CAREL INDUSTRIES S.p.A.

2021-2025 Performance Shares Plan

DISCLOSURE DOCUMENT

drawn up pursuant to Article 114-bis of Legislative Decree no. 58 of 24 February, 1998, (the "TUF"), and Art. 84-bis of the regulation adopted by Consob by Resolution no. 11971 of 14 May 1999, as amended and supplemented ("Issuers' Regulation")

Brugine, 4 March 2021

FOREWORD

This information document (the "**Information Document**") has been prepared pursuant to Article 114-*bis* of Legislative Decree 58 of 24 February 1998, as amended and supplemented (the "**TUF**"), and Article 84-*bis* of the Regulations adopted by CONSOB by Resolution no. 11971 of 14 May 1999, as amended and supplemented (the "**Issuers' Regulations'**), as well as in accordance, also in the numbering of the relevant paragraphs, with the indications contained in Schedule 7 of Annex 3A of the Issuers' Regulations.

The purpose of the Information Document is to inform Shareholders and the market about the essential elements of the plan for the free assignment of CAREL INDUSTRIES S.p.A. ordinary shares, ("**Carel"** or the "**Company**") called the "*2021-2025 Performance Shares Plan*" (the "**Plan**") reserved to the Beneficiaries (as defined below), as individuals who play a key role in achieving the objectives of the CAREL Group (as defined below).

The Plan has been prepared in anticipation of Carel's Annual General Shareholders' Meeting convened in ordinary session on 20 April 2021, *inter alia* to vote on the Plan in a single call.

On 4 March 2021, the Board of Directors unanimously approved, upon proposal of the Remuneration Committee, and upon hearing the opinion of the Board of Statutory Auditors, the proposal to submit to the Shareholders' Meeting of the Company the adoption, pursuant to Article 114-*bis* of the TUF, of the Plan under the terms and conditions described in this Information Document and in the related Regulations.

As of the date of this Information Document, the proposal to adopt the Plan has not yet been approved by Carel's Shareholders. Therefore, it is noted that:

i) this Information Document is prepared solely on the basis of the content of the proposal for adoption of the Plan approved by the Board of Directors of the Company on 4 March 2021;

ii) any reference in this Information Document to the Plan shall be deemed to refer to the proposal for adoption of the Plan.

It should be noted that the Plan is to be considered "*of particular relevance"* pursuant to Article 114-*bis*, third paragraph, of the TUF, and Article 84-*bis*, second paragraph, of the Issuers' Regulations, as it is addressed, *inter alia*, to the Company's executive directors and key managers.

The information required by Schedule no. 7 of Annex 3A of the Issuers' Regulations, which is not contained in this Information Document, shall be provided, when available during the implementation of the Plan, in accordance with the procedures set out in Article 84-*bis*, paragraph five, letter a) of the Issuers' Regulations.

This Information Document is available to the public at the Company's registered office in Brugine (PD), Via dell'Industria, no. 11, as well as on the website www.carel.com – **Section IR/Shareholders' Documents**.

The Information Document has also been sent to Consob and Borsa Italiana S.p.A. in accordance with the procedures set out in the Issuers' Regulations.

DEFINITIONS

As required by Scheme no. 7 of Annex 3A of the Issuers' Regulations, the following is a list of definitions aimed at illustrating the meaning of uncommonly used terms contained herein:

Executive Directors	Jointly, the Chair of the Board of Directors, the Vice Chair of the Board of Directors, the Chief Executive Officer and the other executive directors of the Company.
Assignment	The actual allotment of Shares to each Beneficiary following the end of the Vesting Periods, in accordance with the terms and conditions set out in the Rules.
Attribution	The granting to each Beneficiary by the Board of Directors, after consultation with the Remuneration Committee, of the Right to Receive Shares.
Shares	The ordinary shares of CAREL INDUSTRIES S.p.A. traded on the STAR segment of the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A., which are the subject of the Plan.
Assembly	The Shareholders' Assembly of the Company.
Bad Leaver	All termination events other than Good Leaver events.
Beneficiaries	The recipients of the Right to Receive Shares, who will be identified by name, even in more than one occasion, by the Board of Directors, on the proposal of the Chief Executive Officer and after hearing the opinion of the Remuneration Committee, among the Executive Directors, Key Managers, and the employees of the Company or of Subsidiaries for the strategic importance of the roles. The Executive Directors may be the Beneficiaries of the Plan.
Change of Control	It refers to: (a) the acquisition, directly or indirectly, by one or more third parties of control of the Company pursuant to Art. 93 of the TUF; (b) the acquisition, directly or indirectly, by one or more third parties of a number of shares or of a shareholding in a Subsidiary to which the Beneficiary Relationship belongs, provided that they are different from the Company, in total greater than 50% of the relevant share capital, unless the Company continues to hold control pursuant to Art. 2359 of the Italian Civil Code; (c) the definitive transfer for any reason to one or more third parties of the company or company branch to which the Beneficiary Relationship belongs. It is understood that the Changes of Control identified under b) and c) above shall apply only to the Beneficiaries who have an existing Relationship with the Subsidiary, the company or the business unit subject to the Change of Control.

Board of Statutory Auditors	The Company’s Board of Statutory Auditors.
Remuneration Committee	The Company’s Remuneration Committee established and appointed by the Company’s Board of Directors in accordance with the Corporate Governance Code.
Board of Directors	The Company's Board of Directors.
Plan Approval Date	The date of approval of the Plan at the Ordinary Shareholders’ Meeting.
Share Allocation Date	With reference to each Beneficiary for each Vesting Period, the date of the resolution of the Board of Directors concerning the actual allotment of the Shares to such Beneficiary
Date of Right Attribution	With reference to each Beneficiary for each Vesting Period, the date of the resolution of the Board of Directors concerning the identification of such Beneficiaries and the attribution to them of the Right to Receive Shares.
Key Managers	Managers who have the power and responsibility, directly or indirectly, for the planning, direction and control of the Company’s activities, excluding (for the purposes of the provisions of the Plan) Directors (including Executive Directors) of the Company.
Right to Receive Shares	The conditional right, free of charge and non-transferable *inter vivos*, to the free allotment of Shares on the terms and conditions set out in the Regulations.
Good Leaver	The following cases of termination of the Relationship: o voluntary resignation, only on condition that the Beneficiary meets the legal pension requirements, and within the following 30 days has applied for access to the relevant treatment; o death or permanent disability.
Carel Group or Group	CAREL and its Subsidiaries.
Letter of Attribution	The letter that the Company will send to each Beneficiary to notify them of the granting of the Right to Receive Shares, to which the Regulations will be attached as an integral part, and which the Beneficiaries shall sign and deliver to the Company shall constitute, for all purposes, their full and unconditional acceptance of the Plan.
Base Number of Shares	With reference to each Beneficiary for each Vesting Period, the number of Shares obtainable upon achievement of 100% of the Performance Objectives under the terms and conditions set forth in the Rules.

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Performance Objectives	The performance targets applicable to each Vesting Period and identified in Article 8 of the Rules, calculated by reference to the following indices: ○ Cumulative Group Adjusted EBITDA, for each Vesting Period (relative weight 50%) ○ Cash Conversion (average value over the cycle of Vesting Periods): $\frac{(EBITDA\ adj \pm Net\ Working\ Capital - CAPEX)}{EBITDA\ adj}$; (relative weight 30%) ○ ESG target - average achievement of a set of sustainability indicators (relative weight of 20%); The performance of the ESG Target is measured in relation to the level of achievement of two indicators, calculating the arithmetic mean of the results achieved by each of them and both having the same weight (50%) within the target. The indicators, for the Vesting Period 2021-2023, will be as follows: · % of women employed as permanent white collar employees. · % reduction of CO2 emissions (tCO2/y) in production plants. For the 2022-2024 and 2023-2025 Vesting Periods, the target may be supplemented with other indicators depending also on the sustainability plan approved by the Company's Board of Directors; without prejudice to the right of the Board of Directors, upon hearing from the Remuneration Committee, to identify, for the 2022-2024 and 2023-2025 Vesting Periods, other and/or additional Performance Objectives, including those not related to financial indicators, and the related percentage weighting.
Minimum Performance Objective	The achievement of 80% of the individual Performance Objective, as identified in Article 8 of the Regulations.
Vesting period	The measurement periods of the Performance Objectives are divided into three cycles ("rolling"), and respectively January 2021 - December 2023 (the "**2021-2023 Vesting Period**"); January 2022 - December 2024 (the "**2022-2024 Vesting Period**"); January 2023 - December 2025 (the "**2023-2025 Vesting Period**"), at the end of which the Shares will be allotted, subject to verification of the achievement of the Performance Objectives, under the terms and conditions set forth in the

Rules.

Performance Shares Plan or **Plan**	The long-term incentive plan, addressed to the Beneficiaries and governed by the Regulations (as amended) and the related annexes.
Report	The employment and/or administrative relationship existing between the individual Beneficiary and CAREL, or one of its Subsidiaries.
Regulation	It refers to the Regulations of the plan called "*2021-2025 Performance Shares Plan"* approved by the Board of Directors of the Company on 4 March 2021, upon proposal of the Remuneration Committee, which took place on 3 March 2021, and after hearing the opinion of the Board of Statutory Auditors.
Company or **CAREL**	CAREL INDUSTRIES S.p.A., with registered office in Brugine (PD), Via dell'Industria n. 11, Tax ID and Padua Business Register no. 04359090281.
Subsidiaries	Indistinctly, each of the companies directly or indirectly controlled from time to time, pursuant to Art. 2359 of the Italian Civil Code, by the Company, with which one or more Beneficiaries have a Relationship.
TUF	It refers to Legislative Decree no. 58 of 24 February 1998, as amended and supplemented.

1. PLAN RECIPIENTS

1.1 Names of the Plan Recipients

The Plan does not identify the Beneficiaries by name.

The Plan is reserved for the recipients of the Right to Receive Shares, who will be identified by name, even in more than one occasion, by the Board of Directors, on the proposal of the Chief Executive Officer and after hearing the opinion of the Remuneration Committee, among the executive directors, Executives with Strategic Responsibilities, and employees of the Company or Subsidiaries for the strategic importance of the roles.

The Executive Directors may be the Beneficiaries of the Plan.

1.2 Categories of Employees or Business Partners of the Issuer of Financial Instruments and of the Parent Companies or Subsidiaries of the Issuer

The Plan does not identify specific categories of employees or business partners of the CAREL Group as its recipients.

The Plan is addressed to, *inter alia,* Key Managers and employees of the Company or its Subsidiaries, who will be identified by name, even in more than one occasion, by the Board of Directors, upon proposal of the Chief Executive Officer and after hearing the opinion of the Remuneration Committee.

1.3 Indication of the names of the persons benefiting from the Plan who belong to the following groups: General Manager, Senior Key Managers and individuals controlling the issuer who are employees or who perform collaboration activities

The Plan does not identify by name the Beneficiaries who belong to the groups indicated in point 1.3, letters a), b) and c) of Annex 3A, Schedule 7, of the Issuers' Regulations.

The Plan is addressed, *inter alia*, to Key Managers of the Company or its Subsidiaries, who will be identified by name, even in more than one occasion, by the Board of Directors, upon proposal of the Chief Executive Officer and after hearing the opinion of the Remuneration Committee.

With regard to the procedures for identifying Beneficiaries, please refer to paragraph 1.1 above.

1.4 Description and Numerical Indication, by categories:

a) **of Executives with strategic responsibilities other than those indicated in letter b) of paragraph 1.3**

The Plan does not describe and/or indicate numerically the Beneficiaries who belong to the categories indicated in point 1.4, letters a), b) and c) of Annex 3A, Schedule 7 of the Issuers' Regulations.

With regard to the procedures for identifying Beneficiaries, please refer to paragraph 1.1 above.

b) **in the case of "smaller" companies, pursuant to Art. 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the aggregate indication of all the managers with strategic responsibilities of the issuer of financial instruments.**

With regard to the procedures for identifying Beneficiaries, please refer to paragraph 1.1 above.

c) any other categories of employees or collaborators for whom different features of the Plan have been envisaged

The Plan will be the same for all Beneficiaries and differ only in the Base Number of Shares identified by the Board of Directors, and consequently in the number of Shares to be allotted in the event that the conditions set forth in the Regulations are met.

With regard to the procedures for identifying the Beneficiaries of the Plan, reference should be made to paragraph 1.1 above.

The information provided in paragraphs 1.1, 1.2, 1.3 and 1.4 shall be provided, where applicable, during the implementation of the Plan, pursuant to Article 84-*bis*, paragraph 5, letter a), of the Issuers' Regulations.

2. REASONS FOR ADOPTING THE PLAN

2.1 Objectives to be achieved through the allocation of the Plan

The Plan is a valid tool to incentivise and build the loyalty of Beneficiaries, who play a key role in achieving the CAREL Group's objectives, and to align their interests with those of the Shareholders.

The incentive and loyalty of the Beneficiaries is, in fact, an indispensable tool for the Company to continue along its path in line with the objectives it has set itself.

In particular, through the adoption of the Plan, the Company seeks to:

- align the interests of the Beneficiaries with those of the Shareholders and with the CAREL Group's strategic plan in its entirety;

- link the remuneration of the Beneficiaries, as individuals who play a key role in achieving the CAREL Group's objectives, to the economic results achieved by the CAREL Group and the achievement of specific pre-set long-term objectives;

- support and reward the achievement of long-term objectives, making it possible to pursue the priority objective of creating value over the long term;

- support the attraction, retention and engagement of key resources in line with the corporate culture, while pursuing an efficient choice in terms of the costs generated by the Plan;

- ensure flexibility in the management of the Plan, allowing its adaptation to the future needs of the Group.

The Allocation of Shares is closely linked to the creation of value for the Company and aims to motivate, involve and incentivise the Beneficiary to achieve the Company's objectives and interests, also aligning its activities with those of the Shareholders.

2.1.1 a) Reasons and criteria underlying the relationship between incentive compensation based on financial instruments and other components of the total remuneration of the Beneficiary

The Plan is part of a remuneration policy that aims to balance the fixed and variable components of the remuneration of the CAREL Group's top management, considering the opportunity to offer an incentive capable of driving short- and long-term performance and, at the same time, the need to offer a fixed salary sufficient to allow the variable portion to contract significantly.

Please refer to paragraph 2.1 above.

For the purposes of the so-called retention, the Right to Receive Shares is subject to the verification by the Board of Directors of the fulfilment, among other things, of the condition that on the Date of Grant of the Shares the Beneficiaries' relationship with the Company or with the relevant Subsidiary is still in existence and that, with reference to the role held, they are no longer Beneficiaries within the Company, the relevant Subsidiary or the Group.

2.1.1(b) Purpose of long-term incentive schemes

Please refer to paragraph 2.1 above.

2.1.1 c) Criteria for defining the time horizon of incentive schemes

The Plan has a multi-year duration and is subdivided into 3 (three) rolling allocation cycles (the "**Vesting Periods**"), each of three years, at the end of which the Shares will be assigned, subject to verification of the achievement of the Performance Objectives, in accordance with the terms and conditions provided for by the Regulations.

For additional information on the Vesting Period, please refer to paragraph 4.2 below.

2.2 Key variables, also in the form of performance indicators considered for the purposes of assigning the Plan

The Regulations provide for the grant to the Beneficiaries of the Right to Receive Shares free of charge for each Vesting Period.

On the Date of Grant of the Right, the Board of Directors, after hearing the opinion of the Remuneration Committee, will grant to the Executive Directors, if identified as Beneficiaries of the Plan, the Right to receive Shares, and identify for each of them the Base Number of Shares, that is the number of Shares to which the Beneficiary will be entitled in case of achievement of 100% of the Performance Objectives.

Furthermore, on the Grant Date, the Board of Directors, upon proposal of the Chief Executive Officer and after hearing the opinion of the Remuneration Committee, will grant to each of the remaining Beneficiaries (including Key Managers) the Right to receive Shares, and identify for each Beneficiary the Base Number of Shares, i.e. the number of Shares to which the Beneficiary will be entitled in case of achievement of 100% of the Performance Objectives.

In particular, the actual Allocation of the Shares will be subject to the achievement of the Performance Targets which will be verified by the Board of Directors after the end of the Vesting Periods, following approval by the Board of the Consolidated Financial Statements relating to the last financial year of the three-year period of reference of each Vesting Period.

For further information on the Performance Objectives, please refer to paragraph 2.3 below.

2.2.1 a) More detailed information on the factors, including in terms of performance and criteria used to identify particular features of the share-based compensation arrangements

Please refer to paragraph 2.1 above.

2.2.1 b) More detailed information on the manner in which these arrangements have been identified in relation to directors, general managers, key managers, other specific categories of employees or business partners for whom plans with special conditions are envisaged, or business partners of both the listed company and the relevant companies in a controlling relationship

Please refer to paragraph 2.1 above.

2.2.1 c) More detailed information on the reasons for the choice of the specific compensation provided for in the same plans, also in relation to the achievement of the identified long-term objectives

Please refer to paragraph 2.1 above.

2.3 Elements underlying the determination of the amount of the share-based compensation, or the criteria for its determination

With reference to each Vesting Period, the Allocation of the Shares is subject to the fulfilment of the conditions, as verified by the Board of Directors at the end of each Vesting Period, indicated in paragraph 4.7 below, which include the achievement of the Performance Objectives.

The "**Performance Objectives**" of the Plan are as follows:

- Group cumulative Adjusted EBITDA[1] for each Vesting Period; (relative weight 50%);
- Cash Conversion[2] (average value over the cycle of Vesting Periods): $\frac{(EBITDA\ adj \pm Net\ Working\ Capital - CAPEX)}{EBITDA\ adj}$; (relative weight 30%);
- ESG target - average achievement of a set of sustainability indicators (relative weight of 20%);
  The performance of the ESG Target is measured in relation to the level of achievement of two indicators, calculating the arithmetic mean of the results achieved by each of them and both having the same weight (50%) within the target. The indicators, for the Vesting Period 2021-2023, will be as follows:
  - % of women employed as permanent white collar employees.
  - % reduction of CO2 emissions (tCO2/y) in production plants.

  For the 2022-2024 and 2023-2025 Vesting Periods, the target may be supplemented with other indicators depending also on the sustainability plan approved by the Company's Board of Directors;

  without prejudice to the right of the Board of Directors, upon hearing from the Remuneration Committee, to identify, for the 2022-2024 and 2023-2025 Vesting Periods, other and/or additional Performance Objectives, including those not related to financial indicators, and the related percentage weighting.

The methods for calculating the Performance Objectives are included in the Regulations.

The Performance Objectives are independent of each other and will therefore be reported independently for each Vesting Period.

With respect to the 2021-2023 Vesting Period, the actual grant of 50% of the Shares depends on the achievement of cumulative EBITDA results, while 30% of the Shares are linked to Cash

[1] Adjusted EBIDTA: it is calculated as the algebraic sum of the profit for the year before income taxes, net profit (loss) of equity-accounted investees, foreign exchange gains and losses, net financial income and expenses, depreciation and amortisation, and extraordinary transaction costs.
The economic effects deriving from extraordinary operations (M&A) shall be included in the final Adjusted EBITDA of the years following the year of realisation of the M&A operation, even if they are not present in the Plan EBITDA.
The adjusted EBITDA shall also include any "extra Plan" transactions, provided that they have been formally approved by the Board of Directors. In this case, the Plan data that did not contain this "extra Plan" will be recalculated to make it consistent with actual data.

[2] Cash Conversion: investments and net working capital related to M&A transactions shall be excluded from the calculation of the cash conversion in the year in which the M&A transaction is carried out.
Any "extra Plan" transactions should also be included or excluded in the calculation of Cash Conversion, only if approved by the Board of Directors. In this case, the Plan data that did not contain this "extra Plan" will be recalculated to make it consistent with actual data.

Conversion performance results, and 20% are linked to the achievement of an ESG target calculated as the average of a series of two independent indicators. The performance measurement curves are the same for all three objectives, as described below.

The actual Shares to be awarded to each Beneficiary in the event of achievement of the Performance Objectives, subject to the terms and conditions set out in the Rules, will be determined as follows:

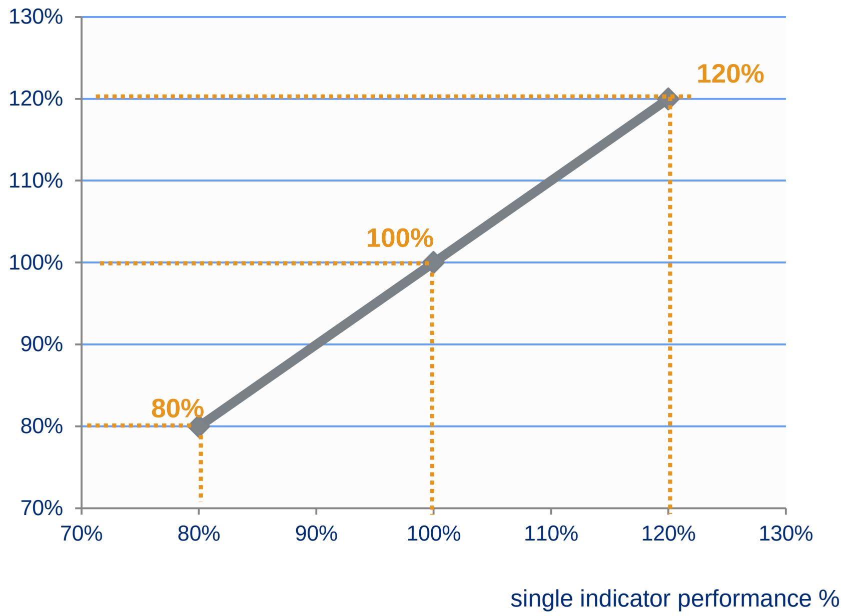
Performance of the individual indicator (in % of the individual Performance Objective, for each Vesting Period)	Shares to be Allocated for each Performance Objective (as a % of the Base Number of Shares for each Vesting Period)
< 80%	0%
= 80%	80%
> 80% and ≤ 120%	80%-120% pro-rata
> 120%(*overperformance*)	120%

Failure to achieve the Minimum Performance Objective, considered at the level of the individual Performance Objective, will not permit the Award of Shares related to the achievement of that Performance Objective, unless otherwise determined by the Board of Directors in a more favourable sense for the Beneficiaries.

In the event that the Performance Objectives, individually considered, are achieved for more than 120%, the Beneficiary will be entitled to be assigned a number of Shares equal to and never exceeding 120% of the Base Number of Shares.

The table below indicates the percentage of Shares to be assigned to each Beneficiary upon achievement of the individual Performance Objective (within the limits indicated above, each 1% marginal increase in the performance of the individual indicator corresponds to a 1% increase in the actual number of Shares to be assigned).

% premium to target



With reference to each Vesting Period, the total number of Shares to be granted to each Beneficiary corresponds to the sum of the number of Shares individually granted in proportion to the level of achievement of the single Performance Objective (as detailed above).

2.3.1 a) More detailed information on factors taken into account to decide the level of remuneration

Please refer to paragraph 2.1 above.

2.3.1 b) More detailed information on the elements considered for changes compared with similar previous plans

Not applicable.

2.3.1 c) More detailed information on the way in which any remuneration achievable on the basis of similar previous plans has affected the determination of the compensation under the Plan

Not applicable.

2.3.1 d) More detailed information on the consistency between the elements on which the compensation is based and the objectives established

Not applicable.

2.4 Reasons for any decision to assign compensation plans based on financial instruments not issued by CAREL, such as financial instruments issued by subsidiaries or parent companies or third party companies with respect to the group to which it belongs; if the aforementioned instruments are not traded on regulated markets, information on the criteria used to determine the value attributable to them

Not applicable.

2.5 Assessment of significant tax and accounting implications that affected the definition of the Plan

The preparation of the Plan was not influenced by significant tax or accounting considerations.

2.6 Possible support for the Plan from the Special Fund for the encouragement of worker participation in enterprises, referred to in Article 4, paragraph 112, of Law 350 of 24 December 2003

The Plan does not receive any support from the Special Fund for the encouragement of worker participation in enterprises, pursuant to Article 4, paragraph 112, of Law 350 of 24 December 2003.

3. APPROVAL PROCESS AND TIMING OF ALLOCATION OF INSTRUMENTS

3.1 Scope of the powers and functions delegated by the Shareholders to the Board of Directors for the purpose of implementing the Plan

On 4 March 2021, the Board of Directors resolved, upon proposal of the Remuneration Committee, which took place on 3 March 2021, to submit the adoption of the Plan to the Ordinary Shareholders' Meeting scheduled in a single call for 20 April 2021.

The Shareholders' Meeting will also be called upon to resolve on the granting of powers to the Board of Directors, with the right to sub-delegate, for the implementation and management of the provisions of the Plan, including the identification of the Beneficiaries, the assignment of the Base Number of Shares, the verification of the achievement of the Performance Targets and the actual number of Shares to be assigned to each Beneficiary.

3.2 Indication of the persons appointed to administer the Plan and their function and competence

The body responsible for the management of the Plan is the Board of Directors, with the right to sub-delegate, in accordance with and subject to the provisions of the Regulations.

The operational management and implementation of the Plan is delegated to the Company's HR & Organisation Department.

3.3 Any existing procedures for revising the Plan, also in relation to any changes in the basic objectives

As of the date of this Information Document, there are no procedures in place to review the Plan.

The Regulations indicate that the Board of Directors shall have the power, upon hearing from the Remuneration Committee, to make such amendments or additions to the Regulations as it deems useful or necessary for the best pursuit of the purposes of the Plan, having regard to the interests of the Company and the Beneficiaries.

In any case, the Plan has a multi-year timetable; therefore, it is possible that events may occur (external or internal to the CAREL Group) that affect the consistency of the Plan's incentive strategy, limiting its ability to fulfil the purposes for which it was designed.

In particular, such events are generally attributable to two cases: (i) extraordinary transactions; and, (ii) changes in corporate structure.

<u>Extraordinary Transactions</u>

In the case of events not specifically covered by the Regulations, such as:

i. extraordinary transactions on the Company's capital, including, by way of example but not limited to, reductions in the capital due to losses through the cancellation of shares, increases in the Company's capital, either free of charge or for cash, with or without pre-emptive rights, possibly also to be paid for through contributions in kind, and the regrouping or splitting of shares that may affect the shares,

ii. mergers or demergers, purchase or sale of shareholdings, companies or business units, or

iii. legislative or regulatory changes or other events that could affect the rights under this Plan, of CAREL shares and the Company

the Board of Directors may make any amendments and additions to the Regulations, independently and without the need for further approval by the Shareholders' meeting of the Company, after hearing the opinion of the Remuneration Committee, that it deems necessary or appropriate in order to keep the substantial and economic contents of the Plan unchanged, within the limits allowed by the legislation applicable from time to time.

<u>Changes to the Corporate Structure</u>

If, during the Vesting Period:

i. a Change of Control occurs;

ii. a public purchase offer or public exchange offer is made for CAREL shares, or

iii. the listing of the Shares on the MTA is revoked (so-called de-listing),

the Board of Directors, at its sole discretion, shall have the right to grant to the Beneficiaries the right to receive in advance all or part of the Shares granted, even independently from the actual achievement of the foreseen Performance Targets and to provide for the early termination of the Plan. Such decision shall be binding on the Beneficiaries.

3.4 Description of the methods used to determine the availability and assignment of the financial instruments upon which the Plan is based (for example: free assignment of shares, capital increases with exclusion of pre-emptive rights and purchase and sale of own shares)

The stock at the service of the Plan will be exclusively made up of treasury shares, subject to authorisation by the Shareholders, pursuant to Article 2357-*ter* of the Italian Civil Code.

For additional information on the Allocation of Shares, please refer to paragraph 4.2 below.

3.5 Role played by each Director in determining the characteristics of the Plan; possible occurrence of situations of conflict of interest for the Directors concerned

The process of defining the Plan was carried out collectively, without the decisive contribution of individual Directors. The resolutions of the Board of Directors were passed unanimously by members in attendance, upon proposal of the Remuneration Committee, upon hearing the opinion of the Board of Statutory Auditors.

3.6 Date of the decision taken by the competent body to propose the approval of the Plan to the Shareholders and of the proposal of the Remuneration Committee, if any

The Board of Directors, in its meeting of 4 March 2021, approved – upon proposal of the Remuneration Committee, which met on 3 March 2021, and upon hearing the opinion of the Board of Statutory Auditors – the Plan and the proposal to submit it for approval to the Shareholders' Meeting of the Company.

The Shareholders' Meeting has been convened to approve the Plan in a single call scheduled for 20 April 2021.

3.7 Date of the decision taken by the competent body regarding the assignment of the instruments and of any proposal to the aforementioned body made by the Remuneration Committee, if any

The Shareholders' Meeting called for the approval of the Plan is scheduled for 20 April 2021 in a single call.

If the Scheme is approved by the Ordinary General Meeting, the Board of Directors will meet from time to time to take decisions relevant to the implementation of the Scheme and, in particular, for the purposes of the Grant of Rights to Receive Shares and the Allotment of Shares.

3.8 Market price, recorded on the aforementioned dates, for the financial instruments on which the Plan is based, if traded on regulated markets

As of the date of the Resolution of the Board of Directors held on 4 March 2021, the official price of the Shares was 16.1 Euro per Share.

3.9 In the case of plans based on financial instruments traded on regulated markets, under which terms and in what manner the issuer take into account, in identifying the timing of the allocation of the instruments in implementation of the Plans, the possible coincidence in time between (i) said allocation or any decisions taken in this regard by the remuneration committee, and (ii) the disclosure of any relevant information pursuant to Article 17 of Regulation (EU) No 596/2014

On the occasion of the resolution of the Board of Directors of 4 March 2021 concerning the Plan, notice was given to the market pursuant to and for the purposes of applicable laws and regulations.

During the execution of the Plan, information will be provided to the market, where required by the laws and regulations in force from time to time.

The Beneficiaries are required to comply with the provisions on the abuse of privileged information set forth in the applicable laws and regulations, in particular with reference to transactions involving the disposal of Shares, which may be assigned after the achievement of the Performance Objectives.

4. CHARACTERISTICS OF THE INSTRUMENTS ALLOCATED

4.1 Description of the forms in which the Plan is structured

The Plan provides that the Allocation of the Right to Receive Shares and the Allotment of Shares be made free of charge.

The right to receive Participating Shares shall be deemed to have been granted, with retrospective effect to the Date of Grant of the Right, upon receipt by the Company of the duly completed and signed Letter of Assignment, as evidenced by the signature of the Company for acknowledgement and confirmation of receipt of such Letter of Assignment.

The Right to Receive the Shares will be attributed to each Beneficiary on a personal basis, and may not be transferred by deed between living persons nor be subject to restrictions or be the object of other acts of disposition for any reason whatsoever.

The Shares to be allotted under the Plan will have regular dividend rights and, therefore, equal to those of the other shares outstanding on the date of their issue.

4.2 Indication of the period of actual implementation of the Plan, also with reference to any different cycles envisaged

The Plan has a multi-year duration and is divided into 3 (three) Vesting Periods ("rolling"), each of three years duration.

The Vesting Periods represent the periods of measurement of the Performance Objectives at the end of which Shares will be awarded, subject to verification of the achievement of the Performance Objectives by the Board of Directors. They are divided into three ("rolling") cycles, as identified below:

- January 2021 to December 2023 (the "**2021-2023 Vesting Period**");
- January 2022 to December 2024 (the "**2022-2024 Vesting Period**");
- January 2023 to December 2025 (the "**2023-2025 Vesting Period**"),

Although the Beneficiaries may be identified (together with the relevant Base Number of Shares to be allotted) in a single solution after the Plan Approval Date, the Beneficiaries (together with the Base Number of Shares to be allotted) shall be identified by 31 December of the first financial year of the three-year vesting periods of the 2021-2023, 2022-2024 and 2023-2025 Vesting Periods.

The number of Shares that will actually be allotted to each Beneficiary on the Share Allocation Date will be determined at the end of each Vesting Period by the Board of Directors based on the achievement of the Performance Objectives, subject to the terms and conditions set out in the Rules.

4.3 Termination of the Plan

The Plan will run from the Approval Date until 31 December 2025. The Rules shall be effective until the last Allotment Date.

In the event of termination of the Relationship as a result of a Bad Leaver scenario, prior to the

Grant Date or, otherwise, prior to delivery of the Shares for each Vesting Period, the Beneficiary will permanently and fully forfeit the Right to Receive Shares.

In the event of termination of the Relationship as a result of a Good Leaver scenario, prior to the Grant Date or, otherwise, prior to delivery of the Shares for each Vesting Period, the Beneficiaries (or their heirs) may retain the right to receive a pro-rata amount of the Base Number of Shares granted, based on the unquestionable assessment of the Board of Directors based on the achievement of the Performance Objectives.

It is understood that the verification of the achievement of the Performance Objectives will be conducted by the Board of Directors with reference to the latest approved Consolidated Financial Statements, and that the pro-rata will be determined using the fiscal year as the unit of calculation.

If a Beneficiary changes organisational position within the Company or is transferred to one of the Group companies, the Human Resources and Organisation Department will support the Chief Executive Officer in any adjustment of the bonus awarded to the Beneficiary, subject to the approval of the Remuneration Committee.

It is understood that, in the event of transfer of the Relationship to another company of the Group, and/or in the event of termination of the Relationship and simultaneous establishment of a new Relationship within the Group, again in the capacity of Beneficiary, the same shall retain, *mutatis mutandis*, all the rights attributed to it by the Regulations.

4.4 Maximum number of financial instruments, including in the form of options, assigned in each fiscal year in relation to the persons identified by name or the categories indicated

The actual Shares to be assigned to each Beneficiary in case of achievement of the Performance Objectives, individually considered, will be determined on the basis of the provisions of paragraph 2.3 above, to which reference should be made.

In any event, the actual number of Shares to be allotted to each Beneficiary may not exceed 120% of the relevant Base Number of Shares.

4.5 Plan implementation procedures and clauses, specifying whether the actual allocation of the instruments is subject to the occurrence of conditions or the achievement of certain results, including performance results; description of such conditions and results

The Board of Directors, in accordance with the procedures indicated in paragraph 4.2 above, will identify the Beneficiaries to whom the Letter of Assignment will be sent, the latter already indicating, among other things, the Base Number of Shares and the Performance Objectives for each Vesting Period.

Each Beneficiary may participate in the Plan by signing and delivering to the Company the Letter of Assignment received, duly completed and signed, within 10 (ten) calendar days of receipt of the same, on penalty of forfeiting the right to participate in the Plan.

The Right to receive Shares shall be deemed to have been granted, with retroactive effect to the Date of Grant of the Right, upon receipt by the Company of the duly completed and signed Letter of Assignment, as evidenced by the signature affixed by the Company for acknowledgement and confirmation of receipt on such Letter of Attribution.

The Plan provides that the Allocation of the Right to Receive Shares and the Allotment of Shares be made free of charge.

The number of Shares that will actually be allotted to each Beneficiary on the Share Allocation Date will be determined at the end of each Vesting Period by the Board of Directors based on the achievement of the Performance Objectives, subject to the terms and conditions set out in the Rules.

The Right to Receive Shares is subject to verification by the Board of Directors that the following conditions have been met:

- that as of the Date of Grant of the Shares, the Beneficiary's relationship with the Company or the relevant Subsidiary is ongoing and that, with reference to the role held, the Beneficiary's status within the Company, the relevant Subsidiary or the Group has not ceased;

- that the Performance Objectives have been achieved.

Verification of the achievement of the Performance Objectives will be made by the Board of Directors following the Board's approval of the Consolidated Financial Statements for the last financial year of the three-year period covered by each Vesting Period.

For further information, please refer to paragraph 2.3 above.

4.6 Indication of any restrictions on the availability of the instruments assigned, or the instruments resulting from the exercise of the options, with particular reference to the terms within which the subsequent transfer to the Company or third parties is permitted or prohibited

The Right to Receive the Shares will be attributed to each Beneficiary on a personal basis, and may not be transferred by deed between living persons nor be subject to restrictions or be the object of other acts of disposition for any reason whatsoever.

The allotted Shares will be subject, starting from the end of each Vesting Period to which the allotted Shares refer, to a lock-up restriction, according to the terms and conditions detailed below:

Beneficiary	Quantity of Allocated Shares subject to lock up (for each Vesting Period)	Lock Up Period (for each Vesting Period)
Executive Directors	40% of Shares.	2 years.
Key Managers	20% of Shares.	2 years.
Other Beneficiaries	10% of Shares.	2 years.

4.7 Description of any termination conditions in relation to the assignment of the plans in the event that the beneficiaries carry out *hedging* operations that make it possible to neutralise any prohibitions on the sale of the financial instruments assigned, also in the form of options, or of the financial instruments resulting from the exercise of such Shares

Not applicable.

4.8 Description of the effects of employment termination

Termination of the Relationship between the Beneficiaries and the Company or its Subsidiaries prior to the Grant Date or otherwise prior to delivery of the Shares for each Vesting Period, unless otherwise determined by the Board of Directors to be more favourable to the Beneficiaries, shall be governed as set forth below.

In the event of termination of the Relationship as a result of a Bad Leaver scenario, prior to the Grant Date or, otherwise, prior to delivery of the Shares for each Vesting Period, the Beneficiary will permanently and fully forfeit the Right to Receive Shares.

In the event of termination of the Relationship as a result of a Good Leaver scenario, prior to the Grant Date or, otherwise, prior to delivery of the Shares for each Vesting Period, the Beneficiaries (or their heirs) may retain the right to receive a pro-rata amount of the Base Number of Shares granted, based on the unquestionable assessment of the Board of Directors based on the achievement of the Performance Objectives.

4.9 Indication of any other reasons for Plan cancellation

Except as set forth in the preceding paragraphs, there are no causes for cancellation of the Plan.

However, if, during each Vesting Period:

iv. a Change of Control occurs;

v. a public purchase offer or public exchange offer is made for CAREL shares, or

vi. the listing of the Shares on the MTA is revoked (so-called de-listing),

the Board of Directors, at its sole discretion, shall have the right to grant to the Beneficiaries the right to receive in advance all or part of the Shares granted, even independently from the actual achievement of the foreseen Performance Targets and to provide for the early termination of the Plan. Such decision shall be binding on the Beneficiaries.

4.10 Reasons for any provision for a "redemption" by the Company of the financial instruments covered by the Plan, pursuant to Articles 2357 *et seq.* of the Italian Civil Code; beneficiaries of the redemption, indicating whether it is intended only for particular categories of employees; effects of the termination of employment on the redemption

The Plan includes claw-back clauses.

In particular, if, in the three years following the Assignment of the Shares, it appears that the Assignment has been made on the basis of clearly erroneous data (meaning that the Beneficiary is responsible for calculation errors in the determination of one or more of the Performance

Objectives), or of a fraudulent alteration of data used for such determination, or of the determination of one or more of the Performance Objectives by means of conduct contrary to the provisions of the law and/or corporate regulations (violation of the Organisational, Management and Control Model and of the Code of Ethics pursuant to Legislative Decree no. 231/2001, or internal procedures of the Company or its Subsidiaries) and/or the Plan Regulations, the Beneficiary will be required to return to the Company the Shares granted or an amount equal to their value on the Grant Date.

Should the above circumstances occur, the Company may withhold the Shares still to be allotted or an amount equal to their value as of the Grant Date from any amount due to the Beneficiary, such as - by way of example, but not limited to - salary of any nature, bonuses and severance pay due to the Beneficiary, who shall expressly authorise such set-off.

4.11 Any loans or other facilities to be granted for the purchase of shares, pursuant to Article 2358 of the Italian Civil Code

Not applicable.

4.12 Indication of valuations of the expected burden for the Company at the date of assignment, as determinable on the basis of terms and conditions already defined, by total amount and in relation to each instrument of the Plan

It is not possible to quantify the maximum charge expected for the Company on the Grant Date of the Shares for each Vesting Period, as this will depend on the number of Rights to Receive Shares exercised and the degree to which the Performance Targets are achieved at the end of each Vesting Period.

In any event, the actual number of Shares subject to Allotment to each Beneficiary shall not exceed 120% of its Base Number of Shares.

4.13 Indication of any dilutive effects on the share capital caused by the Plan

Execution of the Plan will not have any dilutive effects on Carel's share capital, since treasury shares of the Company (currently not in the portfolio) will be used, subject to authorisation by the Shareholders, pursuant to Article 2357-*ter* of the Italian Civil Code.

4.14 Any limits on the exercise of voting rights and the allocation of equity rights

The Shares to be allotted under the Plan will have regular dividend rights and, therefore, equal to those of the other shares outstanding on the date of their issue. The rights related to the Shares, therefore, are granted to each Beneficiary from the time when they become the owners of the Shares.

There are no limits on the exercise of voting rights.

4.15 In the event that the shares are not traded on regulated markets, any information useful for a full evaluation of the value attributed to them

Not applicable, since the Shares are traded on the STAR segment of the MTA.

4.16 - 4.22

As these sections relate to the granting of stock options, they are not applicable to the Plan.

4.23 Criteria for adjustments made necessary as a result of extraordinary capital transactions and other transactions involving changes in the number of underlying instruments (capital increases, extraordinary dividends, regrouping and splitting of underlying shares, mergers and spin-offs, conversions into other classes of shares, etc.)

In the case of events not specifically covered by the Regulations, such as:

i. extraordinary transactions on the Company's capital, including, by way of example but not limited to, reductions in the capital due to losses through the cancellation of shares, increases in the Company's capital, either free of charge or for cash, with or without pre-emptive rights, possibly also to be paid for through contributions in kind, and the regrouping or splitting of shares that may affect the shares,

ii. mergers or demergers, purchase or sale of shareholdings, companies or business units, or

iii. legislative or regulatory changes or other events that could affect the rights under this Plan, of CAREL shares and the Company

the Board of Directors may make any amendments and additions to the Regulations, independently and without the need for further approval by the Shareholders' meeting of the Company, after hearing the opinion of the Remuneration Committee, that it deems necessary or appropriate in order to keep the substantial and economic contents of the Plan unchanged, within the limits allowed by the legislation applicable from time to time.

4.24 Table

As of the date of this Information Document, the Plan has not yet been approved by CAREL's Shareholders.

The information referred to in Table 1 attached to Schedule 7 of Annex 3A of the Issuers' Regulations, where applicable, will be provided as warranted, pursuant to Article 84 *bis*, paragraph 5, letter a) of the Issuers' Regulations.