

CAREL

Remuneration Committee Regulations

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1. Purpose

These Regulations regulate the functions, composition, role and methods of operation of the Remuneration Committee ("Committee") established within the Board of Directors (BoD) of Carel Industries S.p.A. (the "Company") and in compliance with the provisions of the Corporate Governance Code approved by the Corporate Governance Committee of Listed Companies (the "Corporate Governance Code") and deployment of its meetings.

The Committee provides advice, carries out preliminary analyses and makes proposals and it does not limit the decision-making power or responsibility of the BoD.

2. Functions and powers

The Committee has preliminary analysis, propositional and advisory functions in relation to the Board of Directors regarding the remuneration of directors and executives with strategic responsibilities. The Committee has the necessary expertise and independence of judgement for the drafting of assessments on the adequacy of the policies, remuneration and incentive plans and their implications for undertaking and Management of the risks.

The Committee is also responsible for preparing the documentation to be submitted to the Board of Directors for the adoption of resolutions on matters of remuneration (including the report on the remuneration policy and the remuneration pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998, in compliance with the deadlines provided for its submission to the Company's Shareholders' Meeting). More specifically, the Committee:

- provides assistance to the BoD in developing a policy for the compensation of Directors and executives with strategic responsibilities;
- submits non-binding opinions and proposals to the BoD regarding the remuneration amount payable to those parties serving as Chairman of the BoD, Deputy Chairman, Chief Executive Officer and Executive Director, also expressing an opinion on the setting of performance targets related to the variable component of their remuneration;
- Submits proposals and non-binding opinions to the BoD regarding the remuneration amount payable those parties, whose remuneration and incentives are decided by the BoD - in compliance with any incentive plans adopted by the Company - also expressing an opinion on the setting of performance targets related to the variable component of their remuneration. In this case, the criteria for defining the remuneration amounts will be set each year, in relation to the strategic objectives identified from time to time by the BoD;
- monitors the concrete application of the decisions adopted by the BoD, auditing, in particular, the actual achievement of the performance targets and making general recommendations on the matter to the Board of Directors;
- periodically assesses, also relying on the support of the control and/or corporate functions, the adequacy, overall consistency and actual application of the remuneration policy in place for directors, key executives and all other staff members, whose remuneration and incentive systems are established by the BoD, in compliance with the provisions of the incentive plans adopted by the Company;

- drafts opinions on the calculation of severance indemnities to be paid in the event of early termination of the employment or termination of office (so-called “golden parachutes”); evaluates the effects of termination on the rights assigned under the incentive plans based on financial instruments;
- drafts non-binding opinions and proposals on any stock option plans and shares allotment plans or other share-based incentive systems, also suggesting the targets associated with the provision of such benefits and the criteria for assessing the achievement of said targets; monitors the evolution and application over time of any plans approved by the Shareholders' Meeting upon proposal by the BoD;
- expresses opinions to the BoD of the Company on proposals concerning the remuneration of directors holding special positions at strategically relevant subsidiaries, pursuant to art. 2389 of the Italian Civil Code, as well as regarding the general managers and key management personnel of said subsidiaries;
- provides adequate feedback on the activities performed by the corporate bodies, including the Shareholders' Meeting, in time for the preparation of the meetings convened to discuss remuneration matters;
- participates in the Shareholders' Meeting through its Chairman or other Committee member and reports to shareholders on the performance of its duties;
- ensures appropriate functional and operational links with the relevant company units that are in charge of preparing and monitoring remuneration policies and practices;
- has the duty of proposing the methods and timing for the BoD annual self-assessment relating to the assessment of the BoD itself and its committees (e.g. Control Risks and Sustainability Committee, Remuneration Committee), with the support of control and/or corporate functions and, if necessary, with the assistance of specific functions external to the company, in order to comply with the provisions of the reference best practices (e.g. Corporate Governance Code); the self-assessment must contain particular references to the concrete functioning, size and composition in terms of professional characteristics, experience and gender of the members;
- carries out any additional tasks that the BoD may subsequently assign to the Committee through specific resolutions such as, by way of example but not limited to, the Committee's support to the BoD in the preparation of the Remuneration Report.

The Committee shall draft its opinions and proposals on the basis of a discretionary assessment, conducted also taking into account the following parameters:

- i. i. relevance of the person concerned by the remuneration proposal and his/her responsibilities within the organizational structure of the company;
- ii. impact on company results and on the assumption of related risks;
- iii. financial and equity results achieved by the Company;
- iv. benchmarking surveys with the market and with peers in the sector for similar assignments, also taking into account comparable international experiences and using independent consultants, if necessary, with field expertise.

In any case, the Committee assesses proposals consistency with the reference framework to establish risk tendency and with the governance and risk management policies.

Without prejudice to the powers of the individual members of the Committee in their capacity as Company directors, in the performance of its functions the Committee

shall have the right to access the necessary information and the competent corporate functions in the deployment of its tasks, have at their disposal financial resources and may rely on external consultants, under the terms established by the Board of Directors and within the budget approved by the Board of Directors.

In particular, the Committee may make use of specific external professional experts competent in the field, in order to obtain information on market practices on the subject of remuneration policies (so-called benchmarking); to this end, the Committee verifies in advance that such experts are not in a situation which would impair their independent judgement.

3. Coordination with other Company functions

The Company has established procedures to ensure coordination among the parties specified in the previous paragraphs such as to maximize the Committee's efficient contribution and reduce duplication of activities.

Specifically, the Committee liaises with the following corporate bodies and functions:

- the BoD of the Company, to which, by way of example, it submits non-binding opinions and proposals regarding the remuneration of key personnel, reports on the application of the decisions taken by the BoD in the remuneration field, etc.;
- the Shareholders' Meeting, to which it periodically reports on the activity carried out;
- the other company functions, which are required, each within their own remit, to provide the information and opinions necessary for the performance of the Committee's activities.

4. Composition, term and requirements

The Committee comprises three members of the Board of Directors, all of whom are non-executive members and at least two of which are independent members, in accordance with independence requirements of the Corporate Governance Code.

The Committee is appointed at the same time as the appointment of the Board of Directors and expires upon termination, for whatever reason, of the Board itself.

The members of the Committee must have adequate skills to perform the tasks assigned to them. At least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies, ascertained by the Board of Directors at the time of appointment. In case of temporary absence or definitive impediment of one or more members, the Board of Directors shall replace them with directors with the same qualifications as the members to be replaced.

The members of the Committee are required to observe the utmost confidentiality on any information or fact they become aware of in the performance of their function.

5. Convening, conducting and minuting the meetings

The Committee shall convene, upon invitation of its Chairman, or its Deputy Chairman, in the location indicated in the summon notice established by the summon notice, stating the meeting agenda, sent by to all members of the Committee.

Any documents pertaining to the items on the agenda shall be made available to the members in a manner that ensures the confidentiality of the information contained therein.

The Chairman of the Board of Statutory Auditors may also participate to the work of the Committee (the BoSA) or other Statutory Auditor designated by the Chairman; other statutory auditors may also participate. To this end, the notice of call is also sent to the Chairman of the Board of Statutory Auditors.

No director may preside any of the meetings of the Committee, during which the following proposals are drafted relating to their respective remuneration.

The Chairman (as defined below), may summon to individual meetings of the Committee the Chairman of the Board of Directors, the Chief Executive Officer, the other Directors and, disclose to the Chief Executive Officer, the company departments representatives responsible for these

matters, the individual items on the agenda, provided that such items do not discuss the proposals relating to the remuneration of such individuals. The notice of call is also sent to all parties who are invited to attend the meeting.

The notice of call must be issued at least three days before the date set for the meeting. In urgent cases, the time limit may be reduced by up to one day, provided that the notice of call is sent by e-mail, fax or other means of communication suitable of ensuring certain and immediate communication.

The Committee shall meet periodically, as often as necessary for the deployment of its activities and, as a rule, at least every six months.

The Committee's meetings are quorate if the majority of its members in office are present.

The Committee's resolutions are passed by absolute majority of votes. In case of a tie, the vote of the Committee's Chairman shall prevail. Voting by proxy is not allowed.

The Committee shall appoint a Secretary, on the proposal of the Chairman, preferably chosen from the members of the Committee itself, who shall be responsible for drafting the meetings minutes, which shall be signed by the Chairman and the Secretary.

Meetings may be held by means of teleconference and by video-conference, provided that all participants can be identified by each of them and that they may be allowed to follow the discussion and to interact in real time, in the discussion of the topics addressed as well as taking into account the need to maintain confidentiality about discussion of the items on the agenda; if these conditions are met, the meeting shall be deemed as being held at the Chairman and the Secretary place or office location.

6. Chairman of the Committee

The Chairman is appointed by the Board of Directors from among the independent directors of the Committee.

In case of temporary absence or permanent impediment, the Chairman is replaced in all its powers by the oldest member of the Independent Committee.

The Chairman shall preside over the meetings of the Committee, prepare its work, direct, coordinate and moderate the discussion, represent the Committee at BoD meetings and in its interactions with the other corporate bodies, as he/she may also sign, on behalf of the Committee, reports and opinions to be submitted to the Board of Directors.

The Chairman shall ensure the effectiveness of the debate and shall see to it that the resolutions.

reached by the Committee are the result of appropriate debate and contribution of the professional input of all its members. The Chairman informs the BoD of the activities carried out by the Committee during the first available board meeting.

The Chairman is assisted by a Secretary

7. Expenses and remuneration

The Committee's members are entitled to reimbursement of the expenses incurred in the performance of their assignment, as well as to an annual remuneration, which is established by the BoD.

8. Final provisions

Insofar as not expressly provided for, the following shall be deemed as having been referred to herein as applicable, the provisions of law and the articles of association concerning the Company's Board of Directors, as well as, Specifically with regard to the operation and functions of the Committee, the Corporate Governance Code in the version in force at the time.

9. Approval of the Regulation and amendments

These Regulations were approved by the Board of Directors of the Company on 29 March 2018 subsequently amended on 08 June 2021.

The Committee shall periodically evaluate the adequacy of these Regulations and submit any changes or additions to the Board of Directors.

The amendments and additions to this Regulation are approved by the Board of Directors, upon proposal of the Committee.





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