Carel Industries S.p.A.

(Translation from the Italian original which remains the definitive version)

BOARD OF DIRECTORS' REPORT ON MATTERS 4 AND 5 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING

*prepared pursuant to article 125-ter of Legislative decree no. 58 of 24 February 1998 (the Consolidated Finance Act, "**CFA**") and article 84-ter of the regulation adopted by Consob with resolution no. 11971/99 (the "**Issuer Regulation**"), as subsequently amended and supplemented, for the ordinary shareholders' meeting of Carel Industries S.p.A. ("**Carel**" or the "**company**") scheduled, on a single call, for 22 April 2026*

Board of directors' report prepared pursuant to article 125-ter of Legislative decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the Consolidated Finance Act, "CFA"), and article 84-ter of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended (the "Issuer Regulation")

Dear shareholders,

This report illustrates the proposals that the board of directors of Carel Industries S.p.A. ("**Carel**" or the "**company**") intends to present for your approval at the ordinary shareholders' meeting to be held, on a single call, at 10 a.m. on 22 April 2026 at the CAREL 5 building at Via Adroneghe 15, Brugine (Padua). They refer to matters 4 and 5 on the meeting agenda.

Agenda matter 4:

4. Appointment of the independent auditors for the statutory audit of the financial statements for the 2027-2035 period and establishment of their fees; consequent resolutions.

Dear shareholders,

With respect to the fourth matter on the agenda for the ordinary shareholders' meeting called for 22 April 2026, we will present our proposal for the appointment of the company's independent auditors for the statutory audit of the financial statements for the 2027-2035 period and establishment of their fees pursuant to Legislative decree no. 39/2010 (the "**decree**").

The engagement for the statutory audit of the financial statements assigned to the independent auditors Deloitte & Touche S.p.A. ("**Deloitte**") by you in your ordinary meeting of 13 April 2018 expires with approval of the separate financial statements as at and for the year ending 31 December 2026.

In its role as the audit committee pursuant to article 19 of the decree, the board of statutory auditors agreed with the proposal put forward by the competent departments to bring forward the selection procedure for the assignment of the statutory audit engagement for the 2027-2035 period, starting it as early as during 2025, so as to allow you to resolve on the assignment of such engagement during the meeting called to approve the financial statements as at and for the year ended 31 December 2025. This is to enable the successor auditors (i) to organise the audit handover activities in good time with the predecessor auditors and to facilitate, prior to the start of the engagement, the acquisition of a greater understanding of the company and the Carel Group so as to more effectively and efficiently set up the audit activities, and (ii) to comply with the cooling-in period provided for by Regulation (EU) no. 537/2014 of the European Parliament and Council of 16 April 2014 (the "**regulation**"), which, in order to protect the auditors' independence, requires the auditors to refrain from providing certain types of services, other than the statutory audit (i.e., non-audit services), starting from the year immediately preceding the first year of the audit. This complies with the best practices already adopted by the main public interest entities in the European Union.

We therefore submit for your consideration the proposal regarding the assignment of the statutory audit engagement for the years from 2027 to 2035 to a different audit company pursuant to the decree and the regulations, as well as the determination of its corresponding fees.

Article 17 of the decree provides that engagements of independent auditors of Italian companies issuing securities admitted to trading on regulated markets in Italy and the European Union may have a maximum term of nine years, and the engagement cannot be renewed unless at least four years have elapsed since the termination of the previous engagement.

Accordingly, the company decided to initiate the selection procedure pursuant to article 16 of the regulation and, accordingly, the board of statutory auditors prepared and submitted to the board of directors its reasoned recommendation pursuant to article 16.2 of the regulation, containing at least two possible alternatives and a duly justified preference for one of them.

In particular, on the basis of the offers received, the board of statutory auditors recommended that the audit engagement be awarded to EY S.p.A. ("**EY**") or PricewaterhouseCoopers S.p.A. ("**PwC**"), expressing its duly justified preference for EY.

In this regard, the board of statutory auditors declared that its recommendation was not influenced by third parties and that it had not applied any of the clauses mentioned in article 16.6 of the regulation.

It is noted that the shareholders in their ordinary meeting appoint the independent auditors for the entire term of the engagement and set the fees due to the independent auditors and any criteria for adjusting these fees during the engagement based on the board of statutory auditors' reasoned proposal prepared in accordance with article 13 of the decree, which also contains the recommendation pursuant to article 16 of the regulation. In this regard, reference is made to the board of statutory auditors' reasoned proposal attached to this report as Annex A.

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As we agree with the reasons underlying the board of statutory auditors' preference, we inform you that you will be firstly asked to vote on the assignment of the statutory audit engagement for the 2027-2035 period to EY. Should this proposal not obtain the necessary votes for its approval, you will then be asked to vote on the assignment of the same engagement to PwC.

Based on the above, we propose you pass the following resolutions:

Proposed resolution 4.1

"In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- *having acknowledged that the engagement for the statutory audit of the financial statements assigned to the independent auditors Deloitte & Touche S.p.A. for the 2018-2026 period expires with approval of the separate financial statements as at and for the year ending 31 December 2026;*
- *having examined the board of statutory auditors' proposal containing its recommendation in its role as the audit committee pursuant to article 19 of Legislative decree no. 39/2010;*

resolve

- *to assign the statutory audit engagement for the 2027-2035 period to the independent auditors EY S.p.A., without prejudice to reasons for early termination, for the performance of its activities, at the terms, including the fees payable to the independent auditors together with the criteria for their adjustment during the engagement term, set out in the offer submitted by EY, the economic conditions of which are summarised in the board of statutory auditors' recommendation;*
- *to grant the board of directors - and, on its behalf, the chairperson, the deputy chairperson and the chief executive officer, severally and with the right to sub-delegate - all necessary and extensive powers to implement the above resolution in accordance with the law, as well as to carry out the relevant and necessary formalities with the competent bodies and/or offices, with the power to make any non-substantial amendments that may be required, and in general, all that is necessary for their complete execution,*

with any and all powers necessary and appropriate, in compliance with the applicable provisions of law".

Alternatively, if the previous resolution is not approved

Proposed resolution 4.2

"In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- *having acknowledged that the engagement for the statutory audit of the financial statements assigned to the independent auditors Deloitte & Touche S.p.A. for the 2018-2026 period expires with approval of the separate financial statements as at and for the year ending 31 December 2026;*
- *having examined the board of statutory auditors' proposal containing its recommendation in its role as the audit committee pursuant to article 19 of Legislative decree no. 39/2010;*

resolve

- *to assign the statutory audit engagement for the 2027-2035 period to the independent auditors PricewaterhouseCoopers S.p.A., without prejudice to reasons for early termination, for the performance of its activities, at the terms, including the fees payable to the independent auditors together with the criteria for its adjustment during the engagement term, set out in the offer submitted by PwC, the economic conditions of which are summarised in the board of statutory auditors' recommendation;*
- *to grant the board of directors - and, on its behalf, the chairperson, the deputy chairperson and the chief executive officer, severally and with the right to sub-delegate - all necessary and extensive powers to implement the above resolution in accordance with the law, as well as to carry out the relevant and necessary formalities with the competent bodies and/or offices, with the power to make any non-substantial amendments that may be required, and in general, all that is necessary for their complete execution, with any and all powers necessary and appropriate, in compliance with the applicable provisions of law".*

Agenda matter 5:

5. Engagement to provide limited assurance on the consolidated sustainability statement for the 2027-2029 period pursuant to article 13.2-ter of Legislative decree no. 39/2010 and determination of the relative fees; consequent resolutions.

Dear shareholders,

With respect to the fifth matter on the agenda, we will ask you to assign the limited assurance engagement for the sustainability statement (the "**consolidated sustainability statement**") pursuant to Legislative decree no. 125 of 6 September 2024 (the "**decree**") which transposed Directive (EU) 2022/2464 of 14 December 2022 (the Corporate Sustainability Reporting Directive, CSRD) into Italian law for the three years from 2027 to 2029.

The limited assurance engagement assigned to the independent auditors Deloitte & Touche S.p.A. ("**Deloitte"**) currently in place expires with approval of the separate financial statements as at and for the year ending 31 December 2026.

We remind you that, following the entry into force of the decree, the obligation to prepare a non-financial statement ("**NFS**") introduced for public interest entities ("**PIEs**") by Legislative decree no. 254 of 30 December 2016 was replaced with effect from the year ended 31 December 2024 by the obligation to include a sustainability statement in a specific section of the directors' report accompanying the financial statements (separate and/or consolidated as the case may be)".

In addition, pursuant to article 8 of the decree, the sustainability statement must be subjected to a limited assurance engagement (with the report referred to in article 14-bis of Legislative decree no. 39/2010) performed by an independent auditor authorised pursuant to Legislative decree no. 39/2010 in relation to:

- the statement's compliance with the rules of the decree that govern its basis of preparation;
- compliance with the decree's tagging requirement;
- compliance with the disclosure requirements of article 8 of Regulation (EU) 2020/852.

Article 18.1 of the decree allows limited assurance engagements already assigned in respect of the NFS's compliance to continue until their term, also for the purpose of providing limited assurance on the consolidated sustainability statements, without prejudice to the client's decision to terminate the engagement in advance and engage a new independent auditor.

To this end, it is noted that, on January 13, 2026, the company appointed Deloitte – already engaged for the statutory audit – to provide limited assurance on the NFS for a period coinciding with the residual term of the statutory audit engagement. Therefore, pursuant to article 18 of the decree, this engagement also covers the limited assurance on the consolidated sustainability statement up to and including 2026.

Therefore, you will be asked to assign a new engagement to provide limited assurance on the consolidated sustainability statement starting from 2026 pursuant to article 8.1 of the decree, which, pursuant to paragraph 2 of the same article, may be granted to the same independent auditor performing the statutory audit or to a different independent auditor.

In this respect, article 13.2-ter of Legislative decree no. 39/2010 provides that the engagement lasts three years and that, for PIEs, it may be renewed no more than twice and may be re-assigned to the same company only after four years.

The new paragraph 2-ter of article 13 of Legislative decree no. 39/2010, as amended and supplemented by the decree, provides that the shareholders "*assign the limited assurance engagement for the sustainability statement and set the fees due to the independent auditors carrying out the limited assurance engagement or the statutory audit for the entire term of the engagement and any criteria for adjusting these fees during the engagement based on the board of statutory auditors' reasoned proposal. The engagement has a three-year term which expires at the shareholders' meeting held to approve the financial statements for the third year of the engagement (...).*"

In this regard, it is noted that, despite the fact that the regulations in force do not expressly require it, the board of statutory auditors deemed it appropriate, for the purpose of formulating its reasoned proposal, to apply the same methods established for the assignment of the statutory audit engagement referred to in matter 4 above on the agenda for the shareholders' meeting, thus using a more meticulous selection process in terms of the procedures to be followed and the assessment criteria.

The company has decided to start the process to select the new auditors to be appointed to provide limited assurance on the consolidated sustainability statement for the 2027-2029 three-year period before Deloitte's mandate expires, starting as early as 2025, and at the same time as the procedure for the selection of the statutory independent auditor, which, in continuity with the current policy of having one auditor provide both services, may allow the shareholders called to approve the financial statements for the year ending 31 December 2026 to resolve to entrust both these engagements to the same auditor.

This approach was considered appropriate in order to facilitate the handover between the successor and predecessor auditors and to manage in good time situations that could potentially threaten the successor auditors' independence, also in relation to the performance of services covered by article 5 of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 for the independent auditors providing the limited assurance engagement.

Based on the above, we submit for your consideration the proposal to appoint a new auditor to provide limited assurance on the consolidated sustainability statement for the 2027-2029 three-year period, as well as the determination of the related fees.

Upon completion of the selection procedure, the board of statutory auditors prepared and submitted to the board of directors its reasoned recommendation containing at least two possible alternatives and a duly justified preference for one of them.

In particular, on the basis of the offers received, the board of statutory auditors recommended that the limited assurance engagement be assigned to EY S.p.A. ("**EY**") or alternatively, as second choice, PricewaterhouseCoopers S.p.A. ("**PwC**").

In addition to assigning the limited assurance engagement for the the consolidated sustainability statement, you will be asked to set the fees due to the independent auditors for the entire engagement and any criteria for adjusting these fees during such engagement. In this regard, reference is made to the board of statutory auditors' reasoned proposal attached to this report as Annex B.

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As we agree with the reasons underlying the board of statutory auditors' preference, we inform you that you will be firstly asked to vote on the assignment of the limited assurance engagement for the 2027-2029 period to EY. Should this proposal not obtain the necessary votes for its approval, you will then be asked to vote on the assignment of the same engagement to PwC.

Based on the above, we propose you pass the following resolutions:

Proposed resolution 5.1

"In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- *having acknowledged that the limited assurance engagement assigned to the independent auditors Deloitte & Touche S.p.A. until 2026 expires with approval of the separate financial statements as at and for the year ending 31 December 2026;*
- *having examined the board of statutory auditors' proposal containing its reasoned recommendation about the assignment of the limited assurance engagement for the consolidated sustainability statement for the 2027-2029 period;*

resolve

- *to assign the limited assurance engagement for the 2027-2029 period to the independent auditors EY S.p.A., without prejudice to reasons for early termination, for the performance of its activities, at the terms, including the fees payable to the independent auditors together with the criteria for their adjustment during the engagement term, set out in the offer presented by EY, the economic conditions of which are summarised in the board of statutory auditors' recommendation;*
- *to grant the board of directors - and, on its behalf, the chairperson, the deputy chairperson and the chief executive officer, severally and with the right to sub-delegate - all necessary and extensive powers to implement the above resolution in accordance with the law, as well as to carry out the relevant and necessary formalities with the competent bodies and/or offices, with the power to make any non-substantial amendments that may be required, and in general, all that is necessary for their complete execution, with any and all powers necessary and appropriate, in compliance with the applicable provisions of law.*"

Alternatively, if the previous resolution is not approved

Proposed resolution 5.2

"In their ordinary meeting, the shareholders of Carel Industries S.p.A.:

- *having acknowledged that the limited assurance engagement assigned to the independent auditors Deloitte & Touche S.p.A. until 2026 expires with approval of the separate financial statements as at and for the year ending 31 December 2026;*
- *having examined the board of statutory auditors' proposal containing its reasoned recommendation about the assignment of the limited assurance*

engagement for the consolidated sustainability statement for the 2027-2029 period;

resolve

- *to assign the limited assurance engagement for the 2027-2029 period to the independent auditors PricewaterhouseCoopers S.p.A., without prejudice to reasons for early termination, for the performance of its activities, at the terms, including the fees payable to the independent auditors together with the criteria for their adjustment during the engagement term, set out in the offer presented by PwC, the economic conditions of which are summarised in the board of statutory auditors' recommendation;*
- *to grant the board of directors - and, on its behalf, the chairperson, the deputy chairperson and the chief executive officer, severally and with the right to sub-delegate - all necessary and extensive powers to implement the above resolution in accordance with the law, as well as to carry out the relevant and necessary formalities with the competent bodies and/or offices, with the power to make any non-substantial amendments that may be required, and in general, all that is necessary for their complete execution, with any and all powers necessary and appropriate, in compliance with the applicable provisions of law.*"

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Brugine, 10 March 2026

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Chairperson of the board of directors

Luigi Rossi Luciani

ATTACHMENT A

Recommendation of the Board of Statutory Auditors of CAREL Industries S.p.A., acting in its capacity as the Internal Control and Audit Committee, regarding the appointment of an auditor for the period 2027 - 2035

(pursuant to Article 13 of Legislative Decree No. 39 of 27 January 2010 and Article 16 of Regulation (EU) No. 537/2014)

1. Introduction

Upon approval of the financial statements as of 31 December 2026, the statutory audit engagement of CAREL Industries S.p.A. (hereinafter also "CAREL" or the "Company") awarded for the nine-year period 2018–2026 to the audit firm Deloitte & Touche (hereinafter also "Deloitte" or "Outgoing Auditor").
Consequently, CAREL has defined and implemented the procedure for selecting the new Statutory Auditors to whom to entrust the relevant mandate for the financial years 2027–2035, in accordance with current legislation, and the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee (hereinafter also "CCIRC" or "Audit Committee"), has drawn up this recommendation to the Board of Directors (hereinafter also "Recommendation") in accordance with the objectives set out in current legislation and in compliance with the provisions of the Company's Articles of Association (Articles 23 et seq.).

2. Regulatory Framework

EU legislation on statutory audit has been amended by two separate acts[1]:

- Directive 2006/43/EC, as amended by Directive 2014/56/EU (hereinafter also "Directive"), concerning the statutory audit of annual accounts and consolidated accounts, transposed by Legislative Decree No. 39 of 27 January 2010, as last amended by Legislative Decree No. 135 of 17 July 2016 (hereinafter also referred to as the "Decree");
- European Regulation 537/2014 (hereinafter also referred to as the "Regulation"), concerning Public Interest Entities and the audit of such entities, applicable from 17 June 2016.

As mentioned above, CAREL, whose shares are listed on Euronext STAR Milan, qualifies, pursuant to Article 16 of Legislative Decree No. 39/2010, as a Public Interest Entity ("EIP").
The combined provisions of Article 13, paragraph 1, of Legislative Decree No. 39/2010 and Article 16 of European Regulation No. 537/2014 requires EIPs to comply with a selection procedure for the appointment of the statutory auditor, established by the Company, for which the Board of Statutory Auditors is responsible in its capacity as the CCIRC.

The aim of the legislation is to further harmonize the rules originally introduced by Directive 2006/43/EC at European Union level in order to ensure greater transparency regarding the obligations applicable to those carrying out statutory audits and to enhance their independence and objectivity in the performance of their duties, thereby also improving public confidence in the annual and consolidated financial statements of such entities.
As a means of enhancing audit quality, the Regulation has strengthened the role of the Internal Control and Audit Committee – identified, in companies using a traditional management system such as CAREL, as the Board of Statutory Auditors (Article 19 of the Decree) – assigning it the task of submitting a reasoned recommendation (Article 16 of the Regulation and Articles 1.7 and 1.9 of the Assirevi Position Paper).

[1] The Board also took note of the Assirevi Position Paper of 22 July 2019 "Interpretative issues regarding the application of Regulation (EU) No. 537/2014 and Legislative Decree No. 39 of 27 January 2010, as amended by Legislative Decree No. 135 of 17 July 2016, implementing Directive 2014/56/EU" (hereinafter also "Position Paper").

In this context, in July 2025, the Board of Statutory Auditors, together with the Financial Reporting Officer and with the operational support of the Finance Department, initiated the preparatory activities for the selection of the new audit firm to be entrusted with the statutory audit of the accounts for the financial years 2027–2035, in accordance with the procedures laid down by current legislation and described below.
Following the outcome of the process, the Board of Statutory Auditors has drawn up this recommendation (the "Recommendation") to be submitted to the Shareholders' Meeting, following the implementation of the specific Selection Procedure (hereinafter also "Procedure") drawn up by the Company (Article 16 of the Regulations and Article 18 of the Decree), as mentioned above.

The Procedure defined by the Company consists of 6 chapters: 1. General; 2. Introduction; 3. Summary Table; 4. Phase 1: Qualitative Assessment; 5. Phase 2: Quantitative Assessment A; and, finally, 6. Phase 3: Quantitative Assessment B.

3. The Selection Procedure
3.1. Introduction
The Board notes that the appointment in question may not be awarded to the Outgoing Auditor, as the nine-year period provided for in Article 17 of the Decree will come to an end at the close of the 2026 financial year, the nine-year period provided for in Article 17 of the Decree, which, in its amended version, stipulates that the audit engagement shall have a duration of nine financial years and may not be renewed or re-awarded unless at least four financial years have elapsed from the date of termination of the previous engagement. Therefore, the appointment cannot be re-awarded to the current auditor, Deloitte & Touche S.p.A., and must be awarded through a specific selection procedure.

In anticipation of the expiry of the current statutory audit engagement and in line with the best practices adopted by the EIPs, the Board of Statutory Auditors, in its capacity as CCIRC, pursuant to Article 19 of Legislative Decree No. 39/2010, in agreement with the Manager responsible for the preparation of financial and corporate documents (*Dirigente Preposto*) (hereinafter also the "Designated Manager"), conducted the selection process during the 2025 financial year for the appointment of the statutory audit firm for the nine-year period 2027–2035.

The early appointment of the auditor, permitted by law, is intended to facilitate an orderly handover between the outgoing and incoming audit firms and, at the same time, to ensure compliance with the rules on independence and incompatibility, by providing for an adequate time interval in accordance with Article 5 of Regulation (EU) No. 537/2014, which prohibits the audit firm from providing certain services during the financial year immediately preceding the start of the engagement (cooling-in period).

The Board states that – within the scope of the Procedure – the Board of Statutory Auditors was assisted by the operational support of the Designated Manager, as well as other company departments, with particular regard to the Finance Department.
The Procedure provides, amongst other things, for specific technical and economic evaluation criteria based on principles of transparency and non-discrimination, a deadline for requests for clarification from the audit firms concerned, one-to-one meetings between each audit firm concerned and CAREL's Board of Statutory Auditors and management, and, finally, a deadline for the submission of bids.

3.2. Request for Bids
The Board of Statutory Auditors, in accordance with the Company, which provided operational support, carried out an assessment to identify the audit firms to be invited to participate in the selection process in accordance with Article 4.1 of the Procedure (*Identification of the audit firm to which the invitation letter is to be sent*), taking care to avoid discriminatory effects of any kind.

Furthermore, the assessment took into account the provision introduced by the reform contained in the new Article 10-quinquies of Legislative Decree No. 39 of 27 January 2010[2] , which confirms the approach already established in our legal system whereby the group auditor bears overall responsibility for the professional opinion on the entire consolidated financial statements, even where companies belonging to the group are audited separately by another auditor[3] .

In accordance with Article 4.1 of the Procedure, the Company has identified three audit firms[4] invited to participate in the tender (hereinafter also collectively referred to as the "Bidding Firms"): Binder Dijker Otte S.p.A. (hereinafter also "BDO"), PricewaterhouseCoopers (hereinafter also "PwC S.p.A.") and, finally, EY S.p.A. (hereinafter also "EY").

The Request for Tenders for the statutory audit of CAREL for the nine-year period 2027 – 2035 (hereinafter also referred to as the "Request for Bids") contained a request for the best tender, highlighting, amongst other things, the firm's organisation, experience in similar engagements, the working team, the methods of managing the engagement and the independence requirement.

3.3. The selection criteria

Before commencing the selection process, through the identification of the information required for the submission of Bids, the following were established: a) clear and objective selection criteria aimed at ensuring a process characterised by transparency and traceability of the activities carried out and the decisions taken, and b) scoring ranges (in hundredths) allocated to each Evaluation Section and Sub-section.

In particular, when defining the selection criteria, both qualitative and quantitative elements were taken into account within two specific sections:

- Qualitative, for which a maximum score of 60 out of 100 is allocated;
- Quantitative, for which a maximum score of 40 out of 100[5]is allocated, so as not to compromise the quality of the audit work.

The Request for Bids therefore stipulated that Bids should be structured accordingly, and it was specified that incomplete documentation or documentation that did not comply with the provisions of the Request for Bids could result in exclusion from the remainder of the selection process.

Below, the Board of Statutory Auditors provides the information requested from the Bidding Companies in the Qualitative Section and the Quantitative Section of the Request for Bids.

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[2] Article 10-quinquies of Legislative Decree No. 39 of 27 January 2010 provides: *"In the case of a statutory audit of the consolidated financial statements of a group of undertakings, the group auditor shall assume full responsibility for the audit report referred to in Article 14 or, where applicable, for the audit report referred to in Article 10 of the European Regulation and for the additional report intended for the internal control and audit committee referred to in Article 11 of the European Regulation*".

[3] Therefore, for the sake of greater efficiency and cost-effectiveness, the Request for Tenders for the statutory audit of CAREL for the nine-year period 2027 - 2035 has been extended to all companies within the CAREL Group falling within the scope of consolidation.

[5] The criterion for assessing the score in the Quantitative Section is exclusively that of the "lowest total fee".

3.3.1. The Qualitative Section

This section requires a comprehensive and detailed discussion of the following topics, for which specific marks will be awarded:

- Ability to serve global clients;
- The parent company's audit team and audit strategy;
- Knowledge of the business and accounting issues of significance to the group.

With regard to the ability to serve global clients, the following aspects will be assessed:

- Annual global revenue;
- Number of employees worldwide;
- Network coverage in countries where the CAREL Group operates.

The information required for the purposes of this assessment included, amongst other things:

- a description of the Bidder's Italian or international network, including details of the facilities present in the countries where the CAREL Group operates;
- interdependencies and synergies between the Italian structure and the international network to which it belongs, with specific information on the countries in which the CAREL Group operates;
- evidence of the most significant experience gained and the most important clients at national level certified by the Bidder, distinguishing between listed and unlisted companies;
- knowledge of the CAREL Group and the sector in which it operates, with specific reference to the audit experience gained;
- any existing assignments, other than those covered by this Procedure, that may have been carried out at CAREL Group companies by the Bidder or by companies linked to the Bidder's network, and a declaration of willingness to cease any assignments deemed incompatible under the Regulations.

The scoring range for the Ability to serve global clients is: 0 - 10.

With regard to the parent company's audit team and audit strategy, the following aspects are to be assessed:

- seniority of the partner in charge and their role within the network;
- the experience of the partner responsible for the audit of multinational groups over the last five financial years in related sectors;
- the audit partner's experience with multinational groups listed in Italy;
- audit approach and strategy.

The information requested for the purposes of this assessment included, amongst other things:

- detailed information on the audit team that may be assigned to the engagement, specifying the number of staff to be deployed in the central audit team by professional role (partner, manager and senior), including their CVs and details of any professional experience in IFRS matters and technical expertise in the CAREL Group's sector of activity;
- measures to ensure the continuity of the audit team throughout the engagement;

- the approach regarding the use of specialists in the context of audit activities, such as, by way of example and without limitation, tax experts, actuaries, experts in the verification of *impairment test* valuation models, derivatives, etc.;
- the number of hours allocated per company and activity, as well as an indication of the factors on which this number of hours was based; the number of hours allocated per professional role and per individual activity.

The score range allocated to the parent company's audit team and audit strategy is: 0 - 30.

With regard to knowledge of the business and accounting issues of significance to the Group, the following aspects are to be assessed:

- proven knowledge of the Group, with specific reference to accounting issues and related interpretations;
- in-house capabilities for complex valuations, e.g. put/call options and accounting issues (M&A and impairment);
- studies and publications on the sector, centres of expertise/excellence in Italy, and the involvement of sector experts in the team.

The score range for knowledge of the business and significant accounting issues for the Group is: 0 - 20.

3.3.2. The Quantitative Section based on the financial proposal

This section involves the assessment of:

- a financial score calculated using the outgoing auditor's fees for the last year and the average annual prices of both the lowest bid and the bid under consideration;
- the overall financial assessment;
- hourly rates.

In particular, the economic terms of the proposals are set out below.

Subject	**EY**		**BDO**		**PwC**	
	Hours	Amount (in euro)	Hours	Amount (in euro)	Hours	Amount (in euro)
Audit of the statutory and consolidated financial statements	6,870	426,000	5,210	369,000	6,310	457,000

The scoring range for the Quantitative Section is: 0 - 40.

3.4. Conduct of the Selection Procedure

On 4 July 2025, the Company sent the Request for Proposal to BDO, PwC and EY. The subsequent steps of the process, which were continuously monitored by the Board of Statutory Auditors, were[6]:

[6] The meetings of the Board of Statutory Auditors during which the selection process was monitored are listed below.

16 July 2025	Meeting between BDO and the Company's *management*
17 July 2025	PwC meeting with the Company's *management*
18 July 2025	EY meeting with the Company's *management*
21 July 2025	A Bidder (PwC) has submittedrequest for specific information to the Company
31 July 2025	The Designated Manager informed the Chairman of the Board of Statutory Auditors that all Bidders had expressed their interest in participating in the selection process. The Chairman of the Board of Statutory Auditors passed this information on to the Statutory Auditors
5 August 2025	The Company has sent all Bidders the documentation requested by PwC
by 19 September 2025	Submission of bids
22 September 2025	Receipt of BDO's bid
22 September 2025	Receipt of EY's bid
26 September 2025	Receipt of PwC's bid
24 September 2025	Meetings between BDO and the Board of Statutory Auditors and the Company's *management*
24 September 2025	EY meets with the Board of Statutory Auditors and the Company's *management*
26 September 2025	PwC meetings with the Board of Statutory Auditors and the Company's *management*
21 November 2025	In-depth meeting between EY and the Company's *management*
24 November 2025	Refinement meeting between PwC and the Company's *management*
18 December 2025	The Company has forwarded to the Board of Statutory Auditors the *Management* Report on the selection process for the new statutory auditor, together with the Evaluation Form (hereinafter, the set of documents shall also be referred to as the "Report")

The Bid is expected to include all the elements set out in the Request for Bids and to be binding on the bidding Audit Firm and all other entities forming part of its network. At the same time, the Company has not entered into any obligation towards the Audit Firm that would have been awarded the contract following the outcome of the Procedure until the formal approval of the appointments by the competent Corporate Bodies of the subsidiaries.

The Board of Statutory Auditors monitored the exchanges of information between CAREL's management and each individual Bidding Firm and conducted the selection process during successive board meetings (31 July 2025, 24 - 26 September 2025, 30 October 2025 and 12 November 2025).

The documentation gathered and the meetings held demonstrated the high quality of all the bids and the professionalism of the audit teams presented.

During the selection process, the Board also carried out in-depth analyses and checks regarding the statements provided by the Bidding Companies, and information was obtained from the Company regarding the absence (or willingness to terminate) of any contractual relationships with the Bidding Companies and their respective networks, not least in order to assess any potential risks, both current and prospective, to objectivity and independence. Subsequently, the Statutory Auditors also continued their own assessments independently, based on the documentation received and taking into account the assessment criteria defined, including through discussions with the company's management.

The analyses carried out also took into account the provisions and/or guidance of the Supervisory Authorities regarding statutory audit.

Finally, on 18 December 2025, the Board of Statutory Auditors, together with the Company's management, carried out a detailed collective assessment of the Bids by analyzing, for each evaluation criterion, the individual distinctive and defining features of the Bids. During this meeting, management confirmed to the Board – with particular reference to the audit team – the information set that had emerged during further meetings held by the Company during the Selection Process. The meeting of 18 December 2025 therefore enabled the Board of Statutory Auditors to better appreciate the rationale underlying the various results reported in the Report.

4. Evaluation of the Bids

The Board of Statutory Auditors, aware of the important role it plays in the process of appointing the Statutory Auditor, also shared the results of the evaluations conducted with the Company's management and examined the rationale in greater depth during various formal meetings and through informal channels.

The Board therefore weighed up all the factors involved in the evaluation process so that the final results reflected the specific needs of the CAREL Group.

The Board noted that:

- the two largest bidding firms (PwC and EY) specified in their Bids that the total commitment in terms of hours required to carry out the proposed engagements takes into account so-called *start-up* (or "transition") costs;
- there were no significant differences between the three bidding firms; in fact: a) all belong to *leading* international *networks* offering high-quality, professional services and b) all submitted audit plans, timelines and methodological approaches in line with CAREL's expectations.
  However, following the technical and qualitative analysis, two bidding firms (PwC and EY) achieved a higher score than the third firm, specifically in relation to: (1) the ability to serve global clients; (2) the parent company's audit team and audit strategy; and (3) knowledge of the business and accounting issues of significance to the group.

In light of the assessments carried out, a position of substantial parity was reached between two bidders (PwC and EY) in terms of the bidder's profile, the audit methodology and approach, and, in substance, the financial proposal; the Board of Statutory Auditors thoroughly examined and debated the considerations underlying the assessments, including discussions with management, and arrived at a preference for EY, taking into account the information gathered from management – with particular reference to the audit team – including during further meetings between the Company and the Bidders held during the Selection Process.

5. Recommendation of the Board of Statutory Auditors

The Board of Statutory Auditors, in its capacity as a supervisory body and pursuant to Article 13, paragraph 2-*ter*, of Legislative Decree No. 39 of 27 January 2010, in its role as the Internal Control and Audit Committee:

- on the basis of the procedure followed, the Bids, the assessments carried out and the outcomes thereof;
- taking into account that Article 16, paragraph 2, of the Regulations provides that the Board of Statutory Auditors' reasoned recommendation must contain at least two possible alternatives for the award of the contract in order to allow for a choice;

- considering that the aforementioned Article 16, paragraph 2, of the Regulations requires the Board of Statutory Auditors to express a duly justified preference,

recommends

that the Board of Directors propose to the Shareholders' Meeting to appoint EY S.p.A. or PwC S.p.A. for that the statutory audit of CAREL for the financial years 2027 - 2035.

Finally, the Board of Statutory Auditors, between the two

expresses its preference

in favour of EY S.p.A., as the firm deemed best suited to carry out the assignment in line with the Company's identified requirements, demonstrating, in terms of the mix of expertise, significant involvement of highly senior professionals and specialists with specific skills; and having demonstrated adequate expertise, gained through numerous assignments with companies listed on the FTSE MIB regulated market.

8. Declaration

The Board of Statutory Auditors, pursuant to Article 16, paragraph 2, of the Regulations, declares that this Recommendation has not been influenced by third parties and that none of the clauses referred to in the relevant paragraph 6 have been applied.

Appendix: Methods for updating fees as provided by EY and PWC

Brugine, 28 January 2026

Paolo Prandi
Chairman of the Board of Statutory Auditors

Gianna Adami
Standing Auditor

Saverio Bozzolan
Standing Auditor

Attachment

Auditors	Fee adjustment clause
	Update on the fees payable to the auditing firm Fees are based on the current rates and will be adjusted annually on July 1, 2028, in accordance with the total change in the ISTAT cost-of-living index (Consumer Price Index for blue-collar and white-collar households) compared to the previous year (based on June 2027)
	The fees indicated above are valid through December 31, 2027. Effective January 1, 2028, and on each subsequent January 1, the fees for audit services performed by EY Italia will be adjusted based on the total change from the previous year (as of December 2026) in the ISTAT index. This adjustment will be applied to the annual fees for the current audit engagement and included in the final invoice issued upon completion of the audit work relating to the financial statements as of December 31 of the previous fiscal year.

ATTACHMENT B

Reasoned proposal by the Board of Statutory Auditors of CAREL Industries S.p.A. regarding the appointment of an auditor to certify the compliance of the consolidated sustainability report for the period 2027–2029

(pursuant to Article 13, paragraph 2-ter of Legislative Decree No. 39)

1. Introduction

Upon approval of the financial statements as of 31 December 2026, the audit engagement to certify the compliance of the sustainability reporting of CAREL Industries S.p.A. (hereinafter also "CAREL" or the "Company"), currently carried out by the audit firm Deloitte & Touche (hereinafter also "Deloitte"), will expire.

With the entry into force of Legislative Decree No. 125/2024, the provisions concerning the new sustainability reporting, implementing the Corporate Sustainability Reporting Directive (hereinafter also "CSRD"), have been incorporated into Italian law replacing the provisions on the Non-Financial Statement (hereinafter also "NFS") set out in Legislative Decree No. 254/2016.

The mandate conferred on Deloitte & Touche S.p.A. pursuant to the previous legislation on 29 September 2020 for the performance of the limited review of the NFS remains valid until the agreed expiry date under the transitional provisions set out in Article 18 of the aforementioned Legislative Decree No. 125/2024, which provides, that should the engagement conferred for the certification of the NFS not yet have come to an end, it shall continue for the purposes of carrying out the certification of the compliance of the sustainability reporting.
Therefore, in anticipation of the expiry of the mandate to certify the compliance of the sustainability reporting carried out by Deloitte & Touche S.p.A. in accordance with the provisions of the aforementioned Article 18 of Legislative Decree No. 125/2024, the Board of Statutory Auditors and the manager responsible for preparing the company's financial statements (*Dirigente Preposto*) (hereinafter also the "Designated Manager"), in line with best practices, have decided to initiate the selection process in advance of the expiry date, thereby allowing for an appropriate handover to the benefit of the Company.

The Board of Statutory Auditors has prepared this reasoned proposal regarding the appointment of the auditor to certify the compliance of the consolidated sustainability report for the period 2027–2029, following a specific selection process conducted in accordance with the conditions and guidelines set out in the procedure adopted for the selection of the CAREL Group's new Audit Firm.

As part of this procedure, a uniform and equivalent approach has been established for the appointment of auditors to certify the compliance of sustainability reporting, with the aim of ensuring that shareholders receive the same level of rigor as that provided for by the regulated methodology governing the appointment of statutory auditors. This approach is consistent with the current regulatory framework. Article 13, paragraph 2-*ter*, of Legislative Decree 39/2010, concerning the engagement to certify the compliance of sustainability reporting, does not, in fact, expressly refer to Article 16 of Regulation (EU) No. 537/2014, which governs the selection of the statutory auditor or audit firm. This allows for a degree of discretion in defining the selection procedures.

In this context, the Board of Statutory Auditors deemed it appropriate to adopt the same formalities as those provided for the appointment of the statutory auditor, thereby applying a particularly rigorous selection process in terms of operational procedures and evaluation criteria, in line with the provisions of Regulation (EU) No. 537/2014

2. Regulatory framework

Legislative Decree No. 125 of 6 September 2024, issued to implement Directive (EU) 2022/2464 on the Corporate Sustainability Reporting Directive (so-called "CSRD"), introduced a new comprehensive framework into Italian law regarding corporate sustainability reporting, replacing the previous Non-Financial Statement provided for by Legislative Decree No. 254/2016. The new legislation stipulates that information relating to environmental, social and governance issues must be incorporated into the Management Report through a specific section dedicated to sustainability reporting.

Legislative Decree No. 125/2024 further stipulates that such reporting must be prepared in accordance with the European sustainability reporting standards adopted by the European Commission pursuant to Article 29-ter of Directive 2013/34/EU (European Sustainability Reporting Standards – ESRS). The reporting must also be prepared in accordance with the single European electronic reporting format and the digital marking requirements set out in Delegated Regulation (EU) 2019/815, as well as include the information required by Regulation (EU) 2020/852 on the taxonomy of eco-sustainable activities.

The legislation also provides that sustainability reporting must be subject to a compliance attestation by a specially appointed auditor, pursuant to Article 14-bis of Legislative Decree No. 39/2010. This attestation is issued on the basis of a limited assurance engagement, aimed at verifying that the sustainability disclosures have been prepared in accordance with the applicable regulatory provisions and standards. The framework introduced by the decree has also defined the role of the sustainability auditor, thereby strengthening the framework for the control and reliability of ESG information disclosed by companies.

Pursuant to Article 8 of Legislative Decree No. 125/2024, the task of certifying the compliance of the sustainability report may also be entrusted to the same person appointed to carry out the statutory audit of the company's accounts.

It should also be noted that Article 13, paragraph 2-ter, of Legislative Decree No. 39/2010 provides that the Shareholders' Meeting, upon a reasoned proposal from the supervisory body, shall appoint the auditor to certify the compliance of the sustainability report and determine the remuneration payable to the auditor or the audit firm for the entire duration of the appointment.

The same article also stipulates that the appointment shall have a three-year term, expiring on the date of the Shareholders' Meeting convened to approve the financial statements for the third financial year of the appointment. The same appointment may be renewed for no more than two further consecutive terms and may be re-awarded to the same entity only after a period of four financial years has elapsed.

This reasoned proposal therefore sets out the stages and procedures of the selection process adopted, which has been designed in accordance with the criteria and principles set out in Article 16 of Regulation (EU) No. 537/2014. In this context, the Board of Statutory Auditors has assumed responsibility for conducting the procedure pursuant to Article 16, paragraph 3, of the same Regulation, in accordance with the internal procedure adopted by the company.

In this context, in July 2025, the Board of Statutory Auditors, together with the Designated Manager and with the operational support of the Finance Department, initiated the preparatory activities for the selection of the new audit firm to be entrusted with the task of certifying the compliance of the consolidated sustainability reporting for the period 2027–2029, in accordance with the procedures provided for by current legislation and described below.

Following the conclusion of the process, the Board of Statutory Auditors has prepared this Reasoned Proposal (the "Reasoned Proposal") to be submitted to the Shareholders' Meeting, following the implementation of the specific Selection Procedure (hereinafter also referred to as the "Procedure") drawn up by the Company (Article 16 of the Regulations and Article 18 of the Decree), as mentioned above.

The Procedure defined by the Company consists of six chapters: 1. General; 2. Introduction; 3. Summary Table; 4. Phase 1: Qualitative Assessment; 5. Phase 2: Quantitative Assessment A; and, finally, 6. Phase 3: Quantitative Assessment B.

3. The Selection Procedure

3.1. Introduction

As already highlighted in the preceding paragraphs, the Board of Statutory Auditors conducted the process of identifying the auditor or audit firm to be appointed to certify the compliance of the consolidated sustainability report in accordance with the Procedure, drawn up by the Company to govern the methods for selecting the audit firm.
In particular, the Board of Statutory Auditors deemed it appropriate to apply, also with regard to this engagement, the principles, selection criteria and operating procedures set out in Regulation (EU) No. 537/2014, which governs the appointment of statutory auditors for public-interest entities. The adoption of these criteria was aimed at ensuring a selection process based on the highest standards of transparency, impartiality, comparability of bids and quality of assessment, in line with best corporate governance practices.

Although the legislation on the certification of sustainability reporting – introduced by Legislative Decree No. 125/2024 implementing Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive – CSRD) – does not expressly provide for the application of the provisions contained in the aforementioned Regulation (EU) No. 537/2014, the Board of Statutory Auditors nevertheless deemed it appropriate to adopt its principles and methodologies, in order to ensure a level of procedural rigor similar to that required for the selection of the statutory auditor.

Consequently, the selection process was structured around structured and objective evaluation criteria, taking into account, among other things, the technical quality of the proposals, experience gained in the field of auditing and assurance relating to sustainability, the professional resources dedicated to the task, as well as the financial terms offered, with the aim of identifying the party best suited to guarantee the reliability and quality of the assurance report on the Group's consolidated sustainability reporting.

The Board states that – within the scope of the Procedure – the Supervisory Body availed itself of the operational support of the Designated Manager, as well as other company departments, with particular regard to the Finance Department.
The Procedure provides, amongst other things, for specific technical and economic evaluation criteria based on principles of transparency and non-discrimination, a deadline for requests for clarification from the interested audit firms, *one-to-one* meetings between each interested Audit Firm and CAREL's Board of Statutory Auditors and *management*, and, finally, a deadline for the submission of bids.

3.2. Request for bids

The Board of Statutory Auditors, in consultation with the Company, which provided operational support, carried out an assessment aimed at identifying the audit firms to be invited to participate in the selection process in accordance with Article 4.1 of the Procedure (*Identification of the audit firm to which the invitation letter is to be sent*), taking care to avoid discriminatory effects of any kind.

Pursuant to Article 4.1 of the Procedure, the Company identified three Audit Firms[1] invited to participate in the tender (hereinafter also collectively referred to as the "Bidding Firms"): Binder Dijker Otte S.p.A. (hereinafter also "BDO"), PricewaterhouseCoopers (hereinafter also "PwC S.p.A.") and, finally, EY S.p.A. (hereinafter also "EY").

The Request for Bids for the assignment to certify the compliance of the consolidated sustainability reporting for the period 2027–2029 (hereinafter also 'Request for Bids') contained a request for the best tender, highlighting, amongst other things, the Company's organisation, experience in similar work, the working team, the methods of managing the assignment and the independence requirement.

3.3. Selection criteria

Before commencing the selection process, through the identification of the information required for the submission of Tenders, the following were established: a) clear and objective selection criteria aimed at ensuring a process characterised by transparency and traceability of the activities carried out and the decisions taken, and b) scoring ranges (in hundredths) allocated to each Evaluation Section and Sub-section.

In particular, when defining the selection criteria, both qualitative and quantitative elements were taken into account within two specific sections:

- Qualitative, for which a maximum score of 60 out of 100 is allocated;
- Quantitative, for which a maximum score of 40 out of 100 is awarded[2] , so as not to compromise the quality of the audit work.

The Request for Tenders therefore stipulated that Tenders must be structured accordingly, and it was specified that any incompleteness of the required documentation or any inconsistency with the provisions of the Request for Tenders could result in exclusion from the remainder of the selection process.

Below, the Board of Statutory Auditors sets out the information requested from the Bidding Companies in the Qualitative Section and the Quantitative Section of the Request for Tenders.

3.3.1. The Qualitative Section

This Section requires a comprehensive and detailed discussion of the following topics, which will be awarded specific scores:

- Ability to serve global clients;
- Parent company audit team and audit strategy;
- Knowledge of the business and accounting issues relevant to the group.

With regard to the ability to serve global clients, the following aspects will be assessed:

- Annual global revenue;
- Number of employees worldwide;
- Network coverage in countries where the CAREL Group operates.

[2] The criterion used to assess the score for the Quantitative Section is exclusively that of the 'lowest total fee'.

The information requested for the purposes of this assessment included, amongst other things:

- a description of *the* Italian or international *network* to which the Bidder belongs, including details of the facilities present in the countries where the CAREL Group operates;
- interdependencies and synergies between the Italian organisation and the international *network* to which it belongs, with specific information on the countries in which the CAREL Group operates;
- evidence of the most significant experience gained and the most important clients at national level certified by the Bidder, distinguishing between listed and unlisted companies;
- knowledge of the CAREL Group and the sector to which it belongs, with specific reference to audit experience gained;
- any existing engagements other than the subject of this Procedure that may have been carried out at CAREL Group companies by the Bidder or by companies linked to the Bidder's *network*, and a declaration of willingness to cease any incompatible engagements in accordance with the Regulations.

The scoring range for the ability to serve global clients is: 0–10.

With regard to the parent company's audit team and audit strategy, the following aspects are to be assessed:

- seniority of the partner in charge and their role within the network;
- the experience of the partner responsible for the audit of multinational groups over the last five financial years in related sectors;
- the audit partner's experience with multinational groups listed in Italy;
- audit approach and strategy.

The information requested for the purposes of this assessment included, amongst other things:

- detailed information on the audit team that may be assigned to the engagement, specifying the number of staff to be deployed in the central audit team by professional role (partner, manager and senior), including their CVs and details of any professional experience in IFRS matters and technical expertise in the CAREL Group's sector of activity;
- measures to ensure the continuity of the audit team throughout the engagement;
- the approach regarding the use of specialists in the context of audit activities, such as, by way of example and without limitation, tax experts, actuaries, experts in the verification of impairment test valuation models, derivatives, etc.;
- the number of hours allocated per company and activity, as well as an indication of the factors on which this number of hours was based; the number of hours allocated per professional role and per individual activity.

The score range allocated to the parent company's audit team and audit strategy is: 0–20.

With regard to knowledge of the business and accounting issues of significance to the Group, the following aspects are to be assessed:

- proven knowledge of the Group, with specific reference to accounting issues and related interpretations;
- in-house capabilities for complex valuations, e.g. put/call options and accounting issues (M&A and impairment);

- studies and publications on the sector, centres of expertise/excellence in Italy, and the involvement of sector experts in the team.

The score range for knowledge of the business and significant accounting issues for the Group is: 0–15.

With regard to overall experience in the field of sustainability, the following aspects were assessed:

- main assignments carried out as consultancy in the CSRD field;
- years of consultancy experience in the CSRD field and the team's experience;
- Key audit engagements carried out in the context of CSRD on listed companies or entities of similar complexity.

The score range for Overall Experience in the field of sustainability is: 0–15.

3.3.2. The Quantitative Section based on the financial offer
This section involves the assessment of:

- a financial score calculated using the fees for the outgoing auditor's last year and the average annual prices of both the lowest bid and the bid under consideration;
- the overall financial assessment
- hourly *rates*.

In particular, the economic terms of the proposals are set out below.

Subject	**EY**		**BDO**		**PWC**	
	Hours	Amount *(in euro)*	Hours	Amount *(in euro)*	Hours	Amount *(in euro)*
Limited review of the CAREL Group's consolidated sustainability report	900	59,000	740	50,000	790	63,000

The scoring range for the Quantitative Section is: 0–40.

3.4. Conduct of the Selection Process
On 4 July 2025, the Company sent the Request for Proposal to BDO, PwC and EY. The subsequent steps in the process, which were monitored at all times by the Board of Statutory Auditors, were[3] :

16 July 2025	Meeting between BDO and the Company's management
17 July 2025	Meeting between PwC and the Company's management
18 July 2025	EY meeting with the Company's management
21 July 2025	A Bidder (PwC) has submittedrequest for specific information to the Company
31 July 2025	The Designated Manager has informed the Chairman of the Board of Statutory Auditors that all bidders have expressed their

[3] The meetings of the Board of Statutory Auditors during which the selection process was monitored are listed below.

	interest in participating in the selection process. The Chairman of the Board of Statutory Auditors has passed this information on to the Statutory Auditors
5 August 2025	The Company sent all Bidders the documentation requested by PwC
by 19 September 2025	Submission of bids
22 September 2025	Receipt of BDO's bid
22 September 2025	Receipt of EY's bid
26 September 2025	Receipt of PwC's bid
24 September 2025	Meetings between BDO and the Board of Statutory Auditors and the Company's management
24 September 2025	EY meetings with the Board of Statutory Auditors and the Company's management
26 September 2025	Meetings between PwC and the Board of Statutory Auditors and the Company's management
21 November 2025	In-depth meeting between EY and the Company's management
24 November 2025	Refinement meeting between PwC and the Company's management
18 December 2025	The Company has forwarded to the Board of Statutory Auditors the Management Report on the selection process for the new statutory auditor, together with the Evaluation Form (hereinafter, the set of documents shall also be referred to as the 'Report')

The Bid is expected to include all the elements set out in the Request for Bids and to be binding on the bidding Audit Firm and all other entities forming part of its network. At the same time, the Company has not entered into any obligation towards the Audit Firm that would have been awarded the contract following the outcome of the Procedure until the formal approval of the appointments by the competent corporate bodies of the subsidiaries.

The Board of Statutory Auditors monitored the exchanges of information between CAREL's management and each individual Bidding Firm and conducted the selection process during successive board meetings (31 July 2025, 24–26 September 2025, 30 October 2025 and 12 November 2025).

The documentation gathered and the meetings held demonstrated the high quality of all the bids and the professionalism of the audit teams presented.

During the selection process, the Board also carried out in-depth analyses and checks regarding the statements provided by the Bidding Companies, and information was obtained from the Company regarding the absence (or willingness to terminate) of any contractual relationships with the Bidding Companies and their respective *networks*, not least in order to assess any potential risks, both current and prospective, to objectivity and independence. Subsequently, the Statutory Auditors also continued their own assessments independently, based on the documentation received and taking into account the assessment criteria defined, including through discussions with the company's management.

Finally, on 18 December 2025, the Board of Statutory Auditors, together with the Company's *management*, carried out a detailed collective assessment of the Bids by analysing, for each evaluation criterion, the individual distinctive and defining features of the Bids. During this meeting, *management* confirmed to the Board – with particular reference to the *audit* team – the information *set* that had emerged during further meetings held by the Company during the Selection Process. The meeting of 18 December 2025 therefore enabled the Board of Statutory Auditors to better appreciate the rationale underlying the various results reported in the Reasoned Proposal.

4. Evaluation of the Bids

The Board of Statutory Auditors, aware of the important role it plays in the process of appointing the firm responsible for certifying the compliance of the consolidated sustainability reporting, shared the results of the evaluations conducted by the Company with management and examined the rationale in depth during various formal meetings and through informal channels.

The Board therefore weighed up all the factors involved in the evaluation process so that the final results reflected the specific needs of the CAREL Group.

The Board of Statutory Auditors formulated its reasoned proposal once

- taking into account that, pursuant to Article 8 of Legislative Decree No. 125/2024, the task of certifying the compliance of the sustainability report may also be entrusted to the same entity responsible for the statutory audit;
- Whereas, in light of the analyses carried out and the assessments made by the Board of Statutory Auditors, it has emerged, in the interests of the Company and the Group, the advantage of benefiting from an integrated approach by entrusting a single entity with both the statutory audit and the assurance engagement regarding the sustainability reporting, a solution that facilitates a more efficient organisation of control activities, greater integration and methodological consistency in the audits carried out, and more effective management of information flows between the various assurance activities;
- having taken note of the bids received from the audit firms participating in the selection procedure and the outcomes of the in-depth meetings and discussions held with them;
- considering that, on the basis of the information provided and the documentation examined, the methods for carrying out the assignment to certify the compliance of the sustainability reporting outlined by the firms participating in the procedure are appropriate in view of the nature, scope and complexity of the assignment, including with regard to the number of hours envisaged, the professional resources involved, the methodological and digital tools used, and the fees proposed, and are therefore such as not to compromise the quality and reliability of the assurance work to be carried out;
- further considering that the Shareholders' Meeting will be called upon to resolve, concurrently with the appointment of the engagement to certify the compliance of the sustainability reporting, also on the appointment of the statutory audit engagement for the nine-year period 2027–2035;
- taking into account that, as part of the recommendation made by the Board of Statutory Auditors regarding the appointment of the statutory audit firm for the nine-year period 2027–2035, the same audit firms that participated in this selection procedure were assessed, leading to substantially consistent results and the same conclusion regarding the identification of the firms deemed most suitable for carrying out the engagements;
- further considering that the Selection Procedure establishes the principle that the fee constitutes a relevant factor in the evaluation of bids but may be decisive only amongst proposals presenting substantially equivalent levels of evaluation in qualitative terms, with particular reference to professional experience, the methodological quality of the proposed approach, the professional resources dedicated to the task and compliance with independence requirements;
- considering, therefore, that the outcomes of the selection procedure and the comparative assessments carried out make it possible to identify the party best suited to carry out the task of certifying the compliance of the Company's and the Group's sustainability reporting.

5. Reasoned proposal by the Board of Statutory Auditors

In view of the foregoing, the Board of Statutory Auditors, in its capacity as the supervisory body and pursuant to Article 13, paragraph 2-*ter*, of Legislative Decree No. 39 of 27 January 2010,

submits its reasoned proposal

to the Board of Directors to propose to the Shareholders' Meeting that the task of certifying the compliance of the consolidated sustainability reporting of the Company and the Group for the period 2027–2029 be entrusted to the audit firm EY, on the financial terms and conditions set out in the offer submitted by that firm, determining the relevant fee for the entire duration of the engagement on the basis of the proposal put forward by the firm itself.

alternatively and as a secondary option, to appoint the audit firm PWC to certify the compliance of the consolidated sustainability reporting for the financial years 2027–2029, on the terms and conditions set out in greater detail in the bid submitted.

The Board of Statutory Auditors further notes that the engagement will be carried out in compliance with current regulatory provisions and applicable standards regarding the certification of sustainability reporting and will have a three-year duration, expiring on the date of the Shareholders' Meeting convened to approve the financial statements for the last financial year included in the engagement period.

8. Declaration

The Board of Statutory Auditors, pursuant to Article 16, paragraph 2, of the Regulations, declares that this Recommendation has not been influenced by third parties and that none of the clauses referred to in the relevant paragraph 6 have been applied.

Appendix: Methods for updating fees as provided by EY and PWC

Brugine, 28 January 2026

Paolo Prandi
Chairman of the Board of Statutory Auditors

Gianna Adami
Standing Auditor

Saverio Bozzolan
Standing Auditor

Attachment

Auditors	Fee adjustment clause
pwc	**Update on the fees payable to the auditing firm** Fees are based on the current rates and will be adjusted annually on July 1, 2028, in accordance with the total change in the ISTAT cost-of-living index (Consumer Price Index for blue-collar and white-collar households) compared to the previous year (based on June 2027)
EY	The fees indicated above are valid through December 31, 2027. Effective January 1, 2028, and on each subsequent January 1, the fees for audit services performed by EY Italia will be adjusted based on the total change from the previous year (as of December 2026) in the ISTAT index. This adjustment will be applied to the annual fees for the current audit engagement and included in the final invoice issued upon completion of the audit work relating to the financial statements as of December 31 of the previous fiscal year.