



Organisational, Management, and Control Model

General Part

pursuant to Article 6(3) of Legislative Decree No. 231 of 8 June 2001

Approved by the Board of Directors on 13 November 2025

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FOREWORD

In consideration of the need to ensure conditions of maximum fairness in the conduct of its business, the Company CAREL Industries S.p.A. (hereinafter, "CAREL" or the "Company"), has deemed it appropriate to adopt the "Organisation, Management and Control Model" (hereinafter, also the "Model") required by Legislative Decree no. 231 of 8 June 2001 (hereinafter, also the "Decree").

With the adoption of Model 231, a specific control body was also set up, the Supervisory Board, to which the Company conferred broad and autonomous tasks and powers to control compliance with the Model, as provided for by the Decree.

With a view to the planning and management of corporate activities aimed at efficiency, fairness, transparency and quality, the Company has adopted and implements the organisational, management and control measures described in this document, which has also been drawn up in accordance with the indications contained in the document *'Guidelines for the Construction of Organisational, Management and Control Models'* issued by Confindustria¹.

For the purposes of this Model, terms used with a capital letter, when used in the singular, shall also be understood as being used in the plural and vice versa, and those used in the masculine shall also be understood as being used in the feminine and vice versa, as the case may be.

1. THE REGULATION

1.1 Legislative Decree No. 231/2001

Legislative Decree No. 231 of 8 June 2001, containing the *'Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality'*, implemented the legislative delegation contained in Article 11 of Law No. 300 of 29 September 2000, in which Parliament had laid down principles and guiding criteria for the regulation of the administrative liability of legal persons and bodies without legal personality for offences committed by persons operating within the Body, in the interest or to the advantage of the Body.

The Decree aimed to bring the internal regulations on the liability of legal persons into line with the following international conventions:

- 1) Brussels Convention of 26 July 1995 on the Protection of the European Community's Financial Interests;
- 2) Convention of 26 May 1997 on combating corruption involving officials of the European Community or officials of Member States;
- 3) OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

The Decree introduced into the Italian legal system a regime of administrative liability for offences committed by Entities as a consequence of offences committed by those acting in the name and on behalf of the Entity represented, namely:

¹ The last update of the *"Guidelines for the construction of Organization, Management and Control Models"* issued by Confindustria dates back to June 2021.

- a) Persons in positions of representation, administration or management of the Entity or of one of its organisational units with financial and functional autonomy, as well as persons who exercise, including de facto, the management and control of the Entity (so-called "*persons in top positions*")²;
- b) Persons subject to the direction or supervision of one of the persons referred to in subparagraph a (so-called '*subordinates*' or '*subordinates*')³.

The organisation shall not be liable if the persons mentioned under a) and b) have acted solely in their own interest or in the interest of third parties.

For the offences expressly provided for by the Decree, the traditional liability for the offence committed (personal criminal liability that can only refer to natural persons by virtue of the principle established by Article 27, paragraph 1 of the Constitution) and the other forms of liability arising from offences, is flanked by a liability of the Entity, which is defined as administrative liability and which refers to the same fact as having different sanctioning consequences depending on the person called upon to answer for it. The fact constituting an offence, where the prerequisites indicated in the legislation are met, operates on a twofold level, in that it integrates both the offence attributable to the individual who committed it (punishable by criminal sanctions), and the offence (punishable by the sanctions set out in Legislative Decree no. 231/2001) attributable to the Entity.

As to the nature of the Decree's liability, despite the qualification of administrative liability that appears in the title of the Decree, there are several provisions that nonetheless point to a substantially criminal-law structure of the entire *body* of legislation. Firstly, the Decree introduced the configuration of the Entity's liability in connection with the commission of an offence for which the Entity is autonomously liable, if perpetrated in its interest or to its advantage by persons belonging to the Entity's structure (Article 6), who have become responsible for such conduct as a result of a culpable disorganisation resulting in a failure to comply with management or supervisory obligations (Article 7). Also significant is the attribution of jurisdiction to the criminal magistrate, who is required to adhere to the rules of criminal procedure where not expressly derogated by the Decree, which essentially defines this responsibility as criminal law. Moreover, also indicative of the criminal matrix of the legislation, is the attempt to personalise the sanction, not only with pecuniary penalties, but also, among others, with prohibitory sanctions that can lead up to the definitive closure of the Entity. However, the Entity can be 'exonerated' from liability or obtain a reduction in punitive-sanctionary measures by implementing conduct that is both compensatory and demonstrative of a willingness to reorganise the company structure by adopting Organisation, Management and Control Models (Article 6) suitable for preventing the conduct of persons belonging to the Entity structure that is criminally relevant under the Decree.

The Decree deals with delimiting the scope of the **Recipients of the Decree**, namely: '*Entities with legal personality, companies and associations, including those without legal personality*'. Therefore, reference is made to:

² For example, this category includes individuals in senior positions, such as the President, Directors, General Managers, the Director of a branch or division, as well as the de facto director or sole shareholder responsible for management.

³ All persons having a functional relationship with the Entity must be considered to be 'subordinate' to senior management. Therefore, in addition to employees, this category also includes persons who have an agency or commercial representation relationship with the Company, or other coordinated and continuous collaboration relationships that are mainly personal and without the constraint of subordination (project work, temporary work, insertion, summer orientation traineeships), or any other relationship contemplated by Article 409 of the Code of Civil Procedure, as well as occasional workers.

- entities that have acquired legal personality according to civil law schemes, such as associations, foundations and other institutions of a private nature that have obtained state recognition;
- companies that have acquired legal personality through registration in the company register;
- Non-personified entities, devoid of financial autonomy, but in any case considered subjects of law.

On the other hand, the following are excluded from the list of addressees of the Decree: the State, territorial public entities (Regions, Provinces, Municipalities and Mountain Communities, etc.), non-economic public entities and, in general, all entities that perform functions of constitutional importance (Chamber of Deputies, Senate of the Republic, Constitutional Court, C.S.M., etc.).

Article 5 of the Decree identifies the objective criteria for attributing administrative liability for offences. The rule provides for four conditions in the presence of which the offence may be attributed to the Entity:

- the offence committed must belong to the catalogue of offences included in the Decree itself;
- the offence must have been committed in the interest or to the advantage of the Entity;
- the acting subjects must be natural persons placed in a senior or subordinate position;
- the agents must not have acted solely in their own interest or in the interest of third parties.

Articles 6 and 7 identify the subjective criteria of imputation since, for the purposes of establishing administrative liability for offences, it is not sufficient merely to attribute the offence objectively to the Entity, but it is necessary to be able to recognise the existence of liability on the part of the Entity itself.

The institution's liability parameters are different depending on whether the alleged crime was committed by people in a senior or subordinate position. Article 6 outlines the Entity's liability profiles in the event of crimes committed by senior management, as identified in Article 5, paragraph 1, letter a). The Entity, however, is not liable if it proves that:

- organisational and management models suitable for preventing criminal conduct of the same kind as the offence in question were adopted and effectively implemented by the management body before the offence was committed;
- the task of supervising the functioning, compliance and updating of these Models (defined as the "Supervisory Body") has been entrusted to a body within the Institution, equipped with autonomous powers of initiative and control;
- the natural persons were able to commit the offence because they fraudulently circumvented the Models;
- there was no omission or insufficient supervision by the Entity's internal Supervisory Body.

As regards the conditions that must be met in order for the Entity to be held liable for offences committed by subordinates (Article 5(1)(b)), Article 7 lays down in general terms that the Entity's liability arises from its failure to fulfil its management and supervisory obligations. In any case, the Entity is exempt if, before the commission of the crime, it had adopted Organizational and Management Models suitable for preventing crimes of the same type as those committed by the subordinate. Unlike what is provided for the crime committed by the individual in a senior position, in this case, the burden of proof falls on

the prosecution to prove the failure to adopt and the ineffective implementation of the Models.

1.2 Offences provided for by Legislative Decree No. 231/2001

Section III of Chapter I of the Decree exhaustively outlines the catalogue of predicate offences from the commission of which the Entity may incur administrative liability for offences.

Over the years, there has been a progressive expansion of this catalogue (originally limited by the provisions of Art. 24 and 25) and this mainly on the occasion of the transposition of the contents of International Conventions to which Italy has acceded and which also provided for forms of liability of Entities.

The provisions of **articles 24 and 25 of the Decree** include the following **offences against the Public Administration**:

- Misappropriation of public funds (Article 316-bis of the criminal code)
- Undue receipt of public funds (Article 316-ter of the criminal code)
- Fraud to the detriment of the State or other public body or the European Communities (Article 640(2)(1) of the criminal code)
- Aggravated fraud to obtain public funds (Article 640-bis of the criminal code)
- Computer fraud against the State or other public body (art. 640-ter of the criminal code)
- Fraud in public supply (Article 356 of the criminal code)
- Fraud against the European Agricultural Fund (Art. 2. L. 23/12/1986, no. 898)
- Disrupted freedom of tenders (Article 353 of the Criminal Code) [Article introduced by Law no. 137/2023]
- Disturbed freedom of the contractor selection procedure (art. 353-bis) [article introduced by Law no. 137/2023]
- Embezzlement (limited to the first paragraph) (Article 314(1) of the criminal code)
- Improper use of money or movable property (Article 314-bis of the criminal code) [Article introduced by Law No. 112/2024]
- Embezzlement by profiting from another's error (316 criminal code)
- Extortion (Article 317 of the criminal code)
- Corruption for the exercise of office (Article 318 of the criminal code)
- Corruption for an act contrary to official duties (Article 319 of the criminal code)
- Aggravating circumstances (Article 319-bis of the criminal code)
- Corruption in judicial proceedings (319-ter of the criminal code)
- Undue inducement to give or promise benefits (Article 319-quater of the criminal code)
- Corruption of a person in charge of a public service (Article 320 of the criminal code)
- Penalties for the corruptor (Art. 321 of the criminal code)
- Incitement to corruption (Article 322 of the criminal code)
- Embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery of members of international courts or bodies of the European Communities or of international parliamentary assemblies or international organisations and of officials of the European Communities and of foreign States (Article 322-bis of the criminal code)
- Trafficking in illegal influences (art. 346-bis of the criminal code)

The following should be noted:

Public Administration refers to public institutions, public officials and those in charge of a public service, i.e. the set of public bodies and subjects (State, Ministries, Regions, Provinces, Municipalities, etc.) and sometimes private bodies (public service concessionaires, contracting authorities, mixed companies, etc.) and all other figures that perform a public function in any way in the interest of the community.

Public institutions include, but are not limited to, companies and administrations of the state, regions, provinces, municipalities and their consortia and associations, university institutions, chambers of commerce, national, regional and local non-economic public bodies, administrations, companies and bodies of the national health service. A public function is also held by members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities.

A public official, as governed by Article 357 of the criminal code, is defined as a person exercising a legislative, judicial or administrative public function. A public administrative function is one governed by public law and authoritative acts, and characterized by the formation and expression of the will of the Public Administration and its implementation through authoritative and certifying powers.

By public service employee, as regulated by art. 358 of the criminal code, we mean anyone who, in any capacity, provides a "public service", meaning "*an activity regulated in the same ways as a public function, but characterised by the lack of the powers typical of the latter and excluding the performance of simple administrative tasks and the provision of merely material work*". A person entrusted with a public service is therefore one who performs a 'public activity' that does not concern mere orderly tasks and/or the performance of merely material work, as such devoid of any intellectual and discretionary input. Examples of public service employees are employees of Entities that perform public services, even if they are private entities.

Article 24-bis of the Decree (Computer-related crimes and unlawful data processing) includes the following crimes:

- Computer documents (Article 491-bis of the criminal code)
- Unauthorized access to a computer or telematics system (Article 615-ter of the criminal code) [Article amended by Law no. 90/2024]
- Unauthorised possession, dissemination, and installation of equipment, codes and other means of access to computer or telecommunications systems (Article 615-quater of the criminal code) [Article amended by Law no. 238/2021 and amended by Law no. 90/2024]
- Unlawful interception, impediment, or interruption of computer or telematic communications (Article 617-quater of the Criminal Code) [Article amended by Law No. 238/2021 and Law No. 90/2024]
- Possession, dissemination and unauthorised installation of equipment and other means of intercepting, preventing or interrupting computer or telematic communications (Article 617-quinquies of the criminal code) [Article amended by Law no. 238/2021 and Law no. 90/2024]
- Damage to computer information, data, and programs (Article 635-bis of the criminal code) [Article amended by Law no. 90/2024]

- Damage to computer information, data, and programs used by the State or other public body or in any case of public utility (Article 635-ter of the criminal code) [Article amended by Law no. 90/2024]
- Damage to computer or telematic systems (Article 635-quater of the criminal code) [Article amended by Law no. 90/2024]
- Unauthorised possession, dissemination, and installation of computer equipment, devices, or programs intended to damage or interrupt a computer or telecommunications system (Article 635-quater¹ of the criminal code) [Article introduced by Law No. 90/2024]
- Damage to computer or telecommunication systems of public interest (Article 635-quinquies of the criminal code) [Article amended by Law no. 90/2024]
- Computer fraud by the electronic signature certifier (art. 640-quinquies of the criminal code)
- Violation of the provisions regarding the National Cybersecurity Perimeter (Article 1, paragraph 11, Legislative Decree 21 September 2019, no. 105)
- Extortion (Article 629(3) of the criminal code) [Article added by Law No. 90/2024]

Article 24-ter of the Decree (Organised crime offence) provides for the following types of crime:

- Criminal association (art. 416 of the criminal code)
- Mafia-type associations, including foreign ones (Article 416-bis of the criminal code)
- Political-mafia electoral exchange (Article 416-ter of the criminal code)
- Kidnapping for the purpose of extortion (Article 630 of the criminal code)
- Association for the purpose of illicit trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree 309/90)
- All crimes committed under the conditions set forth in Article 416-bis of the criminal code to facilitate the activities of the associations referred to in the same article (Law 203/91)
- Illegal manufacture, introduction into the State, offering for sale, transfer, possession and carrying in a public place or a place open to the public of weapons of war or warlike weapons or parts thereof, explosives, clandestine weapons as well as more common firing weapons excluding those referred to in Article 2(3) of Law no. 110 of 18 April 1975 (Art. 407, para. 2(a)(5) of the code of criminal procedure)

Article 25-bis (Counterfeiting in coins, in public credit cards, in stamp values and in instruments or signs of recognition) of the Decree includes the following types of crime:

- Counterfeiting of money, spending, and introducing into the State, after consultation, by prior agreement, counterfeit money (art. 453 of the criminal code)
- Altering money (art. 454 of the criminal code)
- Spending and introducing counterfeit money into the State without agreement (Article 455 of the criminal code)
- Spending counterfeit money received in good faith (Article 457 of the criminal code)
- Falsification of stamp values, introduction into the State, purchase, possession, or circulation of falsified stamp values (art. 459 of the criminal code)
- Counterfeiting of watermarked paper used for the manufacture of public credit cards or stamp values (art. 460 of the criminal code)

- Manufacture or possession of watermarks or tools intended for the falsification of money, stamps or watermarked paper (art. 461 of the criminal code)
- Use of counterfeit or altered stamp values (art. 464 of the criminal code)
- Counterfeiting, alteration or use of trademarks or distinctive signs of intellectual works or of patents, models and designs (Article 473 of the criminal code)
- Introduction into the country and trade of products with false markings (Article 474 of the criminal code)

Article 25-bis.1 (Crimes against industry and trade) of the Decree, provides for the following offences:

- Disturbing the freedom of industry or trade (Article 513 of the criminal code)
- Unlawful competition with threat or violence (Article 513 bis of the criminal code)
- Fraud against national industries (Article 514 of the criminal code)
- Fraud in the exercise of trade (Article 515 of the criminal code)
- Sale of non-genuine foodstuffs as genuine (Article 516 of the criminal code)
- Sale of industrial products with false signs (Article 517 of the criminal code)
- Manufacture of and trade in goods made by usurping industrial property rights (Article 517-ter of the criminal code)
- Counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-quater of the criminal code)

Article 25-ter (Corporate Offences) of the Decree provides for the following crimes:

- False corporate communications (Article 2621 of the civil code)
- Minor offences (Article 2621-bis of the civil code)
- False corporate communications by listed companies (Article 2622)
- Obstruction of control (Article 2625.2 of the civil code)
- Undue return of contributions (Article 2626 of the civil code)
- Illegal distribution of profits and reserves (Article 2627 of the civil code)
- Illegal transactions involving shares or units of the company or the parent company (Article 2628 of the civil code)
- Transactions to the detriment of creditors (Article 2629 of the civil code)
- Failure to communicate a conflict of interest (art. 2629-bis of the civil code)
- Fictitious capital formation (Article 2632 of the civil code)
- Undue distribution of social assets by liquidators (art. 2633 of the civil code)
- Corruption among private individuals (art. 2635 of the civil code)
- Incitement to bribery among private individuals (Article 2635-bis of the civil code)
- Unlawful influence on the shareholders' meeting (Article 2636 of the civil code)
- Market rigging (Article 2637 of the civil code) [Article amended by Law no. 132/2025]
- Obstructing the exercise of the functions of public supervisory authorities (Article 2638 of the civil code)
- False or omitted declarations for the issue of the preliminary certificate (Art. 54 Legislative Decree 19/2023)

Article 25-quater (Crimes for the purpose of terrorism or subversion of the democratic order provided for by the penal code and special laws) of the Decree refers to the following types of crime:

- Subversive associations (Article 270 of the criminal code)
- Associations for the purposes of terrorism, including international terrorism or subversion of the democratic order (Article 270-bis of the criminal code)
- Aggravating and mitigating circumstances (Art. 270-bis.1 criminal code)
- Assistance to members (Article 270-ter of the criminal code)
- Recruitment for the purposes of terrorism, including international terrorism (Article 270-quater of the criminal code)
- Organization of transfer for terrorist purposes (art. 270-quater-1 of the criminal code)
- Training in activities for the purposes of terrorism, including international terrorism (Article 270-quinquies of the criminal code)
- Financing of conduct for the purposes of terrorism (Law no. 153/2016, Art. 270-quinquies.1 criminal code)
- Theft of seized goods or money Art. 270-quinquies2 of the criminal code)
- Possession of material for terrorist purposes (Art. 270-quinquies.3 of the criminal code.)
[Article inserted by Legislative Decree no. 48/2025, converted, with amendments, by Law no. 80/2025]
- Conduct for the purpose of terrorism (art. 270-sexies of the criminal code)
- Attack for terrorist purposes or subversion (art. 280 of the criminal code)
- Act of terrorism with deadly or explosive devices (Article 280-bis of the criminal code)
- Acts of nuclear terrorism (Art. 280-ter of the criminal code)
- Kidnapping for the purpose of terrorism or subversion (Art. 289-bis of the criminal code)
- Seizure for compulsion purposes (art. 289-ter of the criminal code) article introduced by Legislative Decree 21/2018
- Incitement to commit any of the offences provided for in Chapters 1 and 2 (Art. 302 of the criminal code)
- Political conspiracy by agreement (Art. 304 of the criminal code)
- Political conspiracy by association (Art. 305 of the criminal code)
- Armed gangs: training and participation (Art. 306 of the criminal code)
- Assistance to conspiracy or armed gang participants (Art. 307 of the criminal code)
- Seizure, hijacking and destruction of an aircraft (Law no. 342/1976, art. 1)
- Damage to ground installations (L. no. 342/1976, Art. 2)
- Sanctions (L. no. 422/1989, Art. 3)
- Active repentance (Legislative Decree no. 625/1979, art. 5)
- New York Convention of December 9, 1999 (Art. 2)

Art. 25-quater.1 (Practices of mutilation of female genital organs) of the Decree includes the only criminal case provided for and punished by art. 583-bis of the criminal code

Article 25-quinquies "Crimes against the individual" of the Decree includes the following offences:

- Reduction to or maintenance in slavery or servitude (Article 600 of the criminal code)
- Child prostitution (Article 600-bis of the criminal code)
- Child pornography (Article 600-ter of the criminal code)
- Detention or access to pornographic material (art. 600-quater of the criminal code)

- Virtual pornography (Art. 600-*quater*.1 criminal code)
- Tourism initiatives aimed at the exploitation of child prostitution (Article 600-*quinquies* of the criminal code)
- Human trafficking (art. 601 of the criminal code)
- Purchase and sale of slaves (Article 602 of the criminal code)
- Illegal intermediation and exploitation of labour (Art. 603-*bis* of the criminal code)
- Solicitation of minors (Art. 609-undecies of the criminal code)

Article 25-sexies (Market abuse offences) of the Decree establishes an administrative liability of the Entity in the event of market abuse, i.e. the commission of the offences of:

- Market manipulation (Art. 185 T.U.F.) [Article amended by Law no. 132/2025]
- Abuse or unlawful communication of privileged information. Recommending or inducing others to abuse privileged information (Art. 184 Legislative Decree no. 58/1998)
- Prohibition of market manipulation (Art. 15 Reg. EU no. 596/2014)
- Prohibition of the abuse of privileged information and the illegal communication of privileged information (art. 14 Reg. EU no. 596/2014)

Article 25-septies (Crimes of manslaughter and serious or very serious bodily harm committed in violation of accident prevention and occupational health and hygiene regulations) of the Decree provides for two distinct types of administrative offences resulting from a corporate crime, each punishable by different penalties, proportionate to the seriousness of the offence, namely:

- Manslaughter (Art. 589 of the criminal code)
- Negligent personal injury (Art. 590 of the criminal code)

Article 25-octies (Receiving, laundering and use of money, goods or utilities of illicit origin, as well as self-laundering) of the Decree includes the following criminal offences:

- Receiving stolen goods (Art. 648 of the criminal code)
- Money laundering (Art. 648-*bis* of the criminal code)
- Use of money, goods or benefits of unlawful origin (art. 648-*ter* of the criminal code)
- Self-laundering (Art. 648-*ter*.1)

Article 25-octies.1 (Offences relating to non-cash means of payment) of the Decree includes the following criminal offences:

- Improper use and counterfeiting of payment instruments other than cash (Article 493-*ter* of the criminal code)
- Possession and distribution of computer equipment, devices or programmes aimed at committing offences involving non-cash payment instruments (Art.493-*quater* of the criminal code)
- Computer fraud aggravated by the carrying out of a transfer of money, monetary value or virtual currency (Art. 640-*ter* of the criminal code)
- Fraudulent transfer of assets (Art. 512-*bis*) [article introduced by Law no. 137/2023 and amended by Legislative Decree no. 19/2024]

Article 25-novies (Crimes relating to the infringement of copyright) of the Decree includes the following criminal offences:

- Making available to the public, in a system of telematic networks, by means of connections of any kind, a protected intellectual work, or part of it (Article 171, Law No 633/1941, paragraph 1(a)(aa) [Article amended by Law No 132/2025]
- Crimes referred to in the previous point committed on other people's works not intended for publication if the honour or reputation is offended (Art. 171, Law no. 633/1941 paragraph 3)
- Illegal duplication of computer programs for profit; importing, distributing, selling, or possessing for commercial or business purposes, or leasing, programs contained on media not marked by SIAE; providing means to remove or circumvent the protection devices of computer programs (Article 171-bis of Law No. 633/1941, paragraph 1) [Article amended by Law No. 166/2024]
- Reproduction, transfer to another medium, distribution, communication, presentation or demonstration in public, of the contents of a database; extraction or reuse of the database; distribution, sale or lease of databases (Article 171-bis, Law No. 633/1941, paragraph 2) [Article amended by Law No. 166/2024]
- Unauthorised duplication, reproduction, transmission or dissemination in public by any process, in whole or in part, of intellectual works intended for the television, cinema, sale or rental of records, tapes or similar media or any other media containing phonograms or videograms of musical, cinematographic or audiovisual works assimilated or sequences of moving images literary, dramatic, scientific or didactic, musical or dramatic-musical, multimedia works, even if included in collective or composite works or databases; reproduction, duplication, transmission or unauthorised dissemination, sale or trade, transfer for any reason or unauthorised importation of more than fifty copies or specimens of works protected by copyright and related rights; entering into a system of telematic networks, through connections of any kind, of an original work protected by copyright, or part of it (Article 171-ter Law No. 633/1941) [Article amended by Law no. 166/2024]
- Failure to communicate to SIAE the identification data of media not subject to the marking or false declaration (Article 171-septies of Law No. 633/1941) [Article amended by Law No. 166/2024]
- Fraudulent production, sale, import, promotion, installation, modification, and use for public or private purposes of equipment or parts of equipment for decoding audiovisual broadcasts with conditional access broadcast via wireless, satellite, or cable, whether in analogue or digital form (Article 171-octies of Law No. 633/1941)

Article 25-decies (Inducement not to make statements or to make false statements to the judicial authorities) of the Decree includes only one type of crime provided for and punished under Article 377 bis of the criminal code.

Article 25-undecies (Environmental Offences) of the Decree includes the following criminal offences:

- Environmental pollution (Art. 452-bis of the criminal code) [Article amended by Law No. 137/2023]
- Environmental disaster (Article 452-quater of the Criminal Code) [Article amended by Law No. 137/2023]
- Negligent crimes against the environment (Article 452-quinquies of the Criminal Code)

- Trafficking and abandonment of highly radioactive material (Article 452-sexies of the Criminal Code) [Article amended by Law No. 137/2023 and Legislative Decree No. 116/2025]
- Aggravating circumstances (Article 452-octies of the Criminal Code)
- Killing, destruction, capture, removal, or possession of specimens of protected wild animal or plant species (Article 727-bis of the Criminal Code) [Article amended by Law No. 82/2025]
- Destruction or deterioration of habitats within a protected site (Article 733-bis of the Criminal Code) [Article amended by Law No. 82/2025]
- Import, export, possession, use for profit, purchase, sale, display or possession for sale or commercial purposes of protected species (Law No 150/1992, Art. 1, Art. 2, Art. 3-bis and Art. 6)
- Industrial wastewater discharges containing dangerous substances; discharges to soil, subsoil and groundwater; discharge into seawater by ships or aircraft (Legislative Decree no. 152/2006, art. 137)
- Unauthorised waste management activities (Legislative Decree No. 152/2006, Article 256) [Article amended by Decree-Law No. 116/2025 and amended by Law No. 147/2025]
- Pollution of soil, subsoil, surface water or groundwater (Legislative Decree no. 152/2006, art. 257)
- Illegal shipment of waste (Legislative Decree no. 152/2006, art. 259) [Article amended by Decree-Law no. 116/2025 and Law no. 147/2025]
- Violation of reporting obligations, mandatory register keeping, and forms (Legislative Decree no. 152/2006, art. 258) [article amended by Legislative Decree no. 116/2025 and Law no. 147/2025]
- Organized activities for the illicit trafficking of waste (Article 452-quaterdecies of the Criminal Code) [article introduced by Legislative Decree No. 21/2018 and amended by Legislative Decree No. 116/2025 and Law No. 147/2025]
- False information on the nature, composition and chemical/physical characteristics of waste in the preparation of a waste analysis certificate; inclusion in SISTRI of a false waste analysis certificate; omission or fraudulent alteration of the hard copy of the SISTRI form - handling area in the transport of waste (Legislative Decree no. 152/2006, Article 260-bis)
- Sanctions (Legislative Decree No. 152/2006, Art. 279)
- Intentional pollution caused by ships (Legislative Decree no. 202/2007, art. 8)
- Negligent pollution caused by ships (Legislative Decree no. 202/2007, art. 9)
- Cessation and reduction of the use of harmful substances (Law No 549/1993 Art. 3)
- Abandonment of non-hazardous waste in special cases (Legislative Decree no. 152/2006, art. 255-bis) [Article introduced by Decree-Law no. 116/2025 and amended by Law no. 147/2025]
- Abandonment of hazardous waste (Legislative Decree No. 152/2006, art. 255-ter) [Article introduced by Decree-Law No. 116/2025]
- Illicit combustion of waste (Legislative Decree no. 152/2006, art. 256-bis) [article introduced by Legislative Decree no. 116/2025]
- Aggravating business activity (Legislative Decree No. 152/2006, Article 259-bis) [Article introduced by Decree-Law No. 116/2025]
- Prevention of control (Article 452-septies of the criminal code) [article introduced by Legislative Decree no. 116/2025]

- Failure to remediate (Art. 452-terdecies of the Criminal Code) [Article introduced by Legislative Decree no. 116/2025]

Article 25-duodecies (*Employment of third-country nationals whose stay is irregular*) of the Decree includes the following offences:

- Provisions against illegal immigration (art. 12, paragraph 3, 3 bis, 3 ter and paragraph 5, Legislative Decree no. 286/1998) [article amended by Legislative Decree no. 20/2023]
- Employment of third country nationals whose stay is irregular (Article 22(12 bis) of Legislative Decree no. 286/1998) [Article amended by Law no. 187/2024]

Article 25-terdecies (*Racism and xenophobia*) of the Decree includes a single crime provided for and punished under Article 604-*bis* of the Criminal Code ("Propaganda and incitement to crime on the grounds of racial, ethnic, and religious discrimination").

Article 25-quaterdecies (*"Offences relating to fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices"*) of the Decree includes the following offences:

- Fraud in sports competitions (art. 1, Law no. 401/1989)
- Illegal exercise of gambling or betting activities (art. 4, Law no. 401/1989)

Article 25-quinquiesdecies (*Tax Crimes*) of the Decree includes the following offences:

- Fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 2, Legislative Decree no. 74/2000)
- Fraudulent declaration through other means (art. 3, Legislative Decree no. 74/2000)
- Issuing invoices or other documents for non-existent transactions (Article 8, Legislative Decree No. 74/2000)
- Concealment or destruction of accounting documents (art. 10, Legislative Decree no. 74/2000)
- Fraudulent evasion of tax payments (Art. 11, Legislative Decree No. 74/2000)
- False declaration (Art. 4 Legislative Decree no. 74/2000)
- Failure to declare (Art. 5 Legislative Decree no. 74/2000)
- Undue compensation (Art. 10-quater of Legislative Decree no. 74/2000) [Article amended by Legislative Decree no. 87/2024]

Article 25-sexiesdecies (*Smuggling*) of the Decree includes the following types of crime:

- Smuggling for failure to declare (art. 78 Legislative Decree no. 141/2024)
- Smuggling by unfaithful declaration (art. 79 Legislative Decree no. 141/2024)
- Smuggling in the movement of maritime and air goods and in border lakes (art. 80 Legislative Decree no. 141/2024)
- Smuggling through improper use of imported goods with total or partial reduction of duties (Art. 81 of Legislative Decree no. 141/2024)
- Smuggling in the export of goods eligible for the return of rights (Art. 82 Legislative Decree no. 141/2024)

- Smuggling in temporary exports and in special use and processing regimes (Article 83 of Legislative Decree no. 141/2024)
- Smuggling of manufactured tobacco (Art. 84 of Legislative Decree no. 141/2024)
- Aggravating circumstances of the crime of tobacco smuggling (Art. 85 of Legislative Decree No. 141/2024)
- Criminal association aimed at smuggling manufactured tobacco (art. 86 Legislative Decree no. 141/2024)
- Equation of attempted crime to completed crime (art. 87 Legislative Decree no. 141/2024)
- Aggravating circumstances of smuggling (Article 88 of Legislative Decree No. 141/2024)
- Avoidance of assessment or payment of excise duty on energy products (Article 40 of Legislative Decree No. 504/1995)
- Avoidance of assessment or payment of excise duty on manufactured tobacco (Article 40-bis of Legislative Decree no. 504/1995)
- Illegal production of alcohol and alcoholic beverages (Article 41 of Legislative Decree no. 504/1995)
- Association for the purpose of the clandestine manufacture of alcohol and alcoholic beverages (Article 42 of Legislative Decree No. 504/1995)
- Avoidance of assessment and payment of excise duty on alcohol and alcoholic beverages (Art. 43 of Legislative Decree No. 504/1995)
- Aggravating circumstances (Article 45 Legislative Decree No. 504/1995)
- Alteration of devices, fingerprints and markings (Art. 46 Legislative Decree no. 504/1995)

Art. 25-septiesdecies (Crimes against cultural heritage) of the Decree includes the following criminal offences:

- Theft of cultural property (art. 518-bis of the criminal code)
- Misappropriation of cultural property (Art. 518-ter of the criminal code)
- Receipt of cultural assets (art. 518-quater of the criminal code)
- Forgery of private contracts relating to cultural goods (Art. 518-octies of the criminal code)
- Violations relating to the alienation of cultural property (art. 518-novies Criminal Code)
- Illicit import of cultural goods (Art. 518-decies of the Criminal Code)
- Illicit release or export of cultural property (art. 518-undecies criminal code)
- Destruction, dispersion, deterioration, defacement, defacement and illegal use of cultural or landscape heritage (Article 518-duodecies of the criminal code)
- Counterfeiting of works of art (Art. 518-quaterdecies of the criminal code)

Art. 25-duodevicies (Laundering of cultural goods and devastation and looting of cultural and landscape assets) of the Decree includes the following criminal offences:

- Laundering of cultural goods (Article 518-sexies of the criminal code)
- Destruction and looting of cultural and landscape heritage (Article 518-terdecies of the criminal code)

Article 25-undevicies (Crimes against animals) of the Decree includes the following criminal offences:

- Killing or harming other people's animals (art. 638 of the Criminal Code)
- Prohibition of animal fighting (Article 544-quinquies of the criminal code)
- Prohibited shows or events (art. 544-quater Criminal Code)
- Ill-treatment of animals (Art. 544-ter of the criminal code)

- Killing of animals (Article 544-bis of the criminal code)

Finally, we note the entry into force of Legislative Decree No. 129 of 5 September 2024 on the 'Adaptation of national legislation to Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on crypto-assets markets and amending Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937", specifying that the types of offences referred to in Article 34 of the aforementioned Legislative Decree do not constitute predicate offences for the Entity's liability, but hypotheses of administrative liability in relation to which Articles 6, 7, 8 and 12 of Legislative Decree 231/2001 apply. Below are the offences referred to in Article 34, Legislative Decree 129/2024:

- Prohibition of misuse of privileged information (art. 89 regulation (EU) 2023/1114)
- Prohibition of unlawful disclosure of privileged information (art. 90 regulation (EU) 2023/1114)
- Prohibition of market manipulation (art. 91 regulation (EU) 2023/1114).

1.3 Offences committed abroad

Article 10 of Law No. 146 of 16 March 2006 ('Ratification and *Execution of the United Nations Convention and Protocols against Transnational Organised Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001*') extended the administrative liability for offences of Entities to so-called 'transnational crimes'. The subsection of these crimes to the provisions set forth in Decree 231 did not occur through the insertion of an article in the text of the Decree, but, as mentioned, as a result of the ratification of the Convention.

Article 3 of Law No. 146/2006 defines '*transnational crime*' as an offence punishable by imprisonment of no less than a maximum of four years if an 'organised criminal group' is involved, as well as:

- is committed in more than one State, or
- is committed in one State, but a substantial part of the preparation, planning, direction or control of the offence took place in another State, or
- is committed in one state, but an organised criminal group engaged in criminal activity in more than one state is involved, or
- is committed in one State, but has substantial effects in another State.

The transnational offences governed by Law 146/2006 and included in the scope of liability under Legislative Decree no. 231/2001 are as follows:

- Criminal association (art. 416 of the criminal code)
- Mafia-type association (Article 416-*bis* of the Criminal Code)
- Criminal conspiracy for the purpose of smuggling foreign manufactured tobacco (Article 291-*quater* of Presidential Decree no. 43 of 23 January 1973, Consolidated Law on Customs)
- Association for the purpose of illicit trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree no. 309 of 9 October 1990, Consolidated Law on Narcotics)

- Provisions against illegal immigration (Article 12, paragraphs 3, 3-bis, 3-ter and 5, of the consolidated text of Legislative Decree 25 July 1998, No 286)
- Inducement not to make statements or to make false statements to the judicial authorities (Article 377-bis of the criminal code)
- Personal aiding and abetting (Art. 378 of the criminal code)

1.4 The Sanctioning system

The penalties arising from administrative liability, following the commission of the offence governed by Art. 9 to 23 of the Decree, are as follows:

- **Financial penalties** (Art. 10 – 12): always apply to any unlawful act and have a punitive and not compensatory nature. The Entity is responsible for the obligation to pay the financial penalty with its assets. The penalties are calculated on the basis of a system "*by quotas in a number not less than one hundred nor more than one thousand*", the commensuration of which is determined by the judge on the basis of the seriousness of the offence and the degree of liability of the Entity, the activity carried out by the Entity to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences. Each individual share ranges from a minimum of EUR 258.23 to a maximum of EUR 1,549.37. The amount of each tranche is determined by the judge taking into account the economic and asset conditions of the organisation. The amount of the fine is therefore determined by multiplying the first factor (number of allowances) by the second factor (amount of the allowance).
- **Interdictory sanctions** (articles 13 to 17): they apply only in cases where they are expressly provided for and are (article 9, paragraph 2):
 - The ban from carrying out the activity;
 - The suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
 - The prohibition of contracting with the public administration, except for obtaining a public service; this prohibition may also be limited to certain types of contracts or to certain administrations;
 - Exclusion from benefits, financing, contributions or subsidies and the possible revocation of those granted;
 - Restriction against publicizing goods and services.

Interdictory sanctions are designed to limit or condition corporate activity, and in the most serious cases, they can even paralyze the entity (ban from carrying out its business); they also serve the purpose of preventing behaviour related to the commission of crimes. Article 45 of the Decree, in fact, provides for the application of the prohibitive sanctions indicated in Article 9, paragraph 2, as a precautionary measure when there is serious evidence to suggest the entity is liable for an administrative offence resulting from a crime and there are well-founded and specific elements suggesting a concrete risk that offences of the same nature as the one being prosecuted will be committed.

The interdictory sanctions apply in the cases expressly provided for by the Decree when at least one of the following conditions occurs:

- i. The Entity has derived a significant profit from the offence and the offence was committed by persons in an apical position or by persons subject to the direction

of others and, in this case, the commission of the offence was determined or facilitated by serious organisational deficiencies;

ii. In the event of repeated offences.

The prohibitive sanctions have a duration of not less than three months and not more than two years (with the exception of some crimes referred to in art. 25, which, pursuant to Law 3 of January 9, 2019, have a duration of 4 to 7 years if the crime was committed by a “senior” subject and a duration not less than two years and not more than four, if the crime was committed by a “non-apical” subject); notwithstanding the temporary nature, the definitive application of prohibitive sanctions is possible, in the most serious situations described in art. 16 of the Decree.

- **Confiscation (Article 19):** this is an autonomous and mandatory sanction applied upon conviction of the entity and concerns the price or profit of the crime (except for the portion that can be returned to the injured party), or, if this is not possible, sums of money or other benefits of equivalent value to the price or profit of the crime; any rights acquired by third parties in good faith remain unaffected. The aim is to prevent the organisation from exploiting illegal behaviour for profit. Regarding the meaning of “profit,” given the significant impact that confiscation can have on the entity's assets, legal doctrine and jurisprudence have expressed differing and varying opinions due to the novelty of the topic with reference to the “confiscation-sanction” provided for by the Decree. Article 53 of the Decree provides for the possibility of ordering precautionary seizure aimed at confiscating the entity's assets that constitute the price or profit of the crime, if the legal conditions are met. The procedure provided for in Arts. 321 et seq. of the Code of Criminal Procedure on preventive seizure applies.
- **Publication of the judgment (Article 18):** it may be ordered when a disqualification sanction is applied to the Entity; the judgment is published pursuant to Article 36 of the Criminal Code as well as by posting in the municipality where the Entity has its head office. Publication is at the expense of the institution and is carried out by the court registry.

1.5 Attempted crimes

In the event of the commission, in the form of an attempt, of the crimes indicated in Chapter I of Legislative Decree no. 231/2001, pecuniary sanctions (in terms of amount) and prohibitory sanctions (in terms of time) are reduced by between one third and one half, while the imposition of sanctions is excluded in cases where the Entity voluntarily prevents the performance of the action or the realisation of the event.

1.6 Precautionary Measures

The Decree provides for the possibility of applying the prohibitive sanctions set forth in Article 9, paragraph 2, to the Entity, including as a precautionary measure.

Precautionary measures respond to a need for procedural caution, since they are applicable in the course of proceedings and thus to a person who is under investigation or a defendant, but who has not yet been convicted. For this reason, precautionary measures may be ordered at the request of the public prosecutor under certain conditions.

Article 45 establishes the conditions for the application of precautionary measures, making their application conditional upon the existence of serious evidence of guilt regarding the

entity's liability, thus reflecting the provision contained in Article 273, paragraph 1 of the Code of Criminal Procedure. The assessment of serious evidence relating to the applicability of precautionary measures pursuant to Article 45 must take into account:

- the complex case of administrative offence attributable to the Entity;
- the dependency relationship with the predicate offence;
- the existence of the interest or advantage for the organisation.

The procedure for the application of precautionary measures is modelled on that outlined in the Code of Criminal Procedure, albeit with some exceptions. The Judge competent to order the measure, at the request of the Public Prosecutor, is the Judge in charge of the proceedings, or, at the preliminary investigation stage, the Judge for Preliminary Investigations. The implementing ordinance is the one provided for by art. 292 of the Code of Criminal Procedure, a provision expressly referenced in art. 45 of the Decree. The Judge, upon receipt of the Public Prosecutor's request, fixes an ad hoc chamber hearing to discuss the application of the measure; this hearing is attended not only by the Public Prosecutor, but also by the Entity and its defence counsel, who, prior to the hearing, may have access to the Public Prosecutor's request and view the elements on which it is based.

1.7 The Organisation, Management and Control Model

Articles 6 and 7 of the Decree provide for specific forms of exoneration of the Entity's administrative liability for offences.

In particular, art. 6, "*Subjects in a senior position and organizational models of the Institution*", provides that the Institution does not respond if it proves that:

- the management body adopted and effectively implemented, before the offence was committed, Organisation, Management and Control Models suitable for preventing offences of the kind committed;
- the task of supervising the operation of and compliance with the Models, as well as ensuring that they are kept up-to-date, has been entrusted to a body of the Entity (Supervisory Board) endowed with autonomous powers of initiative and control;
- the persons who committed the offence acted by fraudulently circumventing the Models adopted by the Entity;
- no omissions or insufficiency in oversight has been found with respect to the Supervisory Board.

Article 7, "*Persons subject to the direction of others and organizational models of the Entity*," provides that in the case of crimes committed by persons subject to the direction or supervision of one of the entities referred to in Article 5, paragraph 1, letter b) of the Decree, the Entity is liable if the commission of the crime was made possible by the latter's failure to comply with their obligations of direction and supervision. In any case, non-compliance with management or supervisory obligations is excluded if the Entity, before the offence was committed, adopted and effectively implemented an Organisation, Management and Control Model capable of preventing offences of the kind committed (Article 7(2)).

1.8 The requirements of the Organization, Management and Control Model

As stipulated in Article 6(2) of the Decree, the organisation, management and control

models must meet the following requirements:

- a) identify the activities within which crimes may be committed, so-called “sensitive activities”;
- b) provide for specific control protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the offences to be prevented;
- c) identify ways of managing financial resources that are suitable for preventing the commission of offences;
- d) contemplate duties of disclosure toward the entity deputised to supervise the models' functioning and compliance;
- e) introduce a disciplinary system apposite to sanction any failure to abide by the measures set forth in the Model.

The Decree provides that organisational, management and control models may be adopted on the basis of codes of conduct drawn up by representative trade associations, communicated to the Ministry of Justice pursuant to Article 6(3) of the Decree.

1.9 The Confindustria Guidelines

Following the numerous legislative interventions that have extended the scope of administrative liability to additional offences, Confindustria has updated the Guidelines for the construction of organisational models. In June 2021, the updated version of the Guidelines (replacing the previous versions approved in 2004, 2008 and 2014) was sent to the Ministry of Justice. Failure to comply with specific points of the aforementioned Guidelines does not affect the validity of the Model. Indeed, the Model adopted by the Entity must necessarily be drafted with specific reference to the concrete reality of the Company, and therefore it may also deviate from the Confindustria Guidelines, which, by their very nature, are general in nature. Furthermore, the dynamic nature of the Guidelines issued by Confindustria is emphasized. They may be subject to updates and revisions over time, which must be taken into account when analysing and updating the Model.

2. THE COMPANY: CAREL Industries S.P.A.

2.1 Description and object of the Company

CAREL is one of the world's leading manufacturers of control solutions for air conditioning, refrigeration and heating and of systems for humidification and evaporative cooling for the commercial, industrial and residential sectors. The Company designs products to generate energy savings and reduce environmental impact through the combination of the most advanced technologies and customised services aimed at optimising the performance of machines and plants.

The Company is a provider of testing instruments for the air conditioning, commercial and industrial refrigeration markets, in the production of air humidification systems. The solutions developed by the Company find application in the commercial, industrial and residential sectors.

Within such industry segments, the Company may further carry out, whether in Italy or overseas, the following operations:

- design, development, prototype-creation, production of electronic, electrical, and mechanical devices in general;
- marketing of such items, and the sale of products, including those which the Company did not produce, provided they are like and/or complementary, and/or fall within the scope of Company's core business;
- technical assistance and maintenance of the same goods, or of goods similar or complementary to those forming the main object;
- development, production, and marketing of technologies and software;
- provide, in favour of any Company subsidiaries and affiliates, technical, commercial, and administrative services, and activities for solving problems in the financial arena, including by pledging guarantees, performance bonds, and any other security interest; make payments in any form, including advance payment for share capital increase, into the capital reserve account, without any right to refund of the amounts paid, and/or to cover losses; approve loans insofar as transparency-in-banking legislation allows, with any activities restricted by statute to registered professionals expressly precluded.

2.2 The Institutional framework: Bodies and Subjects

Shareholders' Meeting

The Shareholders' Meeting meets in Italy, even outside the municipality where the registered office is located. The Meeting shall be convened through a notice posted to Company's website, and in the other modalities as contemplated under applicable statutes and regulations.

The Shareholders' Meeting shall be presided by the Chairman of the Board of Directors or, in instances of the Chair's absence or unavailability, by the Vice President if appointed, or in the absence or unavailability of the latter, by the person appointed by the Shareholders' Meeting.

The Shareholders' Meeting shall, in any Regular or Special Meeting, pass resolutions on those matters reserved to the same, and with the quorum and majority requirements contemplated by law, and by the Company's Articles or Bylaws.

However, the following are the exclusive responsibility of the Ordinary Shareholders' Meeting:

- the approval of the budget and the distribution of profits;
- the coverage of losses;
- the appointment of Directors – upon a determination of the number of the same, if not set directly by the Articles – and their removal; the appointment and removal of members of the Board of Statutory Auditors, the compensation for the same, the appointment of the Chairman of the Board of Statutory Auditors, and the appointment of an external auditor or auditing firm;
- the resolutions concerning the adoption of actions for the liability of Directors and Auditors;
- the resolutions on other purposes reserved by law to the Shareholders' Meeting, as well as any authorisations as may be requested by the Articles or Bylaws to carry out the acts of the Directors, without prejudice to the liability of the latter for the acts so carried out;

- the general resolutions relating to any decisions which do not amend the Articles or Bylaws.

The Special Shareholders' Meeting passes resolutions, on the other hand, on any matter involving an amendment to the Articles or Bylaws, on the appointment, replacement, and allocation of authority to any liquidator.

Board of Directors

Pursuant to the Company Articles, the Company shall be governed by a Board of Directors composed of a minimum of five (5) and a maximum of thirteen (13) Members, as determined by resolution of the Ordinary Shareholders Assembly upon appointment of the Board of Directors, or as amended by resolution thereafter.

The Directors' terms shall be set by the Shareholders' Meeting, and shall be no longer than three (3) financial years; such term shall end on the date of the Shareholders' Meeting convened for approving the financial statements relating to the last financial year of such term of office.

Directors shall meet the following minimum requirements:

- all Directors shall meet eligibility, professional, and character requirements as established by statute or regulation;
- at least one Director (or two Directors, if the Board of Directors is made up of more than seven members) shall meet the independence requirements established by Art. 147-ter, of paragraph 4, of the T.U.F.;
- at least two-fifths of the Board of Directors shall be made up of directors of the lesser represented gender in accordance with the regulations in force concerning gender balance in the corporate bodies of listed companies, pursuant to Article 147-ter, paragraph 1ter, of the T.U.F.

The Board of Directors shall be vested with plenary authority to manage the Company, with the sole exception of those powers reserved to the Shareholders' Meeting by law or by the Company Articles / Bylaws.

In compliance with legal and regulatory provisions, the Articles of Association also identify the mechanisms for the appointment and functioning of the Board of Directors (Arts. 17-22).

A Control, Risk and Sustainability Committee and a Remuneration Committee shall be formed from within the Board of Directors.

Board of Statutory Auditors

The Board of Statutory Auditors shall be made up of three auditors and two substitutes, who shall be appointed initially through the Articles of Incorporation, and thereafter by the Regular Shareholders' Meeting. They shall serve for a three financial-year term, are not subject to term limits, and their term shall expire upon the date of the Shareholders' Meeting convened for the approval of the financial statements relating to the third financial year.

The management-supervisory duties of the Board of Statutory Auditors shall be exercised pursuant to applicable statutes and regulations, as well as compliance with the Company's Articles and Bylaws.

In compliance with legal and regulatory provisions, the Articles of Association also identify the mechanisms for the appointment and functioning of the Board of Statutory Auditors (Arts. 23-24).

Statutory auditor

Pursuant to applicable law, the Company's books shall be audited by an external auditor or auditing firm meeting statutory or regulatory requirements for the same.

2.3 CAREL's governance tools

The organisational governance tools ensuring proper Company functioning may be summarised as follows:

- **Bylaws** - in accordance with the provisions of the law in force - contain various provisions on corporate governance aimed at ensuring the proper conduct of management activities.
- **Job description** - the drafting of *job descriptions* allows for an understanding of the allocation of key responsibilities and also the identification of the persons to whom these responsibilities are entrusted.
- Delegation of Authority and Powers of Attorney - through which powers to represent or bind the Company are assigned. Updates to the system for delegating authority and granting powers-of-attorney shall take place upon the review/modification of the Company Division.
- **System of Policies, Procedures** - CAREL has an internal regulatory system aimed at clearly and effectively regulating the Company's relevant processes.
- **Integrated Management System for Quality, Environment Health and Safety** - is the set of documents (e.g. Quality, Environment, Health and Safety Manual) describing the processes that meet quality, environment, health and safety requirements.
- **Code of Ethics** - expresses the ethical and deontological principles that the Company recognises as its own and on which it calls for compliance by all those who work to achieve the Group's objectives. The Code of Ethics expresses, among other things, lines and principles of conduct aimed at preventing the offences referred to in Legislative Decree No. 231/2001 and expressly recalls the Model as a useful tool for operating in compliance with the regulations;
- **Suppliers' Code of Conduct** - expresses the principles on which the Company calls for compliance by all its suppliers, their collaborators, subcontractors and all operators with whom it interfaces in the context of supply and administration.

The set of *governance* tools used by CAREL, cited very briefly supra, and the provisions of the instant Model, allow one to identify, with respect to any operation, how entity decisions are made and thereafter implemented (see Art. 6, paragraph 2, subpart b, of Legislative Decree no. 231/2001).

The system for the foregoing internal documentation, as well as their being subject to continual monitoring by those authorities with jurisdiction over such matters, shall likewise constitute an invaluable tool to support prevention of unlawful acts in general, including those contemplated under specific laws wherein administrative liability might attach to an entity.

2.4 The system of powers of attorney and proxies

The system of powers of attorney and proxies contributes, together with the other instruments of this Model, to the prevention of the risks of offences within the scope of the identified sensitive activities.

"Power of Attorney" is the unilateral legal act by which the Company grants a single individual the power to act on its behalf. All persons who have the power to commit the Company externally are holders of the relevant power of attorney.

"Proxies" are resolutions by which the Board of Directors grants one or more of its members the power to independently exercise some of the powers of the body as a whole, unequivocally determining the content, limits, and any methods of exercising them.

"Organizational proxy" means any internal act of attributing functions and tasks, reflected in the organizational communications system. Each internal organisational delegation of authority shall define specifically and unambiguously the powers of the delegate, specifying their limits, as well as the person (body or individual) to whom the delegate reports hierarchically.

The structure of powers and proxies in force at the Company on the date of approval, to which full reference is made, is fully compliant with the pursuit of the objectives of this Organisation, Management and Control Model.

Any changes to delegated and proxy powers that may occur after the adoption of the Organisation, Management and Control Model must be communicated to the Supervisory Board, which will verify their compliance with the Model in force.

The System of Delegations and Powers aims to:

- Assigning roles and responsibilities to each corporate function;
- Identifying natural persons who may operate in specific business activities;
- Formalise the attributions of decision-making powers and their economic scope.

The inspiring principles of this system include a clear and organic allocation of tasks, in order to avoid overlapping or power vacuums, as well as the segregation of responsibilities and opposition of interests, to prevent concentrations of power, in compliance with the requirements of the Organisation, Management and Control Model laid down in Legislative Decree 231/2001.

Therefore, each act of delegation and conferment of signature authority must provide the following information:

- delegating party and the source of its delegating power or power of attorney;
- delegated person with explicit reference to the function assigned to him/her and the link between the delegated powers and powers of attorney conferred and the organisational position held by the delegated person;

- object, consisting of the list of the types of activities and acts for which the proxy/power of attorney is conferred. Such activities and actions are always functional and/or strictly related to the skills and functions of the delegated subject;
- value limits within which the delegate is entitled to exercise the power conferred on them. This value limit is determined based on the role and position held by the delegate within the corporate organization.

Indeed, the new Confindustria Guidelines specify that *it is appropriate that the delegation of powers and signatory powers relating to the management of financial resources and the taking and implementation of the Entity's decisions in relation to activities at risk of offences*⁴:

- *is formalised in accordance with the applicable legal provisions;*
- *clearly indicate the delegated subjects, the skills required of the recipients of the delegation and the powers assigned respectively;*
- *provides for limitations on the powers of attorney and the spending power conferred;*
- *provides for solutions aimed at enabling control over the exercise of delegated powers;*
- *provides for the application of sanctions in the event of violations of delegated powers;*
- *is arranged consistently with the principle of segregation;*
- *is consistent with company regulations and other internal provisions applied by the company.*

The system of powers of attorney, proxies and signature powers, as outlined above, must be constantly applied as well as regularly and periodically monitored in its entirety and, where appropriate, updated due to changes in the Company's structure, so as to correspond and be as consistent as possible with CAREL's hierarchical-functional organisation.

2.5 The internal control system

CAREL has a suitable internal control system to continuously monitor the risks typical of the company's business.

The internal-control system is a set of rules, procedures, and Company Divisions established for the purpose of monitoring compliance with company strategy and the pursuit of the following objectives:

- (i) procedural efficacy and efficiency of company operations (whether administrative, commercial, etc.);
- (ii) quality and reliability of economic and financial disclosures;
- (iii) compliance with statutes and regulations, and all company rules and procedures;
- (iv) safeguarding the value of company assets, equity, and protection against losses.

In accordance with the terms of its own administration and control system, the key parties currently responsible for control processes, monitoring, and supervision within the Company are:

- Board of Directors;
- Board of Statutory Auditors;

⁴ Confindustria Guidelines for the Construction of Organization, Management and Control Models, Pursuant to Legislative Decree 231/2001, pg. 52 et seq.

- Control, Risk and Sustainability Committee;
- Remuneration Committee;
- Group Chief Executive Officer;
- Group Internal Audit;
- Supervisory Body pursuant to Legislative Decree no. 231/2001;
- Manager in charge pursuant to Article 154-bis of the TUF;
- Group Risk & Compliance.

2.6 Organizational Structure

CAREL's organisational structure is reflected in the organisational chart, as well as in the set of other corporate organisational tools (such as the System of delegated and proxy powers, System of Policies and Procedures), which contribute to the composition of the Company's so-called "regulatory body" and in which the tasks, areas and responsibilities of the various functions into which the Company is divided are defined.

The activities entrusted by CAREL to Group companies are regulated in practice by specific service contracts. These contracts must provide for a commitment to respect the principles of organisation, management and control suitable for preventing the commission of offences under Legislative Decree No. 231/2001 by third parties. Furthermore, all CAREL Group Companies shall abide by behavioural standards set forth in the Code of Ethics.

3. ADOPTION OF THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL

3.1 Aims and objectives pursued with the adoption of the Model

CAREL is sensitive to the need to ensure conditions of fairness and transparency in the conduct of the company's business, also to protect its image and reputation, the expectations of shareholders and stakeholders and the work of its collaborators, and is aware of the importance of having a system to prevent the commission of unlawful conduct by its administrative body, employees, collaborators and business *partners*.

To this end, although the adoption of the Model is provided for by law as optional and not mandatory, the Company has decided to carry out an analysis of its organisational, management and control tools, aimed at verifying the compliance of the behavioural principles and procedures already adopted with the purposes provided for by the Legislative Decree 231/2001 and to supplement and improve what already exists. This initiative was taken in the conviction that the adoption of this Organisation, Management and Control Model may constitute a valid awareness-raising tool for all those who work in the name and on behalf of the Company, so that they may behave correctly, straightforwardly and ethically in the performance of their activities, such as to prevent the risk of commission of the offences considered in this document.

With a view to implementing a program of systematic and rational interventions to adapt its organizational, management and control system, the Company has prepared a map of its activities and has identified within them the so-called "sensitive" activities, i.e. those which by their nature fall within the activities to be subjected to analysis and monitoring in light of the provisions of the Decree, contained within the Matrix Document for the identification of areas at risk of crime (MIAR).

3.2 Fundamental elements of the Model and working method

With reference to the requirements identified by the legislator in the Decree and the working method adopted, the key points for the definition of this Model can be summarised as follows:

1. Identification of 'Sensitive Activities', within which the offences referred to in the Decree may be committed and, therefore, to be subject to analysis and monitoring;
 - Analysis of the Company's identification documents (e.g. statute, organization charts, certificates, resolutions and powers of attorney, etc.);
 - Analysis of documents expressing the operation and control of the Company: (e.g. *Guidelines and policies*);
 - Identification of areas at risk of offences, with reference to all potentially applicable offences under the Decree;
 - Interviews with *Owners*, with particular focus on potentially risky processes.
2. Evaluation of the severity of the inherent and residual risk, this assessment can be found in the *Risk Assessment* document, which aims to:
 - identify and describe the sensitive activities and associate them with the offences relevant under the Decree;
 - understand and describe the concrete ways in which the alleged offence was committed;
 - calculate the inherent and residual risk using a methodology structured *specifically* for the Company and attached to the *Risk Assessment* Document.
3. Definition of ethical principles in relation to conduct that may constitute the offences provided for in the Decree (see in this regard the Code of Ethics, binding on all Addressees), aimed at defining the need to
 - Comply with applicable laws and regulations;
 - Require all those who operate in the name and on behalf of the Company to maintain conduct in line with the general principles of the Code of Ethics.
4. Evaluation of existing protocols and definition of new protocols aimed at ensuring compliance with control requirements, with reference to the Company's "sensitive" activities;
 - Identification of operational methods to prevent, neutralise or minimise the occurrence of offences, with definition of specific measures;
 - Sharing protocols with management.
5. Configuration and identification of the Supervisory Body and assignment of specific supervisory tasks to the same for the effective and correct functioning of the Model.
6. Definition of information flows vis-a-vis the Body.
7. Implementation of a *whistleblowing* reporting system suitable for reporting unlawful conduct, violations of Leg. Decree 231/2001 and/or the Model and, at the same time, to protect the whistleblower:
 - Activation of an accessible internal channel suitable to guarantee the confidentiality of the identity of the reporter, the persons mentioned and the content of the report, with particular reference to the protection of personal data.

The risk analysis and the consequent decision to include or exclude certain families of offences was made taking into account the current structure of the Company, the activities currently performed, the type of offences indicated, and the corporate interest or

advantage.

The Company, in the light of the above, undertakes to continuously monitor its activities both in relation to the prevention of offences and in relation to the regulatory expansion to which Legislative Decree 231/2001 may be subject. Should the relevance of one or more of the aforementioned offences emerge, or of any new offences that the legislator may deem to be included within the scope of the Decree, or even of significant corporate changes, CAREL will assess the appropriateness of updating the Model.

3.3 Structure of the Model: General Part and Special Parts depending on the different crime hypotheses

The Organisation, Management and Control Model adopted by CAREL consists of this "General Part" Document, of 19 "Special Parts" and the Code of Ethics.

This 'General Part' sets out the contents of the Legislative Decree 231/2001, the function of the Organisation, Management and Control Model, the tasks of the Supervisory Body, the sanctions applicable in the event of violations and, in general, the principles, logic and structure of the Model itself.

The "Special Parts" are dedicated to the specific types of crimes provided for within the above-mentioned crimes considered relevant during the risk analysis phase.

The purpose of the Special Parts is to define the rules of conduct to be adopted by the recipients, in compliance with the provisions of the Model in order to prevent the commission of the crimes contemplated by the Legislative Decree 231/2001 and identified as possible on the basis of the organisational structure and activities carried out.

The risk analysis and the consequent decision to include or exclude certain families of offences was made, as already mentioned, in compliance with the methodology adopted, also taking into account the size and *core business* conducted by CAREL, the type of offences indicated, and the corporate interest or advantage.

The following crime families are currently considered relevant⁵:

- Crimes committed in interactions with the Public Administration (Arts. 24 e 25);
- Computer crimes and unlawful processing of data (Art. 24-bis);
- Organised crime offences (Art. 24-ter);
- Counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (Article 25-bis);
- Crimes against industry and trade (Art. 25-bis.1);
- Corporate offences (Art. 25-ter);
- Crimes for the purpose of terrorism or subversion of the democratic order provided for by the Criminal Code and special laws (Art. 25-quater);

⁵ It should be noted, however, that this version may be updated in relation to any regulatory and corporate developments.

- Crimes against the individual (Art. 25-quinquies);
- Market abuse offences (Art. 25-sexies);
- Crimes of manslaughter and serious or very serious bodily harm committed in violation of accident prevention and occupational health and hygiene regulations (Art. 25-septies);
- Offences of receiving stolen goods, money laundering, use of money, goods or benefits of unlawful origin, and self laundering (Art. 25-octies);
- Offences relating to non-cash payment instruments and fraudulent transfer of values (Article 25-octies.1);
- Copyright infringement offences (Article 25-novies);
- Inducement not to make statements or to make false statements to the judicial authorities (Art. 25-decies);
- Environmental crimes (art. 25-undecies);
- Employment of third-country nationals whose stay is irregular (Article 25-duodecies);
- Tax offences (Art. 25-quinquiesdecies);
- Smuggling (Art. 25-sexiesdecies)
- Crimes against cultural heritage (art. 25-septiesdecies) and Laundering of cultural assets and devastation and plundering of cultural and landscape assets (Art. 25-duodecies);
- Transnational crimes⁶.

3.4 Recipients of the Model

The complete Model applies to the administrative body, employees and all collaborators acting in the name and on behalf of the Company.

Suppliers and customers are required to comply with the Code of Ethics and any other documentation that will be specifically shared by the Company.

For persons acting by mandate or on behalf of CAREL, the contracts regulating their relations must include specific clauses indicating clear responsibilities for non-compliance with the Code of Ethics, as well as, where deemed appropriate, the obligation to comply with requests for information and/or production of documents by the Supervisory Board.

3.5 The relationship between the Model and the Code of Ethics

CAREL Industries S.p.A. intends to base the performance of its activities, the pursuit of its corporate purpose and the growth of the Company on compliance, not only with the laws and regulations in force, but also with shared ethical principles. To this end, the Company has adopted a Code of Ethics, approved by the Board of Directors, aimed at defining a series of principles of 'corporate ethics' that the Company recognises as its own and which

⁶ It should be noted that the principles of conduct and the control protocols envisaged to mitigate the risk of the commission of the offences considered significant, which can be committed transnationally, are contained in the Special Sections on "Organised crime offences" (Article 24-ter) and "Inducement not to make statements or to make false statements to the Judicial Authorities" (Article 25-decies).

it demands compliance with by its corporate bodies, its employees, its subsidiaries and all those who cooperate in any capacity in the pursuit of the Company's goals, as well as by suppliers and customers.

The principles and rules of conduct contained in this Model are integrated with those expressed in the Code of Ethics adopted by the Company, although the Model has a different scope from the Code itself, due to the purposes it intends to pursue in implementing the provisions of the Decree.

It should be noted that:

- the Code represents an instrument adopted autonomously and susceptible of general application by the Company in order to express a series of principles of corporate ethics that the Company recognises as its own and on which it intends to call for the observance of all its employees and of all those who cooperate in the pursuit of the Company's aims;
- the Model, on the other hand, responds to specific prescriptions contained in the Decree, aimed at preventing the commission of particular types of offences for acts which, committed apparently in the interest or to the advantage of the company, may entail administrative liability for offences under the provisions of the Decree.

However, given that the Code recalls principles of conduct that are also suitable for preventing the illicit conduct referred to in the Decree, it acquires relevance for the purposes of the Model and therefore formally constitutes an integral component of the Model itself.⁷

3.6 The adoption of the Model and its update

Article 6(l)(a) of the Decree requires the Model to be a '*deed issued by the management body*'. Its adoption is therefore the responsibility of the Board of Directors, which passes a resolution.

The new version of the Organisation, Management and Control Model was adopted by resolution of the Board of Directors on 13/11/2025.

Any subsequent amendments or additions, even if proposed by the Supervisory Body, are subject to the decision of the Board of Directors.

The updated version of the Model must be made immediately available to the Supervisory Body.

4. GENERAL PRINCIPLES OF THE ORGANISATIONAL AND CONTROL SYSTEM

This Organisation, Management and Control Model, without prejudice to the specific purposes described in the preceding paragraphs and relating to Legislative Decree No.

⁷ On this point, the Civil Court of Cassation ruled in Order No. 23427 of 1 August 2023: '*in commercial companies, the Code of Ethics constitutes the necessary completion of the organisation, management and control model of the Entity, as a company document aimed at identifying, with reference to the ethics and values that inspire the company, the rights, duties and responsibilities of all those who participate in the company (employees and, where appropriate, external parties that have business relations with the companies)*'.

231/2001, is part of the broader management and control system already in place in the company and adopted in order to provide reasonable assurance of the achievement of corporate objectives in compliance with laws and regulations, the reliability of financial information and the safeguarding of assets, including against possible fraud.

In particular, as specific instruments aimed at planning the formation and implementation of the Company's decisions and ensuring appropriate control over them, also in relation to the offences to be prevented, CAREL has identified the following components:

Organisational system and separation of roles

The organisational system must meet the requirements of: (i) clarity, formalisation and communication, with particular reference to the allocation of responsibilities, the definition of hierarchical lines and the assignment of operational activities; (ii) separation of roles, i.e. organisational structures are articulated in such a way as to avoid functional overlaps and the concentration on one person of activities that present a high degree of criticality or risk.

To ensure these requirements, the Company adopts organizational tools (organizational charts, organizational communications, codified procedures, etc.) based on the general principles of: (i) visibility within the Company; (ii) clear description of reporting lines; (iii) clear and formal delineation of roles, with a description of the tasks and responsibilities assigned to each function.

Delegation of powers

The system of proxies concerns both internal authorisation powers, on which the Company's decision-making processes on the operations to be carried out depend, and powers of representation for signing deeds or documents intended for external use and capable of binding the Company (so-called special or general 'proxies'). The delegation system must comply with the following conditions:

- a. the proxy must be evidenced by a written instrument bearing a certain date;
- b. the delegate must meet all the requirements of professionalism and experience required by the specific nature of the delegated functions;
- c. the delegation must grant the delegate all the powers of organisation, management and control required by the specific nature of the delegated functions;
- d. the delegation must grant the delegate the autonomy of expenditure necessary to perform the delegated functions;
- e. the proxy must be accepted by the delegate in writing;
- f. the delegation must be given adequate and timely publicity.

To this end, the Company undertakes to ensure the timely updating of the delegation of powers, establishing the cases in which powers must be assigned, amended and revoked (assumption of new responsibilities, transfer to different tasks incompatible with those for which they were conferred, resignation, dismissal, etc.).

Operating procedures

Operational processes and activities are supported by formalized internal procedures, with the following characteristics:

- adequate dissemination within the corporate structures involved in the activities;

- regulation of the manner and timing of activities;
- clear definition of the responsibilities of activities, in compliance with the principle of separation between the person who initiates the decision-making process, the person who executes and concludes it, and the person who controls it;
- traceability of acts, operations and transactions by means of appropriate documentary evidence attesting to the characteristics of and the reasons for the operation and identifying the persons involved in various capacities in the operation (authorisation, execution, registration, verification of the operation);
- objectification of decision-making processes, through the provision, where possible, of defined reference criteria and methodologies for making company choices;
- provision of specific control mechanisms (such as reconciliations, reconciliations, etc.) to ensure the integrity and completeness of the data managed and information exchanged within the organisation.

Control and monitoring activities

Control activities involve, with different roles: the Board of Directors, the Board of Auditors, the Auditing Company, the Supervisory Body, the Safety Manager and, more generally, all company personnel, and represent an essential attribute of the daily activities carried out by CAREL.

The control tasks of these bodies are defined in accordance with the following types of control:

- supervising the proper administration of the Company, the adequacy of organisational structures and compliance with the law and the articles of association;
- line controls, aimed at ensuring the proper conduct of operations and carried out by the production facilities themselves or incorporated into procedures;
- external audit, the purpose of which is to verify that the company's accounts are properly kept and that the financial statements are drawn up in accordance with the applicable accounting standards;
- control and management, in relation to the timely reporting of critical situations and the definition of appropriate risk indicators.

Traceability

Every operation must be properly recorded. The process of decision, authorisation and performance of the activity must be verifiable *ex post*, also by means of appropriate documentary aids, and, in any case, the cases and modalities of the possible cancellation or destruction of the records made must be regulated in detail.

In compliance with the general principle of traceability of every transaction, to prevent certain types of crimes, including money laundering and self-laundering, particular emphasis is placed on the need to adequately track all the Company's financial flows (both incoming and outgoing), not only those related to normal business operations (receipts and payments), but also those related to financial needs (financing, risk coverage, etc.), extraordinary transactions, or capital transactions (mergers, acquisitions, disposals, capital increases, liquidations, share exchanges, etc.).

The principles described above appear to be consistent with the indications provided by the Guidelines issued by Confindustria and are considered by the Company to be reasonably suitable for preventing the offences referred to in the Decree.

For this reason, the Company considers it essential to ensure the correct and concrete application of the above-mentioned control principles in all areas of business activities/processes identified as potentially at risk of offence during the mapping phase.

The task of verifying the constant application of these principles, as well as their adequacy and updating, is entrusted by the Company to the Supervisory Body, to the Managing Director and, where applicable, to the heads of the corporate functions and, where applicable, to their direct collaborators. To this end, managers must liaise continuously with the Supervisory Body, which must be kept constantly informed and from which opinions and guidance of principle and orientation may be requested.

5. FINANCIAL RESOURCE MANAGEMENT METHODS

For processes involving the management and movement of financial resources, the Company Functions involved are required to comply with the following principles in their procedures:

- Completeness
- Reliability
- Timeliness

The procedures are formalized and the flow of information and documents is regulated. The constant availability of complete, reliable and timely information is ensured, enabling timely decision-making and maintaining evidence of the origin of decision-making power.

Verifiability, documentability, consistency and congruence of each operation. Formalised company procedures define in detail how activities are to be carried out and guarantee the traceability of transactions and supervisory controls by means of appropriate documentary support.

Separation of tasks and functions. The concentration of critical activities on a single individual is avoided through a proper distribution of responsibilities between the structures involved in the processes and a clear and formalised regulation of authorisation powers.

For the purposes of implementing employment decisions, the company uses financial and banking intermediaries subject to transparency and stability regulations in line with those adopted in the EU Member States.

All transactions involving the use or deployment of financial resources must be adequately justified and documented and recorded, using manual and electronic means, in accordance with the principles of professional and accounting correctness; the related decision-making process must be verifiable.

Fairness, transparency and compliance with applicable laws and regulations. The rules defined by the Company in the Model, the Code of Ethics and the Procedures concerning

compliance with the laws and regulations in force as well as the integrity of the company's assets are suitable to ensure compliance by the structures and employees.

6. THE SUPERVISORY BODY

6.1 Introduction

Article 6, paragraph 1, letter b), of Legislative Decree no. 231/2001 identifies a further requirement for the Company to be exempt from liability resulting from the commission of the predicate offences: the establishment of a Supervisory Body with independent powers of initiative and control and tasked with overseeing the functioning and compliance with the Model, ensuring it is kept up to date.

Requirements

The Supervisory Body must be established in compliance with the following requirements:

- autonomy and independence: these are aimed at ensuring that the Supervisory Board is not directly involved in the management activities that are the subject of its control activities and, above all, that it is able to perform its role without direct or indirect influence from the controlled entities: this requirement is ensured by its collegial composition, the absence of any hierarchical reporting within the corporate organisation, the absence of operational tasks and the power to report directly to the Board of Directors;

The Supervisory Body is independent and third-party with respect to the other Company bodies. The Supervisory Body carries out its functions outside of the Company's operational processes and is independent of any hierarchical relationship within the company's organizational chart;

- professionalism: the body must be equipped with technical and specialist skills appropriate to the functions it is called upon to perform (e.g. interview techniques, *flow charting*, risk analysis techniques, etc.). These characteristics, combined with independence, guarantee objectivity of judgement;
- continuity of action: it is an internal body within the organisation, adequate in terms of structure and dedicated resources, as well as free of operational tasks that may limit the commitment required to perform the assigned functions.

Composition

The Body may be collegial, therefore composed of several members, or monocratic consisting of a single component.

CAREL Industries S.p.A. has appointed a collegial Supervisory Board composed of three members identified from among two persons external to the Company and one internal person, chosen and appointed by the Board of Directors, particularly qualified and experienced in the subjects relevant for the purposes of Legislative Decree no. 231/2001, so as to ensure that the Board has adequate expertise in legal, accounting, *risk assessment* and *internal auditing*, and labour law matters, as well as possessing the necessary requisites of honourableness, independence and autonomy.

Autonomy and independence

The members of the Supervisory Body must be independent from CAREL and therefore:

- 1) must not be linked to the Company or to its subsidiaries and/or affiliates, as well as to its parent and/or participating companies, by an employment relationship or by a consultancy or paid service relationship, or by financial relationships that compromise their independence or imply, with reference to the areas of competence of the Supervisory Body, potential conflicts of interest;
- 2) must not have family relationships with the members or directors of the Company or of the companies controlled and/or participated by it, as well as with the parent companies and/or participating companies that could reduce their independence of judgment;
- 3) must not be linked in any way, for any reason whatsoever, to the Company itself or to its subsidiaries and/or investee companies as well as to the parent and/or participating companies by ties of dependence or subordination.

Causes of ineligibility and incompatibility

The following are grounds for ineligibility and incompatibility with the role of member of the Supervisory Body, also to guarantee the requirement of integrity:

- being a member with operational proxies of the Board of Directors of CAREL Industries S.p.A. or its subsidiaries and/or investees, as well as parent and/or participating companies;
- being an auditor of CAREL Industries S.p.A. or of Companies controlled and/or participated by it as well as of parent and/or participating Companies;
- be related by marriage, kinship or affinity up to the fourth degree with the persons referred to in the preceding points;
- have carried out, in the last three years, administrative, management or control functions in companies subjected to bankruptcy, compulsory administrative liquidation or equivalent procedures;
- have been sentenced with a sentence, even if not irrevocable, to a term of imprisonment entailing disqualification, even temporary, from public office or temporary disqualification from the executive offices of ordinary legal persons;
- have been convicted with a sentence, even if not irrevocable and also following the application of the penalty on request pursuant to Articles 444 and 447 of the Code of Criminal Procedure, for non-culpable offences and for offences punishable as a result of wilful misconduct or negligence referred to in Legislative Decree no. 231/2001;
- have been subjected to preventive measures pursuant to Legislative Decree 6 September 2011, No 159, as amended, without prejudice to the effects of rehabilitation.

Chairmanship of the Supervisory Body

The Chairman of the Supervisory Body must be chosen and appointed from among the members:

- who reports directly to the Board of Directors;
- with autonomous powers of intervention in their areas of competence. To this end, as well as to ensure the continuous performance of the verification activity concerning the adequacy and suitability of the Model, the Body makes use of internal staff and/or external collaborators;
- which operates according to the collegial method and has its own 'rules of operation' drawn up by it.

Term of office

The Supervisory Body remains in office, unless otherwise indicated by the Board of Directors, for a three-year term. In the event that the Board of Directors has not appointed the new Supervisory Body before the end of its mandate, the Supervisory Body will remain in office, under a "*prorogatio*" regime, until the appointment of the new Supervisory Body.

Revocation

In order to protect the autonomy and independence of the Body, changes to its structure (revocation, etc.), its powers and its functioning may only be made by means of resolutions adopted by the Board of Directors in a unanimous and adequately motivated vote.

The Supervisory Body may be revoked in the event of just cause by resolution of the Board of Directors.

Just cause shall mean:

- a serious breach of duty;
- a conviction of the Company or a plea bargaining ruling pursuant to the Decree, which shows "failure or insufficient supervision" by the Supervisory Body;
- breach of confidentiality obligations.

In all cases of the precautionary application of a disqualification sanction provided for in the Decree, the Board of Directors, after having obtained the appropriate information, may, if necessary, revoke the Supervisory Board, if it detects an instance of omitted or insufficient supervision on its part.

In the event that the requirements of autonomy, independence, and professionalism are no longer met, or if one of the causes of ineligibility identified above arises, the Board of Directors, after conducting the appropriate investigations and consulting the interested party, as well as the other members of the Supervisory Body, will establish a deadline, no less than thirty days, within which the situation of incompatibility must cease. Once this period has elapsed without the aforementioned situation having ceased, the Board of Directors must declare the member's dismissal.

Likewise, a serious illness that renders a member of the Supervisory Body unfit to perform their supervisory duties, or an illness or other personal reasons that, in any case, result in absence from the Supervisory Body's activities for a period exceeding six months, will result in the dismissal of the member, to be implemented according to the procedures identified above.

In the event of resignation, revocation, or termination of one or more members of the Supervisory Body, the Board of Directors shall promptly appoint a replacement(s) should

the minimum number of members indicated above no longer be available. In the meantime, the body remains in full power and function, albeit operating in a reduced formation.

6.2 Functions and powers of the Supervisory Body

Based on what can be obtained from the text of Legislative Decree 231/2001, the functions performed by the Supervisory Body can be summarized as follows:

- Assessment of the adequacy and effectiveness of the Model, i.e. its suitability, in relation to the type of activity and characteristics of the Company, to prevent the risks of commission of offences under Legislative Decree 231/2001;
- Monitoring the effectiveness of the Model, which consists in verifying compliance with the Model by the Recipients;
- Surveillance of the appropriateness of updating the Model, where there is a need to adapt it in relation to regulatory changes and/or changes in the corporate reality (e.g. changes in the *governance* system, in the delegations or proxies in force, in the company's *core business* and processes). The update can be proposed by the Supervisory Body, but must be adopted by the Board of Directors;
- Supervision of the adequacy, application and effectiveness of the sanctions system

The Supervisory Body, however, does not have operational tasks or decision-making powers, including those of a preventative or sanctioning nature, relating to the performance of the Entity's activities.

To effectively carry out the aforementioned functions, the Supervisory Body has a series of powers and prerogatives. It has the power to:

- Activate control procedures through specific provisions;
- Carry out systematic checks on specific operations or acts performed within the sensitive areas;
- Collect and process information relevant to the Model;
- Request information from the various *Owners*, where necessary, also from the administrative body as well as from collaborators, external consultants, etc.;
- Conduct internal investigations, and carry out inspections to ascertain alleged violations of the provisions of the Model;
- Promote initiatives for the dissemination of knowledge and understanding of the principles of the Model and prepare internal organisational documentation necessary for the functioning of the Model, containing instructions, clarifications or updates (organise training courses and disseminate information material, etc.).

On an operational level, the Body will be entrusted with the task of:

1. constantly verifying the effectiveness and efficiency of the corporate procedures in force, with the help of the competent Functions, as well as of the Safety Manager (RSPP) with regard to issues concerning the hygiene, health and safety of workers;
2. conducting reviews of the company's activities in order to update the mapping of sensitive activities and instrumental processes;

3. periodically carrying out targeted checks on certain operations or specific acts carried out by CAREL, especially in the context of sensitive activities or those "instrumental" to their implementation;
4. coordinating with the Managing Director or delegated functions for personnel training programmes;
5. monitoring initiatives to disseminate knowledge and understanding of the Model and prepare the internal documentation necessary for the functioning of the Model, containing instructions, clarifications or updates;
6. collecting, processing and storing relevant information concerning compliance with the Model, as well as updating the list of information that must be transmitted to him or kept at his disposal, constituting the 'formal' archive of internal control activity;
7. coordinating with the other corporate functions in carrying out the monitoring activities falling within their competence and provided for in the protocols;
8. verifying the adequacy of the internal control system in relation to the regulations in force;
9. verifying that the elements provided for the implementation of the Model (adoption of standard clauses, completion of procedures, etc.) are in any case adequate and meet the requirements of compliance with the provisions of the Decree, adopting or suggesting the adoption, if this is not the case, of an update of the elements themselves;
10. verifying the need to update the Model;
11. reporting periodically to the Managing Director and through the latter to the Board of Directors and the Board of Statutory Auditors on the implementation of corporate policies for the implementation of the Model;
12. checking the actual presence, regular maintenance and effectiveness of the archive supporting the activities pursuant to Legislative Decree No. 231/2001.

To this end, the Supervisory Body will have the right to:

- Issue provisions to regulate the activity and functioning of the Body;
- Access any Company document relevant to the performance of the functions assigned to the Supervisory Body pursuant to Legislative Decree no. 231/2001;
- Use external consultants with proven professionalism, when necessary, to carry out verification and control activities or to update the Model;
- Arrange for the Managers of the various functions ("*Owners*") to promptly provide the information, data and/or news requested from them in order to identify aspects related to the various activities relevant to the Model and for the verification of its effective implementation by the organisational structures.

6.3 Reporting methods of the Supervisory Body to the administrative bodies

- 1 CAREL's Supervisory Body operates according to two *reporting* lines:
 - the first one, on an ongoing basis, directly with the Managing Director;
 - every six months, by means of an informative Report, covering:
 1. the supervisory activity carried out by the Body during the reference period;

2. any critical issues that have emerged both in terms of behaviour or events within CAREL, and in terms of the effectiveness of the Model;
 3. the suggested corrective and improvement actions and their status of implementation.
- 2 This Report will then be presented to the Board of Directors, which may convene the Supervisory Body at any time, and will also be forwarded to the Board of Statutory Auditors for information.
 - 3 The existence of the aforementioned functional relationships, even with bodies without operational tasks and therefore unrelated to management activities, is a factor capable of ensuring that the task is carried out by the Supervisory Body with the greatest guarantees of independence. The Supervisory Body may be convened at any time by the Board of Directors or may in turn submit requests to that effect, to report on the functioning of the Model or on specific situations.
 - 4 Furthermore, the Supervisory Body may address communications to the Chief Executive Officer and/or the Board of Directors and/or the Board of Statutory Auditors whenever it deems it necessary or appropriate to do so and in any case must transmit the aforementioned report to them on a six-monthly basis.
 - 5 All activities of the Supervisory Body must be documented through minutes, kept and archived by the Supervisory Body itself and by the Company.

6.4 Information flows to the Supervisory Body

Article 6, paragraph 2, letter d) of the Decree requires the Organization, Management and Control Model to include information obligations towards the body responsible for overseeing the functioning and compliance with the Model itself.

Therefore, in order to facilitate the control and supervisory activities of the Supervisory Body, it is necessary to activate and guarantee systematic information flows to the Supervisory Body itself, using a specific email address odv@carel.com.

It is also possible to send communications in paper format by inserting them into the appropriate mailboxes, located on company premises, accessible to all and openable only by the Supervisory Body.

The reporting obligations towards the Supervisory Body ensure the orderly performance of the supervisory and control activities regarding the effectiveness of the Model and concern, on a periodic basis, the information, data, and news specified in detail in the Special Sections, or further identified by the Supervisory Body and/or requested by the latter from the individual *Owners* of the Company.

This information must be transmitted within the timeframes and in the manner defined in detail in the Special Parts and which will be defined by the Supervisory Body (so-called *information flows*).

The reporting obligations towards the Supervisory Body also concern, on an occasional basis, any further information, of any kind, provided it is relevant to the implementation of the Model in sensitive areas of activity and compliance with the provisions of the Decree, which may be useful for the purposes of fulfilling the Supervisory Body's duties and in particular, on a mandatory basis:

- information on the actual implementation, at all levels of the company, of the Model, with evidence of any sanctions that may have been issued, or of disciplinary proceedings dismissed, with the relevant reasons;
- the emergence of new risks in the areas headed by the various managers;
- any reports or reports prepared by the various managers as part of their control activities, from which facts, acts or omissions with critical profiles may emerge with respect to compliance with the provisions of the Decree or the provisions of the Model;
- the anomalies, atypicalities detected or findings by the corporate functions of the control activities put in place to implement the Model;
- measures and/or information from judicial police bodies, or from any other public authority, from which it can be inferred that investigations for the offences referred to in the Decree have been carried out, even against unknown persons;
- internal reports from which responsibility for the alleged offences emerges;
- reports or requests for legal assistance forwarded to the Company by *senior* persons or persons *subject to the direction of others* in the event of legal proceedings being brought against them for one of the offences provided for in the Decree;
- reports by collaborators, consultants and, in general, self-employed persons, by suppliers and partners (also in the form of temporary associations of companies, including labour supply companies and joint ventures) and, more generally, by all those who operate in a significant and/or continuous manner within the areas of so-called *sensitive* activities on behalf of or in the interest of the Company.

The *information flows* are stored by the Supervisory Body in a specific electronic and/or paper database. The data and information stored in the database are made available to parties external to the Supervisory Body with the prior authorization of the Body itself, unless access is required by law. The latter defines, with a specific internal provision, the criteria and conditions for access to the database, as well as for the storage and protection of data and information, in compliance with current legislation.

6.5 Budget

In order to further strengthen the requirements of autonomy and independence, the Supervisory Body is provided with an adequate initial and long-term budget, previously approved by the Board of Directors and proposed, taking into account its needs, by the Supervisory Body itself.

The Supervisory Body will be able to use these financial resources independently, without prejudice to the need to report on the use of the budget itself at least annually, as well as to justify the presentation of the budget for the following period, as part of the periodic information report to the Board of Directors.

The Supervisory Body autonomously and independently decides on expenditures to be incurred within the approved budget and refers the matter to the delegates for the signing of the relevant commitments.

In the event of requests for expenses exceeding the approved budget, the Supervisory Body must be authorized by the CEO of CAREL Industries SpA within the limits of their powers or directly by the Board of Directors.

6.6 Relations between the Supervisory Body and other functions

For the purpose of better understanding and ensuring proper oversight of the corporate environment, the Supervisory Body may request the presence at its meetings, even on a permanent basis, of individuals such as, for example, members of the Board of Statutory Auditors and heads of corporate functions (e.g., Group Chief Financial Officer, Group Chief HR & Organization Officer, Group HSE & Facilities Manager, etc.) relevant to the issues being audited. They attend meetings only as invitees.

In carrying out its activities and functions, the Supervisory Body must therefore coordinate with the relevant functions within the Company, for the various specific profiles and specifically:

- with the Group Chief Financial Officer, for corporate obligations that may be relevant with respect to the commission of corporate offences and for the analysis of management dynamics of financial economic impact;
- with the Group Chief HR & Organization Officer both regarding the dissemination of information and regarding staff training and disciplinary procedures;
- with the Safety Manager (RSPP) for compliance with all regulations established by law and internal company procedures regarding health, safety and hygiene at work;
- with any other function deemed relevant from time to time for the purposes of its activities.

7. THE WHISTLEBLOWING REPORTING MANAGEMENT SYSTEM

On 10 March 2023, Legislative Decree No. 24 was issued implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 *on the protection of persons who report breaches of Union law and laying down provisions regarding the protection of persons who report breaches of national laws*.

The new Legislative Decree 24/2023 amended and innovated the rules on *whistleblowing*, obliging public and private entities⁸ to implement a *whistleblowing* system with the features dictated by the Decree.

Whistleblowing has long been recognized as a fundamental tool in uncovering wrongdoing, which is why Law No. 179 of 2017 extended the provisions protecting employees who

⁸ The legislation in question applies to private entities that have employed an average of at least 50 employees in the last year, or that, regardless of their size, have adopted an Organization, Management and Control Model pursuant to Legislative Decree 231/2001, or those that deal with certain sensitive sectors (financial services, products and markets and prevention of money laundering or terrorist financing, transport safety and environmental protection).

report wrongdoing (so-called *whistleblowers*) to the private sector, initially intended only for public bodies.

However, Legislative Decree 24/2023 provided for the repeal of Article 6, paragraphs 2-ter and 2-quater, of Leg. Decree 231/2001, as the new regulatory provisions apply to organisations with Organisation, Management and Control Models, regardless of company size.⁹

Therefore, the Company, in order to ensure the responsible handling of reports, in line with the new requirements of the Legislative Decree 24/2023, undertakes to draw up and keep up-to-date the mandatory documents, to which we refer, in particular the *Whistleblowing Procedure* in which the features and methods of the whistleblowing system implemented and accessible on the Company's website, *whistleblowing* section: <https://www.carel.it/legal-notice>.

Reports must not concern matters of a personal nature of the reporter, claims or requests pertaining to the discipline of the employment relationship or relations with the hierarchical superior or colleagues.

The reports must provide useful elements to enable the persons in charge to carry out the necessary and appropriate checks and verifications. Each report is received and managed by the collegial Supervisory Body.

The Company, through its designated personnel, carries out all appropriate checks on the reported facts, ensuring that such checks are carried out as quickly as possible and in compliance with the general principles of independence and professionalism of control activities and confidentiality.

The Company, in compliance with the regulatory provisions of Legislative Decree 24/2023, undertakes to protect whistleblowers against any form of retaliation, discrimination or penalisation and, in any case, ensures the confidentiality of the whistleblower's identity, without prejudice to legal obligations.

8. THE DISCIPLINARY SYSTEM

Pursuant to Art. 6, para. 2(e) and Art. 7, para. 4, letter b) of the Decree, the Organisational, Management and Control Models, the adoption and implementation of which (together with the other situations provided for in the aforementioned Articles 6 and 7) constitutes a condition *sine qua non* for the Company's exemption from liability in the event of the commission of the offences referred to in the Decree) can only be considered effectively implemented if they provide for a disciplinary system capable of sanctioning non-compliance with the measures indicated therein.

This disciplinary system must address both employees, managers, directors and auditors, as well as collaborators and third parties working on behalf of the Company, envisaging appropriate sanctions of a disciplinary nature in one case, of a contractual/negotiation nature (e.g. termination of contract, removal from the supplier list, etc.) in the other case.

The application of disciplinary sanctions is irrespective of the commencement or outcome of any criminal proceedings, since the Model and the Code of Ethics constitute binding

⁹ Article 23 "Repeal of provisions", Legislative Decree 24/2023.

rules for the Addressees, the violation of which must, in order to comply with the dictates of the aforementioned Legislative Decree, be sanctioned regardless of whether an offence has actually been committed or whether it is punishable.

It follows that the disciplinary system completes and makes effective the Model, whose aim is to prevent crimes from being committed. However, the decision to apply a disciplinary sanction without awaiting the outcome of the criminal trial entails a rigorous ascertainment of the facts, allowing, in any event, recourse to the institution of precautionary suspension when such ascertainment is particularly complex.¹⁰

8.1 Definitions and limits of disciplinary liability

This section of the Model identifies and describes the relevant offences pursuant to Legislative Decree No. 231/2001, as amended, the corresponding disciplinary sanctions that may be imposed and the procedure for challenging them.

The Company, being aware of the need to comply with the law and the relevant applicable contractual provisions, ensures that the sanctions that may be imposed under this Disciplinary System comply with the provisions of the National Collective Labour Agreements applicable to the sector, in this case the *National Collective Labour Agreement for workers employed in the private metalworking and plant installation industry* and the *National Collective Labour Agreement for Industry Managers*.

These agreements also ensure that the procedure for the notification of the offence and the imposition of the relevant sanction is in line with the provisions of Article 7 of Law No. 300 of 30 May 1970 (the so-called 'Workers' Statute').

8.2 Sanctions applicable for violations of the provisions related to whistleblowing

The Legislative Decree 24/2023 repealed subparagraphs 2-ter and 2-quater of Article 6 of Legislative Decree 231/2001 and amended paragraph 2-bis as follows: "*The Models referred to in paragraph 1(a) shall provide, pursuant to the legislative decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, for internal reporting channels, the prohibition of retaliation and the disciplinary system adopted pursuant to paragraph 2(e).*"

Therefore, disciplinary sanctions may also be applied by the Company to those who violate the protection measures provided for the Whistleblower pursuant to Legislative Decree 24/2023, as well as to those who make reports with intent or gross negligence.

8.3 Recipients and their duties

Recipients are required to align their conduct with the principles set forth in the Code of Ethics and with all the principles and measures for the organization and management of company activities defined in the Model.

¹⁰ See the "Confindustria Guidelines", June 2021, pg. 71.

Any violation of the aforementioned principles, measures and procedures (hereinafter referred to as 'Infringements'), shall, if established, constitute a breach:

- in the case of employees a breach of contract in relation to the obligations arising from the employment relationship pursuant to Article 2104 of the Civil Code and Article 2106 of the Civil Code;
- in the case of directors, non-compliance with the duties imposed on them by law and the articles of association pursuant to Article 2392 of the Civil Code;
- in the case of External Parties, it constitutes a breach of contract and entitles the party to terminate the contract, without prejudice to compensation for damages.

The procedure for the imposition of the sanctions referred to below therefore takes into account the particularities arising from the legal *status* of the person against whom proceedings are brought.

The Supervisory Body ensures that specific procedures are adopted to inform all the above-mentioned individuals, from the moment their relationship with the Company begins, regarding the existence and content of this sanctions framework.

8.4 General principles relating to the Disciplinary system

The sanctions imposed for infringements must, in any case, respect the principle of graduality and proportionality of the same sanctions with respect to the seriousness of the violations committed.

The determination of the type, as well as the extent of the sanction imposed following the commission of offences, including potential significant offences pursuant to Legislative Decree no. 231/2001, must be based on respect and evaluation of the following:

- the intentionality of the conduct giving rise to the breach;
- the negligence, imprudence and incompetence demonstrated by the perpetrator when committing the infringement, especially in relation to the actual possibility of foreseeing the event;
- the relevance and possible consequences of the violation or offence;
- the position of the Recipient within the company organization, especially in consideration of the responsibilities associated with their duties;
- any aggravating and/or mitigating circumstances that may be identified in relation to the conduct of the Recipient (aggravating circumstances include, by way of example, previous disciplinary sanctions against the same Recipient in the two years preceding the violation or offence);
- the participation of multiple Recipients, in agreement with each other, in the commission of the violation or illicit act.

The sanctions and the related procedure for contesting the infringement differ depending on the different category of Recipient.

With regard to the investigation of the aforementioned violations, disciplinary proceedings, and the imposition of sanctions, the employer's powers remain unchanged, although they may be delegated to specifically delegated individuals for this purpose.

The Supervisory Body is required to be involved in the procedure for imposing sanctions for violations of the Model, meaning that, should a disciplinary sanction be imposed for violation of the Model, the Supervisory Body must receive timely notification. This communication becomes superfluous when the proposal for the application of the sanction comes from the Supervisory Body.

The Supervisory Body must also be notified of any closure measures relating to the disciplinary proceedings referred to in this paragraph.

Workers will be given immediate and widespread information about the introduction of any possible new provision, issuing an internal communication to explain the reasons and summarize its content.

8.5 Sanctions for employees

Behaviour by employees and/or managers in violation of the individual rules of conduct set out in this Model are defined as disciplinary offences.

With reference to the sanctions that can be imposed on employees, these fall, as specified above, among those provided for by the sanctioning system established by the National Collective Bargaining Agreement, in compliance with the procedures set forth in Article 7 of the Workers' Statute and any applicable special regulations.

The Company's corporate disciplinary system will therefore consist of the provisions of the Civil Code, the Workers' Statute and the collective bargaining agreement provisions. In particular, the disciplinary system describes the conduct sanctioned, depending on the importance of the individual facts considered, and the sanctions concretely provided for the commission of the facts themselves on the basis of their seriousness.

In relation to the above, the Model refers to the sanctions and categories of punishable acts provided for by the existing sanctions framework within the National Collective Bargaining Agreement, in order to classify any violations of the Model within the categories already provided for by the aforementioned provisions.

The Company believes that the aforementioned sanctions provided for in the National Collective Bargaining Agreement should be applied, in accordance with the procedures indicated below and in consideration of the general principles and criteria identified in the previous point, in relation to the defined infringements.

The sector-specific collective bargaining agreement, in fact, identifies cases of disciplinary non-compliance which, by virtue of their generality and abstract nature, are to be considered suitable for including the aforementioned Infringements.

Pursuant to the *National Collective Labour Agreement for workers employed in the private metalworking industry and plant installation*, the following sanctions apply:

- verbal warning;
- written warning;

- fine not exceeding three hours' hourly pay calculated on the minimum wage;
- suspension from work and pay for up to three days;
- disciplinary dismissal with notice and, if the violations are serious and cause serious moral or material harm to the company or the actions constitute a crime under the law, without notice.

The measures of written warning, fine or suspension apply to employees who:

- fails to report for work or to leave his place of work without justification, or fail to justify his absence by the day following that on which the absence begins, except in the case of a justified impediment;
- delay the commencement of work or suspend it or anticipate its cessation without justification;
- commit an act of minor insubordination towards their superiors;
- behave in a negligent or wilfully slow manner in any assigned duty;
- exhaust or break any plant material or processing material, due to inattention or negligence;
- are found in a state of manifest drunkenness during working hours;
- moonlight for companies who handle work similar or identical to that of the company;
- fail to abide by the restriction against smoking if and when in effect, and where a "No Smoking" sign is posted;
- carry out minor work on the company's premises for one's own account or on behalf of third parties, outside working hours and without taking away the company's material, using the company's equipment;
- otherwise violate compliance with the CCNL or commit any offence that is detrimental to the discipline, morality, hygiene and safety of the establishment.

A warning is applied for minor infringements; a fine and suspension for major ones.

Without prejudice to any other legal action, disciplinary dismissal with notice applies, by way of example, to the following misconduct:

- insubordination to one's superiors;
- noticeable, negligent damage to plant material or processing material;
- carrying out minor work on the company's premises without permission, on one's own behalf or on behalf of third parties, without using company materials;
- brawling within the plant outside processing departments;
- abandonment of the workplace by personnel specifically entrusted with supervisory, custody, or control tasks, outside the cases of dismissal without notice;
- unjustified absences lasting more than four consecutive days or repeated absences three times in a year on the day following a holiday or holiday;
- sentence of imprisonment imposed on the employee, by a final judgment, for an act committed not in connection with the performance of the employment relationship, which offends the moral character of the employee;
- recidivism in any of the offences referred to in Article 9, when two suspension measures referred to in Article 9 have been imposed, without prejudice to the provisions of the last paragraph of Article 8.

Disciplinary dismissal without notice applies for the following offences:

- serious insubordination to one's superiors;
- theft within the company;
- theft of sketches or drawings of machines and tools or other objects, or company documents;
- wilful damage to company equipment or processing material;
- abandonment of the workplace which may result in harm to the safety of persons or to the safety of the plant or, in any case, the performance of actions involving the same harm;
- smoking where this may cause harm to the safety of people or the safety of facilities;
- carrying out work, on the company's behalf or on behalf of third parties without permission, of a non-minor nature and/or using company materials;
- brawls within the processing departments.

With regard to the investigation of the aforementioned violations, disciplinary proceedings, and the imposition of sanctions, the employer's powers remain unchanged, although they may be delegated to specifically delegated individuals for this purpose.

The Supervisory Body is required to be involved in the procedure for imposing sanctions for violations of the Model, meaning that a disciplinary sanction cannot be imposed for violations of the Model without prior notification to the Supervisory Body.

This communication becomes superfluous when the proposal for the application of the sanction comes from the Supervisory Body.

The Supervisory Body must also be notified of any closure measures relating to the disciplinary proceedings referred to in this paragraph.

Workers will be given immediate and widespread information about the introduction of any possible new provision, issuing an internal communication to explain the reasons and summarize its content.

8.6 Sanctions for Managers

Conduct by Managers in violation of the individual rules of conduct set out in this Model are defined as disciplinary offences.

With reference to the sanctions that can be imposed on executives, they fall, as specified above, within those provided for by the sanction system set out in the CCNL Dirigenti Aziende Industria (National Collective Labour Agreement for Industry Executives), in compliance with the procedures set out in Article 7 of the Workers' Statute and any special regulations applicable.

The Company's corporate disciplinary system will therefore consist of the provisions of the Civil Code, the Workers' Statute and the collective bargaining agreement provisions. In particular, the disciplinary system describes the conduct sanctioned, depending on the importance of the individual facts considered, and the sanctions concretely provided for the commission of the facts themselves on the basis of their seriousness.

In relation to the above, the Model refers to the sanctions and categories of punishable acts provided for by the existing sanctions framework within the National Collective

Bargaining Agreement, in order to classify any violations of the Model within the categories already provided for by the aforementioned provisions.

The Company believes that the aforementioned sanctions provided for in the National Collective Bargaining Agreement should be applied, in accordance with the procedures indicated below and in consideration of the general principles and criteria identified in the previous point, in relation to the defined infringements.

The CCNL for the sector, in fact, identifies hypotheses of disciplinary non-compliance which, by virtue of their generality and abstractness, are to be considered suitable to include the aforementioned infringements.

With regard to the investigation of the aforementioned violations, disciplinary proceedings, and the imposition of sanctions, the employer's powers remain unchanged, although they may be delegated to specifically delegated individuals for this purpose.

The Supervisory Body is required to be involved in the procedure for imposing sanctions for violations of the Model, meaning that a disciplinary sanction cannot be imposed for violations of the Model without prior notification to the Supervisory Body.

This communication becomes superfluous when the proposal for the application of the sanction comes from the Supervisory Body.

The Supervisory Body must also be notified of any closure measures relating to the disciplinary proceedings referred to in this paragraph.

Managers will be given immediate and widespread information about the introduction of any new provision by issuing an internal communication explaining the reasons and summarising its content.

8.7 Measures against senior management

The Company takes extremely rigorous care in assessing any violations of this Model committed by those who represent the Company's top management.

The values of fairness and transparency must first and foremost be embraced, shared, and respected by those who guide corporate decisions, so as to serve as an example and inspiration for all those who, at any level, work for the Company.

Violations of the principles and measures set forth in the Organization, Management and Control Model adopted by the Company by members of the Company's Board of Directors must be promptly reported by the Supervisory Body to the entire Board of Directors.

The Board of Directors is responsible for assessing the infringement and taking the most appropriate measures against the director(s) who committed the infringements. In this assessment, the Board of Directors is assisted by the Supervisory Body and decides by an absolute majority of those present, excluding the director or directors who committed the infringements.

The Board of Directors, pursuant to Article 2406 of the Italian Civil Code, is responsible, in accordance with applicable laws, for convening the Shareholders' Meeting, if deemed necessary. Convening a Shareholders' Meeting is mandatory for resolutions regarding possible dismissals or liability actions against directors.

8.8 Measures against external parties

Any conduct by External Parties that is in conflict with the lines of conduct indicated in this General Part Document and in the Code of Ethics and such as to entail the risk of commission of an offence provided for by the Decree, may determine, in accordance with the provisions of the specific contractual clauses included in the letters of appointment or in the contracts the termination of the contractual relationship, or the right to withdraw from it, without prejudice to any claim for compensation if such conduct causes damage to the Company, such as, purely by way of example, in the event of the application, even as a precautionary measure, of the sanctions provided for by the Decree against the Company.

The Supervisory Body, in coordination with the Chief Executive Officer or another person delegated by the latter, verifies that External Parties are obliged to comply with the Code of Ethics and also ensures that they are informed of the consequences that may arise from its violation.

9. DISSEMINATION OF THE MODEL AND TRAINING

To ensure the effectiveness of this Model, CAREL Industries SpA aims to ensure the correct dissemination and knowledge of the rules of conduct contained therein for both existing and future employees, with varying degrees of detail depending on the level of involvement of the employees in the risky activities.

The Model and the Code of Ethics will be communicated in the manner indicated below:

- **internal staff:** the Model (General Part and Special Parts), its annexes (Internal Procedures) and the Code of Ethics will be made available to the Company's staff in hard copy and electronic format. Each resource will therefore be informed about the publication of the aforementioned documents with a special notice that will be sent to the company e-mail box. New employees are given an information leaflet, consisting of the Model and the Code of Ethics, with which they are assured of the knowledge considered of primary importance.
- Furthermore, the Model, in its full version, is posted publicly on the notice board at the Company reception and is the subject of the training activity described in the next paragraph. All employees of the Company, who are to be given copies of the Company's Model and Code of Ethics, are also required to complete a formal 'declaration of commitment' to comply with the provisions contained therein.
- **external parties** (suppliers, consultants, etc.): the General Part of Model 231 and the Code of Ethics will be published on the Company website.

In order to raise awareness among the Recipients of this Model on the elements of the Legislative Decree 231/2001, on the risks potentially present and the internal regulations put in place to prevent the risks of offences, CAREL intends to implement the structured, systematic and compulsory training activity described below, which is addressed to all those who work and act on behalf of the Company. The training activity, aimed at disseminating knowledge of the regulations pursuant to Legislative Decree No. 231/2001, is differentiated in terms of content and delivery methods according to the Recipients'

qualification, the risk level of the area in which they operate, and whether or not they have a representative function in the Company.

Training sessions will be provided to staff on the following topics:

- introduction to Legislative Decree 231/2001
- treatment of the so-called 'exemption circumstances'
- risk analysis result: identified areas
- types of crime provided for by the legislator with particular emphasis on those identified as potentially at risk
- sanctioning system and disciplinary system
- activities of the Supervisory Body and methods of relating with the same
- Documents constituting the Organisation, Management and Control Model (General Part, Special Parts, Code of Ethics).

Subsequently, in the event of changes that may impact the Code of Ethics and/or the Model, an update is planned with the following topics as its focus:

- any updates made to the Code of Ethics / Model
- changes to procedures / protocols
- comparison on the effectiveness of existing measures and possible integrations

For all the training activities described above, participant attendance is mandatory and recorded.

At the end of the course, participants will be assessed for their learning level and any errors they have made will be explained. This activity is also documented.

With regard to the information and training activities of the Recipients of the Model, they are supervised and integrated by the Supervisory Body which will also be responsible for verifying:

- the quality of courses
- the frequency of updates
- actual participation.

Should new resources be brought in, the Company will ensure due information and training in compliance with Legislative Decree 231/2001.

In particular, it is the Company's duty to:

- provide for the definition of an annual refresher program to be shared with the CAREL Supervisory Body which includes, in compliance with the provisions of the Model, a specific path for senior staff and subordinate staff;
- prepare an annual calendar to be communicated, together with a summary of the program, to the CAREL Supervisory Body.

The Supervisory Body will be responsible for informing the Company of:

- regulatory developments of interest;
- need for additional training actions following the detection of errors and/or deviations from the correct execution of operating procedures applied to the so-called "sensitive activities".

10. CONFIRMATION OF THE ADEQUACY OF THE MODEL AND ITS EFFECTIVE IMPLEMENTATION

Confirmation of the adequacy of the Model and its effective implementation is ensured:

- from the results of the monitoring activities carried out continuously by the various *Owners*, for each function under their responsibility. For this purpose, the Board of Directors of the Company formally confirms at least once a year the information gathered from the various *Owners*:
 - the identification of any so-called *sensitive* activities, with an indication of their assessment regarding the relevance in terms of the need to monitor the risks related to the alleged crimes;
 - that the indications and contents of this Model have been respected, with an indication of the main anomalies or atypicalities found following the control activities carried out to implement the Model, without prejudice to the obligations to periodically communicate such relevant information to the Supervisory Body;
- by the Supervisory Body, in the exercise of the supervisory and control powers described above and to which reference is made.



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