainability statement provided to the board of directors once a year;
- assists the board of directors in assessing and approving the sustainability statement;
- assists the board of directors in ensuring that the company properly implements, understands and assesses the impact of sustainability regulations and legislation on its business, allocating specific duties and functions to the competent internal units to ensure this.

The main activities performed by the audit, risk and sustainability committee during the year and up to the report date consisted of:

- periodic meetings with the manager in charge of financial reporting and the audit company to share the accounting policies used and to monitor the audit process;
- periodic meetings with the audit company to monitor the progress of the review of the non-financial statement;
- periodic meetings with the board of statutory auditors;
- reviewing the annual report on corporate governance and ownership structure for 2024;
- reviewing the organisational, administrative and accounting structure assessment document pursuant to article 2381 of the Italian Civil Code;
- reviewing the changes in the organisational, management and control model adopted by the company and periodic meetings with the supervisory body to update on their activities carried out and the proper adoption of the model;
- periodic meetings with the internal audit manager and assessment of the audit plans for 2024 and 2025;
- monitoring the progress of the activities of the 2024 internal audit plan and the 2024 - 2028 Sustainability Plan;
- evaluating the autonomy, adequacy, effectiveness and efficiency of the internal audit unit;
- periodic meetings with the risk management manager and monitoring the progress of the control risk self-assessment activity initiated in 2024;
- periodic meetings with the group HSE manager on workplace safety issues and the decarbonisation plan adopted by the company;
- periodic meetings with the management of various business units to assess the group's organisational and management structure;
- reviewing a medium- and long-term financing transaction as the related-party transactions committee;
- support and consultation with the board of directors in relation to sustainability issues.

For additional information on the role and responsibilities of the administrative, management and supervisory bodies in charge of monitoring the material impacts, risks and opportunities within these bodies, as well as considering their role in the relevant governance procedures, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

For additional information about the company's internal control processes in relation to sustainability reporting, reference should be made to the *Internal controls over sustainability reporting* section of the sustainability statement.

9.3 INTERNAL AUDIT MANAGER

Also in support of the company's internal control and risk management system, in compliance with the provisions of the Code, on 5 March 2020, upon the proposal of the chief executive officer and the human resources manager, after obtaining the favourable opinion of the audit, risk and sustainability committee and after consulting the board of statutory auditors, the board of directors appointed Fabio Boeri internal audit manager. He is responsible for checking that the internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the board of directors.

Although an employee of the company, Fabio Boeri is not, however, pursuant to recommendation 36 of the Code, in charge of any operating area as he reports to the board and has direct access to all information necessary to perform his duties.

The board has ensured that this person meets the professionalism, independence and organisational requirements and has defined his remuneration in line with company policies and has ensured that he has been provided with adequate resources to carry out his duties.

On 3 March 2022, the board of directors set the Internal Audit manager's remuneration, as proposed by the chief executive officer, approved by the audit, risk and sustainability committee and after consulting the board of statutory auditors. It gave the internal audit manager spending autonomy and sufficient resources to carry out his activities, although the manager has to respect the annual budget for the internal audit unit, unless this is amended and/or integrated should this be necessary.

Finally, on 13 March 2025, the board of directors: (i) after obtaining the approval of remuneration committee and consulting the board of statutory auditors, set the annual variable component (MBO) of the internal audit manager for the year; (ii) checked the autonomy, suitability, effectiveness and efficiency of the internal audit unit, as per article 6 of the Code, and (iii) after consulting the audit, risk and sustainability committee, approved the annual internal audit plan for 2025.

During the year, the internal audit manager:

- checked the functioning and suitability of the internal control and risk management system on an ongoing basis and in line with the company's specific requirements and compliance with international standards, using the audit plan approved by the board of directors based on a structured process of analyses and prioritisation of the main risks;
- prepared regular reports containing suitable details of his activities, the methods used to manage risks, compliance with the plans defined to contain the risks and an assessment of the suitability of the internal control and risk management system, which are sent to the chairpersons of the board of statutory auditors, the audit, risk and sustainability committee and the board of directors and the chief executive officer;
- prepared timely reports on particularly important events and sent them to the chairpersons of the board of statutory auditors, the audit, risk and sustainability committee and the board of directors and the chief executive officer;
- checked the reliability of the information systems, including the accounting systems, as part of the audit plan.

9.4 ORGANISATIONAL MODEL AS PER DECREE NO 231/2001

The company adopted an organisational, management and control model pursuant to Legislative decree no. 231/01 (the “**231 model**”) as resolved by the board of directors on 30 March 2017. This Legislative decree is the Italian reference framework for companies’ administrative liability. The company also adopted a Code of Ethics that is designed to regulate the activities and conduct of all those parties that operate on behalf of the company and the group through rules of behaviour in line with the company’s principles of correctness, loyalty and honesty.

Carel’s 231 model has been prepared on the basis of an analysis of the areas at risk of crime. Specifically, it mapped the risks and assessed the various internal processes assisted by a leading consultancy company. Following this risk self-assessment, performed by interviewing the company’s key management personnel about the risks to which the company is exposed, especially with respect to corruption, the company updated the model to reflect changes to the relevant regulations during 2018. Specifically, as resolved by the board of directors on 12 November 2018, the model: was integrated with the regulations about the protection of whistleblowers in line with the provisions of Law no. 179/2017; was amended to include (i) the crimes provided for by article 2622 of the Italian Civil Code (“False corporate communications of listed companies”) and article 2638 of the Italian Civil Code (“Hindering the work of public supervisory authorities”) and (ii) the reformation of private to private corruption as per article 2635 of the Italian Civil Code and (iii) the instigation to private corruption as per article 2635-bis of the Italian Civil Code; introduced the special sections on the crimes (and administrative offences) of the abuse of inside information and market manipulation by the CFA (market abuse) and the crimes of racism and xenophobia, the latter introduced in the list of predicate crimes of Legislative decree no. 231/2001 as per Law no. 167 of 20 November 2017.

Subsequently, as per the resolution of the board of directors at their meeting on 18 February 2021, the model was integrated to take into account: the organisational changes that had occurred and the provisions of Law no. 3/2019 (the “Spazzacorrotti Law”), which became effective on 31 January 2019, containing measures to combat crimes against the public administration, the time barring of crimes and the transparency of political parties and movements”, amending article 322-bis of the Italian Criminal Code and articles 2635 and 2635-bis of the Italian Civil Code, which already covered the liability of entities, and added the crime of influence peddling (article 346-bis of the Italian Criminal Code) to the list of predicate crimes, while also increasing the bans for crimes committed against the public administration covered by article 25 of Legislative decree no. 231/01; Law no. 39/2019, which became effective on 17 May 2019, ratifying and transposing the European Council’s convention on the manipulation of sports competitions. This law added article 25-quaterdecies to Legislative decree no. 231/01 on fraud in sports competitions, abusive gambling or betting and gambling using banned devices; Law no. 43/2019, which became effective on 11 June 2019, amending article 416-ter of the Italian Criminal Code on mafia clientelism, already included in article 24-ter of Legislative decree no. 231/01; Law no. 133/2019, which went into force on 21 November 2019, converting, with amendments, Decree law no. 105 of 21 September 2019 on the setup of a national cyber security perimeter, and introducing a new type of crime to the list of predicate crimes under Legislative decree no. 231/01 to be punished with fines of up to 400 units and bans; Law no. 157/2019, which became applicable on 25 December 2019 and converted Decree law no. 124 of 26 October 2019 with amendments (the “Fiscal decree”), introducing the new article 25-quinquiesdecies of Legislative decree no. 231/01 as required by Directive (EU) no. 2017/1371 (the PIF Directive). This new legislation added tax crimes to the list of predicate crimes for which entities could have administrative liability; and Legislative decree no. 75/2020 implementing Delegated law no. 117/2019 which, in turn, followed the PIF Directive and became effective on 30 July 2020, especially covering crimes against the public administration, the new tax crimes committed in the scope of fraudulent cross border systems and smuggling. The board of directors made the related changes to the general part, special part A - Crimes against the public administration and special part B - Corporate crimes, updating them to include the new crimes and the tax crimes (with the introduction of special part R on tax crimes).

On 12 May 2023, the board of directors approved a further update to the model, due to the new features concerning, in particular, crimes relating to non-cash means of payment (article 25-octies.1 of the Decree – introduced by Legislative Decree 184/2021) and crimes against cultural heritage (articles 25-septiesdecies and 25-duodevicies of the Decree – introduced by Law no. 22/2022, crimes relating to false or omitted statements for the issue of the preliminary certificate (“Implementation of Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019, amending Directive (EU) 2017/1132 regarding cross-border conversions, mergers and demergers).

The company has general and specific controls and measures to mitigate the risk of unlawful behaviour. The general section of the 231 model and the Code of Ethics are published in the “Legal & Compliance” section of the company’s website www.carel.com.

On 28 February 2019, the board of directors also approved the group’s anti-corruption procedure to combat unlawful practices and corruption in the public and private sectors. The procedure is based on the principles and norms of behaviour set out in the company’s Code of Ethics. Its aim is to achieve the objectives of preventing and combating corruption provided for in the 231 model. It describes the conduct policies and principles about anti-corruption, including in accordance with the requirements of Legislative decree no. 254/2016.

The supervisory body, specifically set up for this purpose, appointed by the company’s board of directors on 30 March 2017 pursuant to article 6 of Legislative decree no. 231/2001, is responsible for supervising the implementation of the model. It also monitors the model’s effectiveness and efficiency and proposes updates or amendments to align it with changes in the company’s structure or in legislation, including through periodic checks of the areas at risk to crime. The supervisory body also ensures compliance with, and the correct functioning and application of the 231 model and the Code of Ethics. It receives any requests for information or reports of violations of either the 231 model or the Code of Ethics.

The board of directors evaluated whether to appoint the company’s legal affairs and compliance manager to the supervisory body in order to ensure coordination between the various parties involved in the internal control and risk management system.

At the report date, the supervisory body comprises Alberto Berardi (external member, chairperson), Alessandro Grassetto (external member) and Arianna Giglio (internal member). The latter heads the company’s legal & corporate affairs office.

For additional information on the group’s strategy, approach, processes and conduct, reference should be made to the *Corporate culture* section of the sustainability statement.

9.5 INDEPENDENT AUDITORS

The auditors engaged to perform the statutory audit of the company’s accounts is Deloitte & Touche S.p.A. (“**Deloitte**” or the “**audit company**”), registered and administrative office in Via Tortona 25, Milan, included in the register of statutory auditors as per article 6 and following articles of Legislative decree no. 39/2010 as amended by Legislative decree no. 135 of 17 July 2016.

On 13 April 2018, the company’s shareholders engaged the audit company, with effect from the first day of the listing of the company’s shares, to perform: (i) the statutory audit of the company’s accounts (including checks that the company’s accounts are kept properly during the year and that accounting entries accurately reflect operations) pursuant to articles 13 and 17 of Legislative decree no. 39/2010 for the years from 2018 to 2026 in relation to the separate and consolidated financial statements and all additional related audit work; and (ii) the review of the condensed interim consolidated financial statements at 30 June of the years from 2019 to 2027.

Deloitte & Touche S.p.A. was engaged to perform a limited assurance engagement on sustainability statement for the 2020-2026 period.

In 2024, the audit company, considering the advancements in the finance function, did not prepare any additional report for the board of statutory auditors

9.6 MANAGER IN CHARGE OF FINANCIAL REPORTING

On 8 May 2020, after obtaining the positive opinion of the board of statutory auditors and considering the professional and reputation requirements as per the regulations in force and the by-laws, the board of directors appointed Nicola Biondo as the manager in charge of financial reporting.

The board of directors acknowledged Nicola Biondo's eligibility to hold this position, considering also the professional and reputation requirements as per article 25 of the by-laws, whereby the manager in charge of financial reporting shall have at least three years' experience in administration and control or management and consultancy with a listed company and/or group or a company or body of significant size and importance, including with respect to the preparation and checking of accounting and corporate documents.

In accordance with article 154-bis of the CFA, the manager in charge of financial reporting: (a) prepares written statements to accompany the company's communications to the market and for financial reports (including interim ones); (b) performs adequate administrative and accounting procedures for the preparation of the annual financial statements (and the consolidated financial statements if these are prepared) and all other financial reports; and (c) confirms in a specific report on the annual financial statements, the condensed interim financial statements and, if prepared, the consolidated financial statements (i) the adequacy and effective application of the administrative and accounting procedures for the preparation of the financial statements; (ii) that the financial statements have been prepared in accordance with the applicable IFRS endorsed by the European Community in accordance with Regulation (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002; (iii) that the financial statements are consistent with the accounting ledgers and records; (iv) that the financial statements are suitable to give a true and fair view of the financial position, financial performance and cash flows of the company and the companies included in the consolidation scope; (v) that, with respect to the annual and consolidated financial statements, the directors' report contains a reliable analysis of the performance and results, the position of the company and the group companies included in the consolidation scope and a description of the main risks and uncertainties to which they are exposed; and (vi) with respect to the condensed interim financial statements, that the directors' report includes a reliable analysis of the information as per article 154-ter.4 of the CFA.

Pursuant to article 154-bis.5-ter of the CFA, the manager in charge of financial reporting also issues, in collaboration with the delegated bodies, the attestation on the sustainability statement.

On 26 February 2025, the board of directors verified (i) that the manager in charge of financial reporting possessed the relevant powers and means to perform the tasks assigned to him pursuant to article 154-bis of the CFA, including with respect to the sustainability statement (ii) compliance with the administrative and accounting procedures.

Nicola Biondo is also Carel Group's chief financial officer.

9.7 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The parties involved in the internal control and risk management system carry out their duties in the manner envisaged by the company to maximise the system's efficiency, to avoid the duplication of procedures and to ensure the effective performance of their duties by the board of statutory auditors.

Specifically, the board of statutory auditors and the audit, risk and sustainability committee exchange information relevant for the performance of their respective duties in a timely manner. The board of statutory auditors, the chief executive officer and the internal audit manager are involved in the work performed by the audit, risk and sustainability committee, as are the legal affairs and compliance manager, the enterprise risk manager and the manager in charge of financial reporting when matters of interest to them are discussed. The committee chairperson, who is also invited to attend the meetings of the board of statutory auditors, ensures that ongoing and comprehensive information about the committee's work is provided to the board of directors.

Furthermore, the enterprise risk manager is responsible for developing and managing the group's enterprise risk management unit through the process of identifying, assessing and controlling the risks within the group and defining actions to mitigate their impact and benefit from possible opportunities.

Since 1 January 2025, Mariangela Centazzo has been heading the enterprise risk management unit as the enterprise risk manager.

10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In order to align the company's corporate governance system with the laws and regulations applicable to listed companies and given the guidelines set out in Consob communication no. DEM/10078683 of 24 September 2010, on 29 March 2018, the board of directors resolved to adopt the related-party procedure effective from the stock market listing date. The role of related party transactions committee was assigned to the audit, risk and sustainability committee. Pursuant to article 4 of the related party regulation, after obtaining the favourable opinion of the audit, risk and sustainability committee, in its role as the related party transactions committee, the board of directors definitively approved the related party procedure on 18 June 2018 which was subsequently updated on 8 June 2021.

The procedure regulates, inter alia, how to structure and approve more relevant related-party transactions, using the criteria set out in the regulation, and less relevant related-party transactions.

As provided for by the related-party regulation, the procedure establishes that more relevant related-party transactions are those in which at least one of the relevance parameters in Annex 3 to the regulation is higher than 5%. In this case, the company's finance unit checks whether the procedure needs to be applied to the specific transaction, be it either a more or less relevant related-party transaction.

The board of directors instructed the finance unit to identify and develop operating solutions for the timely identification of parties that classify as "related" and an efficient system to monitor transactions carried out with these parties.

The full version of the related-party procedure is available in the Corporate Governance/Procedures and Regulations section of the company's website www.carel.com.

Unless provided for by the applicable instructions, the directors are not subject to specific obligations when they have interests in a certain transaction either directly or on behalf of third parties. Before the related resolution is passed, the board of directors asks its members whether they have an interest in the transaction to be resolved on either directly or on behalf of a third party.

11.0. BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND REPLACEMENT

The board of statutory auditors comprises 3 (three) standing statutory auditors and 2 (two) alternate statutory auditors.

The statutory auditors shall meet the reputational, professional and independence requirements and the limit to the number of positions they may hold established by the law and regulations in force from time to time. In accordance with article 1.2.b)/c) of the Ministry of Justice's decree no. 162 of 30 March 2000, subjects related to commercial law, company law, tax law, economics, finance and similar or identical subjects are those considered to be closely related to the company's activities as are the subjects and sectors related to the company's business sector.

The statutory auditors have a term of office of three years, can be re-elected and fall from office at the shareholders' meeting held to approve the financial statements for the third year of their office.

As provided for by article 23 of the by-laws, the statutory auditors are elected by the shareholders using lists presented by them.

Shareholders that, when the list is presented, either individually or jointly hold a number of shares equal to the percentage established by Consob pursuant to the applicable legislation and regulations for the presentation of lists of candidate directors may present lists of candidate statutory auditors. In accordance with the applicable legal, regulatory and by-laws provisions and Consob management decision no. 123 of 28 January 2025, the lists of candidates may be presented by shareholders that either individually or jointly hold a number of shares equal to at least 1% of the shares with voting rights in ordinary shareholders' meetings.

The lists are lodged at the company's registered office using the methods established by the ruling regulations at least 25 days before the meeting called to resolve on the appointment of directors. The company shall make the lists available to the public at least 21 days before the meeting date using the methods established by the ruling regulations.

If just one list has been lodged by the deadline for the presentation of the lists, additional lists may be presented up to the third day after the deadline by shareholders that, when the list is presented, either individually or jointly hold a number of shares equal to at least half the minimum number required by the above regulations.

Each list:

- shall set out the names of one or more candidates for the position of standing statutory auditor and one or more candidates for the position of alternate statutory auditor in the relevant section ("standing statutory auditors" section, "alternate statutory auditors" section) in consecutive numbered order for a number of candidates that do not exceed the number of positions to be held;
- shall indicate, if it includes a number of candidates equal to or more than three, a list of candidates in both sections sufficient to ensure that the composition of the board of statutory auditors, both for the standing and alternate statutory auditors, complies with the laws and regulations in force from time to time, about gender balance (should allocation of this requirement not give rise to a whole number, it shall be rounded as provided for by the laws and regulations applicable from time to time);
- shall have the documentation required by the by-laws and all other statements, information and/or documents required by law and the application regulations attached as an annex thereto.

Shareholders, including those belonging to the same group of companies or that have entered into a significant shareholder agreement as per article 122 of the CFA, may not present or jointly present more than one list, nor may they vote for more than one list, including via trustees or nominees.

Each candidate may run for just one list in order to be eligible.

A) In the presence of two or more lists, voting proceeds and the board of statutory auditors is formed based on the following provisions:

- candidates from the two lists with the most votes are elected by applying the following criteria: (i) two standing statutory auditors and one alternate statutory auditor are taken from the list that obtained the most votes (the “majority list”) in consecutive order of presentation; (ii) the third standing statutory auditor (the “minority statutory auditor”), who will act as the chairperson, and the second alternate auditor (the “minority alternate statutory auditor”) are taken from the list that received the second most votes and is not linked (including indirectly) to the shareholders that presented or voted for the majority list in accordance with the applicable instructions);
- should lists receive the same number of votes, the shareholders re-vote solely for these lists and the winning list is that which receives the most votes;
- if the regulations about gender balance established by the laws and regulations in force from time to time, including the upwards rounding to a whole number if application of the gender balance criteria does not result in a whole number, are not complied with using the above methods, the candidate for the position of standing statutory auditor or alternate statutory auditor of the most represented gender elected last in consecutive order from the majority list is excluded and is replaced with the first unelected candidate on the same list of the other gender;

B) When just one list is presented, the shareholders vote for this list and, if it obtains a majority, three standing statutory auditors and two alternate statutory auditors indicated as such in that list are elected in line with the laws and regulations in force from time to time, including with respect to gender balance, and the rounding upwards to a whole number if application of the gender balance criteria does not result in a whole number.

C) If no lists are presented, or it is not possible to elect the board of statutory auditors using the methods set out in article 23 of the by-laws for any reason whatsoever, the shareholders elect the three standing statutory auditors and the two alternate statutory auditors by ordinary majority vote as established by law, in accordance with the laws and regulations in force from time to time, including with respect to gender balance, and the rounding as provided for by the laws and regulations applicable from time to time if application of the gender balance criteria does not result in a whole number.

Should a standing statutory auditor leave office for any reason, without prejudice to the requirements about gender balance established by the laws and regulations in force from time to time, the following procedure is adopted: (i) should a standing statutory auditor elected from the majority list leave office, they are replaced by the alternate statutory auditor elected from the same majority list; (ii) should the minority statutory auditor, who is also the chairperson, leave office, they are replaced by the minority alternate statutory auditor, who becomes the chairperson. If, for any reason, it is not possible to adopt this procedure, a shareholders’ meeting is called so that the shareholders can elect a new statutory auditor using the ordinary majority vote system and without using the list voting mechanism, as long as the requirements about gender balance established by the laws and regulations in force from time to time are met.

The statutory auditors are independent of the shareholders, including those that elected them.

11.2. COMPOSITION AND ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS (ARTICLE 123-BIS.2.D/D-BIS OF THE CFA)

In their ordinary meeting on 18 April 2024, the shareholders appointed the current board of statutory auditors, for a three-year term of office, expiring when the shareholders’ meeting is called to approve the financial statements at 31 December 2026. It comprises the following members: Paolo Prandi, as

chairperson, Saverio Bozzolan and Gianna Adami as standing statutory auditors and Fabio Gallio and Elena Angela Maria Valenti as alternate statutory auditors.

The statutory auditors' personal and professional characteristics are summarised below.

Paolo Prandi, with a degree in economics and commerce from Brescia University, is a temporary lecturer at the Teramo University in the following courses: a) financial markets and institutions, and b) stock and real estate market. After two decades of international experience as a consultant (McKinsey), manager (Pepsi Cola) and entrepreneur, since 2005, he has worked on extraordinary corporate finance transactions, corporate restructurings, internationalisation, marketing and acts as an advisor to private equity funds. He has taught at Università Cattolica del Sacro Cuore and at Brescia University. He holds the role of director, statutory auditor, member and even chairperson, of supervisory bodies in manufacturing and financial companies, both listed and otherwise. On appointment by the chairperson of the Brescia Court, he also serves in the Brescia disciplinary council of the order of chartered accountants (Consiglio di disciplina dell'ordine dei dottori commercialisti). He is a technical expert of the Court of Brescia. He has penned publications on corporate governance, insurance, business management and risk management. He is chairperson of Fondazione Nazionale Cinzia Dabrassi. At the report date, he is chairperson of the company's board of statutory auditors.

Saverio Bozzolan, after earning a degree in statistics and economics (with a focus on business) from the University of Padua, earned a PhD in Economics from Ca' Foscari University of Venice. He is a full professor of financial statement analysis and compliance management and internal auditing at the LUISS Guido Carli University in Rome. He is also director of the master's degree programme in accounting, finance and control and coordinator of the executive programmes in compliance and risk management of the LUISS Business School. Saverio has written over 60 Italian and international publications on corporate governance, risk analysis and assessment, internal controls/company compliance and economic and financial reporting. He holds positions as statutory auditor in listed and unlisted companies. At the report date, he is a standing statutory auditor of the company.

Gianna Adami, graduated with honours in economics and business from Ca' Foscari University in Venice. She is included in the register of chartered accountants of Padua and the register of certified auditors. From 1993 to 2008, Gianna was also a member of the Italian accounting profession (*Commissione nazionale per la statuizione dei principi di revisione*). She is a temporary lecturer on international accounting standards and consolidated financial statements at the Belluno branch of the LUISS Business School. Her professional career began at Arthur Andersen in 1982 where she became a partner in 1994. From 2003 to 2020, she was a partner of the audit company Deloitte & Touche S.p.A. where she was in charge of the audit of the individual and consolidated financial statements of companies and groups, both private and listed, mainly operating in the manufacturing and retail sectors, and of the limited assurance engagements carried out on the consolidated non-financial statement prepared by listed companies pursuant to Legislative decree no. 254 of 2016. Gianna was also involved in extraordinary finance transactions carried out by listed companies and coordinated engagements for the transition to International Financial Reporting Standards (IFRS) and US GAAP aimed at listing projects on the US market. She also operated in business crisis contexts where she handled issues caused by uncertainty as to the ability to continue as a going concern. Since 2020 she has been an independent director of Somec S.p.A., acting also as lead independent director and chairperson of the remuneration and related party committee. Furthermore, Gianna is a member of the audit, risk and sustainability committee.

Fabio Gallio, after earning a degree in economics from Ca' Foscari University in Venice in 1995 and a degree in law from Parma University in 1997, he worked with the law firms of the Ernst & Young and Deloitte & Touche networks from 1998 to 2004. Since 2005, he has been an associate of Studio Terrin, based in Padua and Milan. He was a standing statutory auditor for the company for the 2014-2016 three-year period. In 2017, he became an alternate statutory auditor for the company, as he still is at the date of this report.

Elena Angela Maria Valenti Chartered accountant and register auditor, she is specialised in tax consultancy and has collaborated with leading international firms for over 30 years. These include Studio Associato Legale e Tributario (Ernst & Young network) where she grew professionally for sixteen years, StudioTributario e Societario (Deloitte) and Studio Associato Servizi Professionali Integrati (Fieldfisher). She is also a consultant for Ecovis STlex Studio Legale e Tributario (Ecovis). Elena has gained significant experience in consulting for multinational groups and is an expert on international taxation of individuals and tax and social security issues of international worker mobility. She is also a standing statutory auditor in leading companies. At the report date, she is a standing statutory auditor of the company.

During the year, the board of statutory auditors met 15 times, with the following attendance percentage of each standing statutory auditor. The average length of the meetings was five and a half hours.

Paolo Prandi	15/15	100%
Saverio Bozzolan	15/15	100%
Claudia Civolani (*) (in office until 18/04/2024)	7/7	100%
Gianna Adami (**) (in office since 18/04/2024)	8/8	100%

(*) Claudia Civolani was present at all seven of the meetings held during the year in which she was standing statutory auditor.

(**) Gianna Adami was present at all eight of the meetings held during the year in which she was standing statutory auditor.

Fourteen meetings have been scheduled for 2025, before its mandate ends, of which four have already been held at the report date.

A board of statutory auditors' meeting is called by the chairperson and may also be prompted by any of the statutory auditors. It is deemed to be validly constituted when the majority of its members are present and it passes resolutions by absolute majority vote.

During the year, none of the statutory auditors left office nor were changes made to the board of statutory auditors either at 31 December 2024 or the report date. The mandate for board of statutory auditors in office, at the report date, will expire with the approval of the financial statements at 31 December 2026.

More information about the company's board of statutory auditors is provided in Table 4 (attached).

In order to carry out their duties, the statutory auditors may, also individually, ask the directors for updates and clarifications about the information sent to them and, more generally, about the company's operations or specific transactions. They may perform inspections or checks of such information at any time. The board of statutory auditors, the audit company and the audit, risk and sustainability committee exchange information and data useful for carrying out their respective duties.

In order to have both timely, regular and effective information flows and a valid support for the relevant activities, the board of statutory auditors has requested that the internal audit manager attends all its meetings along with the chief quality and enterprise risk management officer.

The board of statutory auditors has also invited the chairperson of the audit, risk and sustainability committee to attend its meetings.

The board of statutory auditors carried out its control activities in compliance with the plan, which also takes into account the company's financial reporting schedule. In this context, the board of statutory auditors met with company management, including the chief executive officer, the general manager and the manager in charge of financial reporting.

With respect to the projects designed to provide the statutory auditors with a suitable understanding of the business sectors in which Carel operates, the chairperson of the board of directors organises induction sessions to provide the statutory auditors with a suitable understanding of the business sectors, also in the light of the company's performance and changes in its ownership structure.

These sessions provided an overview and in-depth look at the company's various business segments through reports and presentations prepared by senior management in the areas of R&D, marketing and sales, HR and organisation, operations and administration and finance and control. Thanks to these meetings, the statutory auditors obtained an understanding of the group's business model and products/markets, its competitive leverage, its core operations and R&D, HRM strategies and the functioning of the administration, finance and control unit, especially as regards critical issues and risks.

For additional information on the composition and diversity of the administrative, management and supervisory bodies, reference should be made to the *Carel's corporate governance structure* section of the sustainability statement.

For additional information on the expertise and skills of the administrative, management and supervisory bodies, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

Diversity criteria and policies

Carel has applied diversity criteria (including for gender) in the composition of its board of statutory auditors, with due regard for the key objective of ensuring adequate expertise and professionalism among its members.

Given the company's structure and size, as well as its ownership structure and list voting mechanism provided for by the by-laws, which guarantees transparent elections and a balanced composition of the board of directors, in its meeting of 26 February 2025, the board of directors did not deem it necessary to adopt specific diversity policies and/or practices with respect to the composition of the boards of directors and statutory auditors and the age, gender and educational and professional background of the various members.

In their extraordinary meeting of 20 April 2021, the shareholders of Carel approved the proposals to amend articles 17 and 23 of the by-laws, in compliance with the budget law no. 160/2019 containing provisions on gender quotas for the boards of directors and statutory auditors of listed companies.

The composition of the board of statutory auditors complies with the provisions on gender quotas for the company bodies of listed companies.

For additional information on the composition and diversity of the administrative, management and supervisory bodies, reference should be made to the *Carel's corporate governance structure* section of the sustainability statement.

Independence

The board of statutory auditors:

- assessed the independence of its members just after their appointment;
- once a year, checked the existence of the independence requirements for each of its members;
- in carrying out the above assessments, considered all available information supplied by each member of the board of statutory auditors, evaluating all circumstances that could compromise independence as defined by the CFA and the Code, applying (inter alia) all criteria provided for by the code with reference to the independence of directors.
- on 18 April 2024, at the beginning of its term of office, the board of directors set quantitative and qualitative criteria for the assessment of the significance of circumstances relevant under the Code, for the purposes of assessing the independence of directors and statutory auditors (see section 4.7).

The board of statutory auditors checked that the assessment criteria and procedures applied by the board of directors to assess its members' independence had been applied correctly.

The composition of the board of statutory auditors is adequate to ensure its independence and professionalism. On 18 April 2024, and subsequently on an annual basis, the board of statutory auditors found that its elected members met the independence, integrity and professionalism requirement. Finally, on 17 February 2025, the board of statutory auditors performed its annual test of their independence,

integrity and professionalism throughout the year, as required by recommendation 9 of the Code of Corporate Governance. Based on the information provided by the parties and the information available to the company, there are no situations that could compromise their independence or their independent judgement. As part of this test, the board of statutory auditors applied all the criteria set out in the Code of Corporate Governance in respect of the independence of directors, considering also the quantitative and qualitative criteria for the assessment of the significance of circumstances relevant under the Code, for the purposes of assessing the independence criteria adopted by the board of directors on 18 April 2024 (see section 4.7). The board of statutory auditors informed the board of directors of the results of the check.

On 17 February 2025, the board of statutory auditors also performed a self-assessment exercise as per the Code of conduct of statutory auditors of listed companies (Rule Q.1.1) and informed the chairperson of the board of directors of its findings. On 13 March 2025, the board of directors acknowledged the board of statutory auditors' self-assessment report, in accordance with Rule Q.1.7 of the Code of conduct of statutory auditors of listed companies issued by the Italian Accounting Profession (as published on 31 December 2024). This check resulted in, among other things, a positive evaluation:

- its professionalism, expertise and experience in accordance with the regulations and by-laws;
- the availability given by its members to carry out their duties as planned;
- the number of positions held in line with the regulations and by-laws;
- the correct composition of the board in terms of gender and age;
- the proper composition of the board considering its planned supervisory activities and methods applied to perform them;
- its action plan's compliance with the company's requirements;
- the adequacy and timeliness of the information provided.

Remuneration

Information about the statutory auditors' remuneration is available in the remuneration report, to which reference should be made, prepared in accordance with article 123-ter of the CFA and article 84-quater of the Issuers' Regulation, and in compliance with the recommendations of article 5 of the Code which can be found on the company's website (www.carel.com) or consulted using the other methods provided for by the ruling regulations.

Management of interests

The directors are not subject to specific obligations when they have interests in a certain transaction either directly or on behalf of third parties. Before the related resolution is passed, the board of directors asks the members of the board of statutory auditors whether they have an interest in the transaction to be resolved on. If a statutory auditor has an interest in a specific transaction, either directly or on behalf of another party, they must promptly provide the other statutory auditors and the chairperson of the board of directors with exhaustive information about the nature, terms, origin and scope of their interest.

11.3 ROLE

For more information on the role and the main activities carried out by the company's board of statutory auditors during the year, reference should be made to the report prepared by the board of statutory auditors pursuant to article 153 of the CFA, which is published together with the 2024 annual financial report.

For additional information on the role and responsibilities of the administrative, management and supervisory bodies in charge of monitoring the material impacts, risks and opportunities within these bodies, as well as considering their role in the relevant governance procedures, reference should be

made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

For additional information on how the administrative, management and supervisory bodies are informed about sustainability matters and how these matters were addressed during the reporting period, reference should be made to the *Role of governance bodies in managing sustainability issues* section of the sustainability statement.

12. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Access to information

An easy-to find, easy-to-use section of the company's website provides company information that is particularly important to its shareholders, so that they may exercise their rights in an informed manner, and to company's key stakeholders.

On 29 March 2018, the board of directors set up an investor relations unit and appointed Francesco Nalini as the investor relations manager, effective from the stock market listing date, to manage relations with the shareholders. He was replaced by Giampiero Grosso on 27 August 2018.

More information about the unit is available in the Investor Relations/Corporate Governance section of the company's website www.carel.com

Communication with shareholders and other key stakeholders

The board of directors fosters ongoing dialogue with the shareholders, underpinned by an understanding of their reciprocal roles.

On 4 March 2021, in accordance with article 1, recommendation 3 of the Code of Corporate Governance, the board of directors adopted a shareholder dialogue policy as proposed by the chairperson and agreed with the chief executive officer. This policy is available on the company's website www.carel.com in the Corporate Governance/Procedures and Regulations section, to which reference should be made for more information.

The company regularly shares in-depth and timely information about its operations to investors, the market and the press, except where such information is confidential. This disclosure is made through press releases, periodic (at least quarterly) meetings with institutional investors, the financial community and the press, as well as ample documentation and numerous publications made available and constantly updated on the company's website, specifically in the Investors Relations section. Further information can also be requested via e-mail to giampiero.grosso@carel.com or by telephone at +39 0499731961.

The company attended industry conferences and meetings during the year, such as:

- STAR Conference – Milan: in late March 2024, the group took part in the STAR Conference organised by Euronext at Palazzo Mezzanotte, which assembles most companies listed on the Euronext STAR Milan to meet with a large number of Italian and foreign investors;
- Mediobanca CEO Conference – Milan: at the end of June 2024, the group took part in the ninth edition of the Mediobanca CEO Conference which convenes leading industrial and financial companies listed on Euronext/Borsa Italiana;
- Goldman Sachs European Industrial Conference – London: in early December 2024, the group took part in the 17th edition of the Goldman Sachs European Industrial Conference, which brings leading industrial companies on the European scene together in the UK capital;

In addition, together with some brokers, the group organised a series of roadshows in some of the leading financial hubs in Europe, including Frankfurt, Paris, Copenhagen and, for the first time, also in Stockholm and Oslo.

During such events, the group used the same informational material distributed and stored for the presentation of the quarterly results via the “emarketstorage” system and published on the Investor Relations section of the company’s website (www.carel.com).

During the year, the chairperson of the board also made sure that the board was kept abreast of the progress and significant content of the dialogue with shareholders.

For additional information on stakeholders and how their interests and opinions are taken into account in the company’s strategy and business model, reference should be made to the *Interests and views of stakeholders* section of the sustainability statement.

13. SHAREHOLDERS’ MEETINGS (ARTICLE 123-BIS.1.L) AND .2C) OF THE CFA)

All the directors attend the shareholders’ meetings as a rule. The directors foster the broadest participation of the shareholders in the meetings and facilitate the exercise of their rights.

Shareholders’ meetings are also an opportunity to disclose information about the issuer to shareholders, in compliance with the rules on inside information. Specifically, the board of directors reports to the shareholders on the activities performed and planned and ensures that the shareholders are kept adequately abreast of the necessary information so that they can knowledgeably take the relevant resolutions in their meeting. The chairperson of each board committee reports to the shareholders on the manner in which the committee carried out its duties. Ordinary and extraordinary meetings of the shareholders are held on single call in accordance with article 2369.1 of the Italian Civil Code. However, the board of directors may provide that a meeting (either ordinary or extraordinary) can be held on more than one call if this is necessary and specifically stated in the notice of the meeting. In this case, the majority votes established by law for meetings that take place on more than one call for listed companies are applied.

The board of directors has the authority to call meetings of the shareholders, while the board of statutory auditors or at least two of its members may also call a meeting as provided for by article 151 of the CFA and other applicable laws and regulations.

In accordance with article 10 of the by-laws, the legitimate participation in a meeting is confirmed by a communication sent to the company by the broker authorised to do so by law, based on the information in its accounts at the end of the accounting day of the seventh open market day before that set for the meeting on single call, as legally provided for.

Shareholders that may legitimately participate in a meeting may be represented by proxy as provided for by law. Electronic notification of the proxy may be made using the methods specified in the notice calling the meeting either by email to the company’s certified email address specified in the notice or using the specific section on the company’s website.

For each meeting, the company may designate a person - specified in the notice of call - as the appointed representative, including on an exclusive basis, to whom the shareholders may grant a proxy with voting instructions on all or some of the proposals on the agenda, by the deadlines and according to the procedures envisaged by law applicable from time to time.

Where required and/or permitted by the laws in force at the time, the company may decide that attendance and the exercise of voting rights at the shareholders’ meeting may also take place exclusively by granting a proxy (or sub-proxy) to the appointed representative. To this end, the company may

establish in the meeting notice that attendance and the exercise of voting rights shall take place exclusively through the appointed representative.

If the company avails of the option set forth in the above paragraph, and where provided for and/or permitted by the laws and regulations in force at the time, the company may decide that participation in the shareholders' meeting by the entitled parties (directors, statutory auditors, representatives of the independent auditors, notary public, appointed representative and other parties who are entitled to participate in the shareholders' meeting pursuant to the law and the by-laws, other than those entitled to vote) may also or only take place by telecommunication means that guarantee their identification, without the need for the chairperson, secretary and/or notary public to be in the same venue, provided that the plenary method and the principles of good faith and equal treatment of all shareholders are applied and, specifically, as long as: (a) the meeting chair can check the identity of the participants, direct the meeting and check and announce the results of any votes; (b) the meeting secretary can adequately follow the meeting for which they are taking the minutes; and (c) the participants can participate in the discussions and simultaneous voting on the matters on the agenda.

The shareholders pass resolutions on matters reserved to them by law or the by-laws in ordinary and extraordinary meetings using the majority votes established by law.

Each share has one voting right to be exercised at meetings, unless provided for otherwise by article 13 of the by-laws about the loyalty shares. For additional information on the existence of loyalty shares and the relevant regulations, reference should be made to section 2.d) of this report. These meetings are presided by the chairperson of the board of directors. Should they be absent or unable to attend, the meeting is presided by the deputy chairperson, if appointed, or if they are absent or unable to attend, by the person designated by the shareholders.

The meeting chairperson's duties, powers and functions are regulated by law.

As provided for by article 16 of the by-laws, the chairperson is assisted by a secretary appointed by the shareholders and proposed by the chairperson. The secretary takes minutes.

In the case of extraordinary meetings or when deemed advisable by the chairperson, a notary public is elected secretary, upon the chairperson's recommendation and in accordance with the law.

Meeting minutes are written up as per article 2375 of the Italian Civil Code and other ruling laws and regulations.

In addition to the law and the by-laws, the meeting proceedings are regulated by the shareholders' meeting regulation approved by the shareholders on 29 March 2018. This regulation can be consulted on the company's website www.carel.com in the Corporate Governance/Procedures and Regulations section.

In accordance with the meeting resolution, parties that intend to speak at meetings must request the permission of the meeting chair or the secretary, specifying the matter on the agenda they wish to speak on. Requests may be made until the meeting chair states that the discussions on the relevant matter have ended.

Participants may request to speak for a second time during the same discussion for not more than five minutes solely to respond to another party or to communicate how they intend to vote.

The shareholders met once during the year.

All the directors were present at this meeting. The board of directors reported to the shareholders on the activities performed and planned and ensured that the shareholders are kept adequately abreast of the necessary information so that they can knowledgeably take the relevant resolutions in their meeting.

On 21 February 2022, and more recently on 13 March 2025, the board did not deem it necessary or advisable to prepare reasoned proposals to be submitted to the shareholders for the definition of a different corporate governance system, deeming the current corporate governance system of the company and the group it heads to be adequate and functional.

14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (ARTICLE 123-BIS.2.A), PART 2, OF THE CFA)

At the report date, the company has not adopted any additional corporate governance practices to those indicated herein.

15. CHANGES SINCE 31 DECEMBER 2024

Except for that set out herein, no changes in the company's corporate governance structure have taken place in the period from 31 December 2024 to the report date.

16. CONSIDERATIONS ON THE LETTER OF THE CORPORATE GOVERNANCE COMMITTEE CHAIRPERSON

The recommendations of the letter sent by the chairperson of Borsa Italiana's Corporate Governance Committee dated 18 December 2024 have been brought to the attention of the board of directors and its committees on 26 February 2025. These were considered, also at the time of the self-assessment, in order to identify any developments in corporate governance or to close any gaps in the application or explanations provided. The board of statutory auditors also reviewed these recommendations on 17 February 2025, within their area of responsibility.

The recommendations for 2025 are intended to enable companies to enhance their level of disclosure in relation to their practices and their consistency with the Code's recommendations, as well as to adequately represent the reasons for any deviations.

The considerations of the company and the initiatives planned and/or undertaken in relation to these recommendations are described below.

With respect to the recommendation to establish complete and timely procedures for managing information to be provided to directors prior to board meetings, ensuring that adequate documentation is sent on time, the board of directors adopted regulations defining the rules for the functioning of the board and its committees, including procedures to manage information to be provided to the directors and specifying the timeline for sending information (sufficiently in advance of the meeting, usually once it has been called) and the methods to protect data and information provided so as not to jeopardise the timeliness and completeness of information streams.

As specified in section I, during the year, for all board and committee meetings, the members of the board and committees are provided, sufficiently in advance, generally two days beforehand on average, and via upload to Google Drive, with the documentation and information needed to knowledgeably express an opinion on the items submitted for their examination. When the documentation relating to the items on the agenda was extensive or complex, the information was provided in brief presentations accompanied by tables and charts. The current regulations stipulate that the time limit for making available the documentation may be extended or reduced, only in the case of documentation of particular relevance and/or complexity, or urgent or evolving operations, while they do not provide for hypotheses of derogation from the above time limit for reasons of confidentiality (since a special electronic system for the management and sharing of documents with confidential access, dedicated to Board of Directors meetings, is already provided for this purpose). During the year, as clarified in Section I, there were no recorded instances of this time limit being reduced or extended.

With respect to the recommendation to provide all useful information on how Recommendation 27 is to be applied, it is be noted that the remuneration policy for executive directors, directors holding special offices and top managers applied by the company provides for an appropriate balance between the fixed and the variable component, the latter being both short-term (STI) and long-term (LTI).

Specifically, for the purposes of variable remuneration (short-term and/or long-term), alongside objectives which are more strictly linked to the economic-financial performance of the business, ESG parameters have been introduced, linked to the assessment of the impact of the company's activities on the environment, social aspects and governance.

For additional information on performance targets related to sustainability and ESG values, reference should be made to the remuneration report and the sustainability statement section on *Integration of sustainability-related performance in incentive schemes*.

With respect to the recommendation to provide all useful information on how to apply Recommendation 4, it is noted that, on 18 April 2024, by applying this recommendation, the board of directors granted the chairperson of the board of directors delegated powers that were not significant in terms of management, which were instead assigned to the chief executive officer.

* * *

Brugine, 13 March 2025

Carel Industries S.p.A.
Chairperson of the board of directors
Luigi Rossi Luciani

TABLE 1: THE OWNERSHIP STRUCTURE AT THE REPORT DATE

SHARE CAPITAL				
	No. of shares	No. of voting rights	Listed (indicate market) / unlisted	Rights and obligations
Ordinary shares (of which loyalty shares)	112,499,205 (of which, 59,292,439 loyalty shares)	171,791,644	Listed (Euronext STAR Milan – Italian Stock Exchange)	Dematerialised shares in accordance with article 83-bis and following articles of the CFA. They can be transferred and have the same dividend and voting rights established by the law and the by-laws, except for that provided for by article 13 of the by-laws.
Preference shares	-	-	-	-
Shares with multiple voting rights	-	-	-	-
Other shares with voting rights	-	-	-	-
Savings shares	-	-	-	-
Convertible savings shares	-	-	-	-
Other shares without voting rights	-	-	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENTS				
(giving the right to subscribe new shares)				
	Listed (indicate market) / unlisted	No. of instruments outstanding	Category of shares to serve conversion / exercise	No. of shares to serve conversion / exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT INVESTMENTS			
	Direct shareholder	% of ordinary shares	% of shares with voting rights
Carlotta Rossi Luciani (as joint representative of the undivided co-ownership of shares with Cecilia Rossi Luciani and Vittorio Rossi Luciani)	Luigi Rossi Luciani S.p.a.	33.96%	44.46%
Valerio Nalini (as joint representative of the undivided co-ownership of shares with Francesco and Chiara Nalini)	Athena FH S.p.A.	18.79%	24.59%

TABLES

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE REPORTING DATE

BOARD OF DIRECTORS													
Position	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (presented by) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. Code	Indep. CFA	No. of other offices held (****)	Attendance (*****)
Chairperson	Luigi Rossi Luciani	1945	23/01/2009	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	YES	NO	NO	NO	17	7/7
Deputy chairperson	Luigi Nalini	1942	23/01/2009	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	YES	NO	NO	NO	4	7/7
Managing director and chief executive officer • ◇	Francesco Nalini	1973	23/01/2009	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	YES	NO	NO	NO	9	7/7
Director	Carlotta Rossi Luciani	1982	29/03/2018	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	YES	NO	NO	NO	3	7/7
Director	Cinzia Donalisio	1960	29/03/2018	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	NO	YES	YES	YES	3	7/7
Director	Marina Manna	1960	29/03/2018	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	NO	YES	YES	YES	17	6/7
Director □	Mario Cesari	1967	18/04/2024	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	NO	YES	YES	YES	2	4/4
Director	Laura Rovizzi	1964	18/04/2024	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	M	NO	YES	YES	YES	2	4/4
Director	Gianluigi Vittorio Castelli	1954	18/04/2024	18/04/2024	Approval of financial statements at 31/12/2026	Shareholders	m	NO	YES	YES	YES	3	3/4
DIRECTORS WHO LEFT OFFICE DURING THE YEAR													
Director	Maria Grazia Filippini	1964	20/04/2021	20/04/2021	18/04/2024	Shareholders	m	NO	YES	YES	YES	/	3/3

Number of meetings held in 2024: 7

Quorum necessary to present lists by non-controlling interests to elect one or more members (article 147-ter of the CFA): 1%

NOTE

- The following symbols shall be included in the “Position” column:

Indicates the director in charge of the internal control and risk management system.

◇ Indicates the chief executive officer (CEO).

□ Indicates the lead independent director (LID).

(*) The date of first appointment of each director is the date on which they were elected for the first time as a member of the company's board of directors.

(**) This column shows whether the list from which each director has been selected was presented by the shareholders ("shareholders") or the board of directors ("BoD").

(***) This column shows whether the list from which each director has been selected was a majority ("M") or minority ("m") list.

(****) This column shows the number of positions as director or statutory auditor held by the relevant party in other listed or large companies. These positions are detailed in the report on corporate governance.

(*****) This column shows the directors' attendance at board meetings (indicate the number of meetings attended compared to the total number, e.g., 6/8, 8/8, etc.).

TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE REPORTING DATE

Board of directors		Executive committee		Related-party transactions committee		Audit, risk and sustainability committee		Remuneration committee		Appointments committee		Other committee		Other committee	
Position/Role	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Non-executive independent director as per the CFA and the Code	Cinzia Donalisio	-	-	-	M	9/9	M	6/6	C	-	-	-	-	-	-
Non-executive independent director as per the CFA and the Code	Marina Manna	-	-	-	C	9/9	C	6/6	M	-	-	-	-	-	-
Non-executive independent director as per the CFA and the Code	Mario Cesari	-	-	-	M	6/6	M	4/4	M	-	-	-	-	-	-
DIRECTORS WHO LEFT OFFICE DURING THE YEAR															
Non-executive independent director as per the CFA and the Code	Maria Grazia Filippini	-	-	-	M	3/3	M	2/2	M	-	-	-	-	-	-

MEMBERS WHO ARE NOT DIRECTORS

Manager of the company/Other	-	-	-	4	1
Number of meetings held in 2024:	-	9	6	-	-

For the remuneration committee: Carlo Vanin

For the audit, risk and sustainability committee: Alberto Bianchi, Fabio Boeri, Mariangela Centazzo, Marzia Tonon

NOTE

(*) This column shows the directors' attendance at committee meetings (indicate the number of meetings attended compared to the total number, e.g., 6/8, 8/8, etc.).

(**) This column shows the position of the director in the committee: "C": chairperson; "M": member.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE REPORTING DATE

BOARD OF STATUTORY AUDITORS									
Position	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (M/m) (**)	Indep. as per Code	Attendance of meetings (***)	No. of other offices held (****)
Chairperson	Paolo Prandi	1961	20/04/2021	18/04/2024	Approval of financial statements at 31/12/2026	m	YES	15/15	10
Standing statutory auditor	Saverio Bozzolan	1967	29/03/2018	18/04/2024	Approval of financial statements at 31/12/2026	M	YES	15/15	5
Standing statutory auditor	Gianna Adami	1957	18/04/2024	18/04/2024	Approval of financial statements at 31/12/2026	M	YES	8/8	6
Alternate statutory auditor	Fabio Gallio	1970	16/05/2011	18/04/2024	Approval of financial statements at 31/12/2026	M	YES	-	46
Alternate statutory auditor	Elena Angela Maria	1963	18/04/2024	18/04/2024	Approval of financial statements at 31/12/2026	M	YES	-	5
STATUTORY AUDITORS WHO LEFT OFFICE DURING THE YEAR									
Standing statutory auditor	Claudia Civolani	1966	29/03/2018	20/04/2021	18/04/2024	M	YES	7/7	-
Alternate statutory auditor	Camilla Menini	1963	14/09/2023	14/09/2023	18/04/2024	M	YES	-	-

Number of meetings held in 2024: 15

Quorum necessary to present lists by non-controlling interests to elect one or more members (article 147-ter of the CFA): 1%

NOTE

(*) The date of first appointment of each statutory auditor is the date on which they were elected for the first time as a member of the company's board of statutory auditors.

(**) This column shows whether the list from which each statutory auditor has been selected was a majority ("M") or minority ("m") list.

(***) This column shows the statutory auditors' attendance at board meetings (indicate the number of meetings attended compared to the total number, e.g., 6/8, 8/8, etc.).

(****) This column shows the number of positions as director or statutory auditor held by the statutory auditors as per article 148-bis of the CFA and related implementation guidelines set out in the Issuers' Regulation. A complete list of the positions is published by Consob on its website in accordance with article 144-quinquiesdecies of the Issuers' Regulation.



List of positions held by the directors in office at the report date

List of positions held by **Luigi Rossi Luciani**

	Position
Carel Industries S.p.A.	Chairperson of the board of directors
Luigi Rossi Luciani S.a.p.a. *	Chairperson of the board of directors
Nastrificio Victor S.p.A. *	Chairperson of the board of directors
Eurotest Laboratori S.r.l. *	Chairperson of the board of directors
Panther S.r.l. *	Chairperson of the board of directors
Ots S.r.l. *	Chairperson of the board of directors
RN Real Estate S.r.l. *	Chairperson of the board of directors
New Frontier S.r.l. *	Director
Carel Acr Systems India Pvt Ltd *	Chairperson of the board of directors
Carel Middle East DWC	Member of the board of directors
Carel Real Estate Adriatic d.o.o. *	Director
Sorgente Valcimoliana S.r.l. *	Chairperson of the board of directors
Femogas S.p.A. *	Chairperson of the board of directors
JVP S.r.l. *	Member of the board of directors
Award Shoes S.r.l. *	Chairperson of the board of directors
Le Volpi & Monte Fasolo Soc. Agr. *	Chairperson of the board of directors
Fondazione di Comunità della Saccisica	Chairperson

* The company is not part of the group headed by the company.

List of positions held by **Luigi Nalini**

	Position
Carel Industries S.p.A.	Deputy chairperson of the board of directors
Athena S.p.A. *	Chairperson of the board of directors
CRC S.r.l.	Member of the board of directors
Eurotest Laboratori S.r.l. *	Chief executive officer
RN Real Estate S.r.l. *	Chief executive officer

* The company is not part of the group headed by the company.

List of positions held by **Francesco Nalini**

	Position
Carel Industries S.p.A.	Chief executive officer
Athena FH S.p.A. *	Director
Università degli Studi di Padova *	External director
Confindustria Veneto Est*	Director
RN Real Estate S.r.l. *	Director
RN Real Estate Adriatic doo *	Director
Associazione Amici Università di Padova *	Deputy chairperson
Fondazione CUOA *	Director
Le Village by CA Triveneto S.r.l. *	Director
Fondazione ITS Academy Meccatronico Veneto *	Chairperson

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List of positions held by **Carlotta Rossi Luciani**

	Position
Carel Industries S.p.A.	Director
Studio 7Am S.r.l. *	Director
Enoteca Monte Fasolo *	Sole director
Le Volpi & Monte Fasolo Soc. Agr. *	Director

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List of positions held by **Marina Manna**

	Position
BLM S.p.A. *	Chairperson of the board of statutory auditors
Celenit S.p.A. *	Standing statutory auditor
Pagnan Finanziaria S.p.A. *	Standing statutory auditor
FPT Industrie S.p.A. *	Standing statutory auditor
Fonderie Pandolfo S.p.A. *	Standing statutory auditor
Fondazione Nervo Pasini	Auditor
Fond. Ist. Ricerca Pediatrica Città della Speranza *	Chairperson of the audit body
Carraro S.p.A. *	Standing statutory auditor
Carel Industries S.p.A.	Member of the board of directors
Cavour società semplice *	Sole director
Università degli Studi di Padova *	Member of the board of directors
Alta Vita – Istituzioni Riunite di Assistenza *	Member of the board of directors
SINLOC S.p.A. – SISTEMI INIZIATIVE LOCALI *	Chairperson of the board of statutory auditors
Slowear S.p.A. *	Standing statutory auditor
UNUS INTERNATIONAL S.p.A.*	Chairperson of the board of statutory auditors
Siderforgerossi Group S.p.A. *	Member of the board of directors
Floyd S.r.l. a socio unico *	Member of the board of directors

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List of positions held by **Cinzia Donalisio**

	Position
Carel Industries S.p.A.	Member of the board of directors
Innovation&Governance *	Sole director
Governance Advisory *	Chief executive officer
V&M family partners S.p.A. *	Chairperson of the board of directors

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List of positions held by **Mario Cesari**

	Position
Carel Industries S.p.A.	Member of the board of directors
Data Logic S.p.A. *	Independent director
Digital Value S.p.A. *	Independent director

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List of positions held by **Laura Rovizzi**



	Position
Carel Industries S.p.A.	
Pasubio S.p.A. *	Chairperson of the board of directors
DBA Group *	Director

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List of positions held by **Gianluigi Vittorio Castelli**

	Position
Carel Industries S.p.A.	Member of the board of directors
dBridge S.r.l. *	Director
DEVO Lab SDA Bocconi *	General manager
Fondazione ResPublica *	Member of the management board

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