

CAREL

Procedure for the Management of Inside Information
and Maintenance of the Insider Register

This is a courtesy translation from Italian into English. In case of any inconsistency between the two versions, the Italian original version shall prevail.

Contents

PRELIMINARY PROVISIONS	7
1. Area of application	7
2. Addressees' obligations and prohibitions	8
COMPETENCIES AND RESPONSIBILITIES	10
3. The Company's Board of Directors	10
4. The Executive Directors of the Company	10
5. The Investor Relator	10
6. The Addressees	10
DATA MANAGEMENT	11
7. Assessing the relevance of the information and identifying the subjects involved	11
8. Access to the information by outside persons	13
DISCLOSURE TO THE PUBLIC	14
9. Public disclosure of Inside Information	14
10. Delay in disclosure	15
THE INSIDER REGISTER	18
11. General Rules	18
12. Natural or legal persons entered into the Insider Register	18
13. Obligations of Informed Persons	20
14. Relevant Information List	20
IMPLEMENTING PROVISIONS AND ENTRY INTO FORCE	21
15. Penalties	21
16. Amendments and additions	21
17. Notifications	21
18. Information Flows to the Supervisory Body	22
19. Entry into force	22
20. Annexes	22
ANNEX A – Policy on adding a subject to the Register of persons with access to Inside Information	23
Legislative Decree No 58 dated 24 February 1998	26
Chapter II: Criminal sanctions	26
Chapter III: Administrative sanctions	27
ANNEX B – Permanent Section	32
ANNEX C – Occasional Section:	32

Board of Directors

the Company's Board of Directors

Employees

Employees of the Company or its subsidiaries whose work and/or functions give them access on a regular or occasional basis to Inside Information on the Parent Company and/or its Subsidiaries.

Addressees

The addressees of this Procedure are

- members of the administrative, management and control bodies of the Company and its Subsidiaries;
- senior managers who, although not members of the bodies referred to in the previous point, have regular access to Inside Information directly or indirectly concerning such entities and hold the power to make operational decisions that may affect the future development and prospects of such entities; and
- Employees of the Company and its Subsidiaries; and all other individuals who, in the exercise of their employment, profession or function, have access to Inside Information.

Inside Information

The following types of information constitute Inside Information pursuant to this Procedure and are subject to the regulations envisaged herein

- a. information which has a precise nature, namely that:
 - i. (regards a set of circumstances that exist or that may reasonably be expected to come into existence or an event that occurred or that could reasonably be expected to occur;
 - ii. is specific enough to enable conclusions to be drawn about the possible effect of the set of circumstances or event referred to in point (i) on the prices of Financial Instruments or the corresponding Financial Instruments deriving therefrom
- b. information which has not been made public;
- c. information which directly concerns the Company or the Subsidiaries or Financial Instruments of the Company;
- d. information which, if made public, could materially affect the prices of Company's Financial Instruments or any Derivative Financial Instruments connected thereto, i.e. which a reasonable investor would presumably use as one of the factors on which to base their investment decisions.

By way of example but not limited thereto, the following are identified as Inside Information that could be of interest to the issuer, in accordance with the Consob document "Guidelines no. 1/2017 - Management of Inside Information": information relating to ownership structure, composition of management, management incentive plans, activities of auditors, capital transactions, issuance of Financial Instruments, characteristics of the Financial Instruments issued, acquisitions, mergers, demergers, etc., restructuring and reorganisation, transactions on Financial Instruments, bankruptcy proceedings, legal disputes, revocation of bank credit lines, write-downs/valuations of assets or Financial Instruments in portfolio, patents, licences, etc., insolvency of major debtors, destruction or damage to uninsured assets, purchase or sale of assets, performance of operations, changes in expected accounting results for the period (profit warning and earning surprise), receipt or cancellation of major orders, entry into (or exit from) new markets, change in investment plans, dividend distribution policy

In this respect, in the case of a protracted process which is intended to achieve, or that determines, a particular circumstance or a particular event, such future circumstance or future event, as well as the intermediate stages of this process, which are associated with the achievement or with the determination of the circumstance or future event, may be considered as information of a precise nature. An intermediate stage in a protracted process is regarded as Inside Information if it meets the above-mentioned criteria.

The information that the issuer deems significant, as it relates to data, events, projects or circumstances that, continuously, repetitively, periodically, occasionally or unexpectedly, directly affect the issuer itself and which may at some point, even very soon, become inside information.

It means each of (i) Regional CEO North Asia Pacific; (ii) Regional CEO South Asia Pacific; (iii) Regional CEO Americas; and (iv) Regional CEO EEMEA

i.e. the Register of persons with access to Inside Information.

The person in charge of implementing the provisions of this Procedure

It means the companies directly or indirectly controlled by the Company.

Pursuant to subparagraphs 1 and 2 of the first paragraph of Article 2359 of the Civil Code, the following shall also be considered subsidiaries:

- a. companies in which another company has more than half of the voting rights that can be exercised at the ordinary shareholders' meeting;
- b. companies in which another company has enough voting rights to exercise a dominant influence at the ordinary shareholders' meeting

Pursuant to Section 93 of the Consolidated Law on Finance (TUF), in addition to the companies indicated in subparagraphs 1 and 2 of the first paragraph of Article 2359 of the Civil Code, the following shall also be considered subsidiaries:

- c. Italian and foreign companies over which a person has the right, by virtue of a contract or a clause in the instrument of incorporation, to exercise a dominant influence, where the applicable law permits such contracts or clauses;
- d. Italian and foreign companies where a shareholder controls alone, on the basis of agreements with other shareholders, enough votes to exercise a dominant influence in the ordinary shareholders' meeting.

For the purposes set out above, the rights held by subsidiaries or exercised through trustees or nominees shall be considered; those held on behalf of third parties shall not be considered.

All of the Company's Financial Instruments admitted to trading on a regulated market, as defined in Article 4(1)(15) of Directive 2014/65/EU, including Company Shares.

Inside Information

Relevant Information

Regional CEO

Insider Register

Investor Relator

Subsidiaries

Financial instruments

PRELIMINARY PROVISIONS

1. Area of application

The aim of the Procedure for the Management of Inside Information and Maintenance of the Insider Register (the "Procedure") is to regulate in-house management and public disclosure of information on events occurring within the sphere of activity of Carel Industries S.p.A. (the "Company") in application of the current laws on the processing of Inside Information.

This Procedure aims to regulate:

- a. management and processing of Inside Information;
- b. the operating procedures to be observed in order to disclose such information both inside and outside the Company;
- c. the operating procedures to be observed in order to keep the Insider Register.

This Procedure was drawn up in order to ensure implementation of:

- a. the provisions of Articles 114 and 115-bis of Legislative Decree 58 of 24 February 1998 as subsequently amended (the "TUF") and the relevant implementing regulations;
- b. the provisions of Regulation (EU) No 596/2014 of the European Parliament and Council of 16 April 2014 (the "Regulation 596/2014" or "MAR");
- c. the provisions of Implementing Regulation (EU) No 347/2016 of the Commission concerning the lists of persons having access to Inside Information pursuant to Article 18 of Regulation 596/2014;
- d. the provisions of Implementing Regulation (EU) No 1055/2016 of the Commission laying down implementing technical standards with regard to the technical means for appropriate public disclosure of Inside Information and for delaying the public disclosure of Inside Information;
- e. the ESMA guidelines 2016/1478;
- f. Consob Communication No 0061330 of 1 July 2016 concerning the method for disclosing to Consob the information required by Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and related level 2 legislative measures, with effect from 3 July 2016;
- g. the provisions on the management of Inside Information contained in Corporate Governance Code Articles 1, rec. 1.F.

For the operational procedures for managing Inside Information, please refer to Consob document "Linee guida n. 1/2017 – Gestione delle Informazioni Privilegiate" ("Guidelines n. 1/2017 - Management of Inside Information").

2. Addressees' obligations and prohibitions

Addressees are required to maintain absolute confidentiality with regard to the Inside Information of which they are aware.

Inside information must be treated by adopting all the appropriate precautions to ensure that its circulation within the company takes place without affecting the confidentiality of the information, until such time as the information is disclosed to the market in accordance with the methods prescribed by the present Procedure and the applicable regulations.

The obligation of confidentiality derives, among other things:

- a. for Employees, from the obligation to respect the Company's specific right to confidentiality regarding the activities carried out in performing one's job and the fidelity obligation pursuant to Article 2105 of the Civil Code;
- b. for members of the administrative, management and control bodies, from the privacy duties envisaged by the law with regard to the Inside Information of which they may become aware as members of the Company's administrative, management or control bodies. In particular, the members of the administrative and control bodies and all those who, for any other reason, intervene, participate or in any case assist in Board meetings and meetings of the Committees set up by the same (i.e. Control and Risk Committee, Remuneration Committee), must maintain absolute confidentiality on the documents and information acquired during the above-mentioned meetings and secrecy on Relevant and Inside Information until such information is made public by the Company according to the procedures established in this Procedure. The obligation to maintain confidentiality also covers all documentation relating to the items on the agenda at the aforementioned meetings which may be made available to participants in advance;
- c. for professionals, from the duties of confidentiality required by law or in any case connected with the professional mandate or envisaged by specific agreements with the Company;
- d. for associates, consultants or others operating on behalf of the Company, from the duty of confidentiality envisaged by contracts or specific agreements.

Without prejudice to the provisions of Articles 184 et seq. of the Consolidated Law on Finance, as well as Articles 14 and 15 of Regulation 596/2014, the Addressees may not:

- a. purchase, sell or otherwise perform transactions on the Financial Instruments (including cancelling or amending an order where the order was placed before the interested party received the Inside Information), on their own account or on behalf of third parties, directly or indirectly, using Inside Information;
- b. recommend or solicit other individuals, on the basis of Inside Information, to carry out any of the operations listed in point (a);
- c. communicate such Inside Information to other individuals, outside of the normal duties of their work, profession, role or office. Notification to third parties of such recommendations or solicitations as per point (b) above shall be deemed unlawful disclosure of Inside Information where the person making the recommendation or solicitation knows or should know that this is based on Inside Information.

It is strictly forbidden for the Addressees to give interviews to the press or make statements in general that contain Inside Information not yet disclosed to the market in accordance with this Procedure.

The above prohibitions also apply to all Relevant Information which the Addressees become aware of as a result of the above.

Article 9 of Regulation 596/2014 envisages some legitimate conduct that, where present, shall not constitute misuse of Inside Information.

Such legitimate behaviour includes, with specific reference to natural persons and for the most immediate interest to the Company, the hypothesis in which the mere fact that a person is in possession of Inside Information does not imply that the person has used such information and has thus misused Inside Information or an acquisition or disposal if that person conducts a transaction to acquire or dispose of Financial Instruments in the discharge of an obligation that has become due, in good faith and not to circumvent the prohibition against the misuse of Inside Information, and if:

- a. that obligation results from an order placed or from an agreement concluded before the person concerned possessed Inside Information; or
- b. that transaction is carried out to satisfy a legal or regulatory obligation that arose before the person concerned possessed Inside Information.

Furthermore, the mere fact that a person uses his/her own knowledge that he/she has decided to acquire or dispose of Financial Instruments in the acquisition or disposal of those Financial Instruments shall not of itself constitute use of Inside Information.

Finally, it shall not be deemed from the mere fact that a legal person is or has been in possession of Inside Information that that person has used that information and has thus misused Inside Information on the basis of an acquisition or disposal, where that legal person:

- a. has established, implemented and maintained adequate and effective internal arrangements and procedures that effectively ensure that neither the natural person who made the decision on its behalf to acquire or dispose of Financial Instruments to which the information relates, nor another natural person who may have had an influence on that decision, was in possession of the Inside Information;
- b. has not encouraged, made a recommendation to, solicited or otherwise influenced the natural person who, on behalf of the legal person, acquired or disposed of Financial Instruments to which the information relates.

The behaviour described above shall be considered legitimate unless the competent authority ascertains that there has been an illegitimate reason behind the orders to trade, the transactions or the conduct itself.

COMPETENCIES AND RESPONSIBILITIES

3. The Company's Board of Directors

The Board of Directors appoints, removes and replaces the Investor Relator, defining his/her powers and responsibilities - in accordance with this Procedure - and may also designate a replacement in the event of his/her absence or impediment.

4. The Executive Directors of the Company

The Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company are responsible for the methods by which Inside Information is managed, as well as for the relationships between the Company and institutional investors and with the press, availing themselves for the purpose of the Company's own competent internal departments.

The Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company shall approve, separately, the press releases on Inside Information submitted to their attention by the Investor Relator.

5. The Investor Relator

With the assistance and support of the internal structures of the Company, the Investor Relator shall:

- a. ensure the proper fulfilment of the obligations envisaged for Inside Information in this Procedure and by applicable law;
- b. support the Chairperson of the Board of Directors, the Deputy Chairperson, the Chief Executive Officer of the Company and/or the Board of Directors of the Company, in the activities performed for the purposes of assessing whether the information referred to in the alert can actually be deemed Inside Information;
- c. monitor the evolution of the Relevant Information, as well as its circulation within the functions of the Company and/or Group, reporting to the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company what might be construed as constituting Inside Information.

Using the Company's internal structures, the Investor Relator shall handle relations with the press and shall draw up press releases regarding Inside Information.

Where he/she is absent or incapacitated, the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company, severally, may appoint a temporary substitute, promptly notifying the Board of Directors thereof.

6. The Addressees

The Addressees who believe that the Company has the obligation to disclose to the market any Inside Information of which they have become aware, relating to events occurring in the sphere of activity of the Company or its Subsidiaries, and which have not yet been disclosed to the public, shall notify the Investor Relator of such

circumstances without delay.

The Inside Information of Subsidiaries may also be relevant for the purposes of the Company's obligation to publish Inside Information; therefore, the Regional CEO or the General Manager, depending on the geographical area of reference of the Subsidiary concerned, is required to promptly inform the Investor Relator of any information concerning the Subsidiaries pertaining to their geographical area of competence that may constitute Inside Information. The Investor Relator shall inform the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company without delay of any alert received.

DATA MANAGEMENT

7. Assessing the relevance of the information and identifying the subjects involved

Assessing the relevance of the information on the Company and its Subsidiaries shall be the responsibility of the following subjects:

- a. information emerging during meetings of collegiate bodies (the Board of Directors and the committees set up by the Board): the competence lies with the collegiate body, while the handling of communication within and/or outside the corporate structure of Relevant and Inside Information shall be the responsibility of the persons delegated to implement the resolutions taken by the collegiate body;
- b. information emerging during the General Meeting of Shareholders: the competence lies with the Chairperson of the General Meeting;
- c. data and accounts: the responsibility lies with the Financial Reporting Officer;
- d. other information: the competence lies with the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company for all other information.

The Company shall identify the flows of Relevant Information and associate each flow of Relevant Information with the corporate bodies that have access to it in the period prior to public disclosure.

When an item of Relevant Information is identified as Inside Information, the Company shall record this using a technical instrument that will ensure accessibility, legibility and durability of such information:

- a. date and time when it became Inside Information
- b. date and time when the issuer took its decision
- c. identity of the persons who took the decision or participated in the decision-making process

Without prejudice to the provisions of paragraph 10 below, if the information is assessed by the competent subjects pursuant to the above as Inside Information, it

must be disclosed to the public without delay, in accordance with the Law ¹ and as provided for in the following section of this Procedure.

Inside Information is communicated, directly or through a third party, to the media which are reasonably relied upon by the public to ensure its effective dissemination. The Investor Relator sends the press release, in the text approved by the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company, to Consob and Borsa Italiana S.p.A. - using the eMarket SDI ² or other regulated information dissemination system provided for in the legislation.

With specific reference to accounting data and situations, the Addressees shall promptly notify the Financial Reporting Officer and the Investor Relator of any Relevant or Inside Information regarding the Company and its Subsidiaries, indicating the subjects who are aware thereof, or whose work and/or professional activity, i.e. their functions, require them to be notified thereof.

The Financial Reporting Officer and the Investor Relator shall give immediate notice to the competent subjects to assess its relevance pursuant to the above. Where the information does not require immediate public disclosure, the competent subjects shall, where necessary, act with a view to ensuring the confidentiality of the information and identify, including on the basis of the indications received, the people inside or outside the Company whose work and/or functions on behalf of the Company give them access to the above information (including the applicants themselves, where not already registered with regard to such information).

On the basis of the indications received from the above competent subjects, the Investor Relator will first consult the Financial Reporting Officer, and then add that person to the Insider Register and check that all of the measures needed to ensure the confidentiality of the information have been taken, and adopting any further measures that may be required. Furthermore, whenever any Relevant or Inside Information is disclosed to persons not previously identified pursuant to the preceding section, the Financial Reporting Officer and the Investor Relator shall ensure that such persons are immediately entered into the Register.

Should the Company decide not to delay disclosure of the Inside Information (see section 10), the Register will contain the names of the people who have had access to the Inside Information in the period from when it was classified as Inside Information until it was disclosed.

The internal transmission/notification of the Company's Inside Information takes place using a system that protects the Company from external intrusions and also from internal threats, constantly monitoring access to user data.

¹ The term Law shall refer to the Community or national provisions applicable from time to time to the Company and Group companies on the handling of Inside Information and market abuse, such as – by way of example – the relevant regulations contained in the MAR and TUF, the corresponding Community and national implementing provisions, as well as the ESMA or Consob guidelines.

² Regulated Information Disclosure System (SDIR).

8. Access to the information by outside persons

Notification of Relevant or Inside Information to third parties with regard to the Company can only take place in the normal exercise of working or professional activity, or because of the functions they perform on behalf of the company and on condition that the addressees of the information are bound by a legal, regulatory, statutory or contractual confidentiality obligation. Therefore, whenever there is no certainty as to whether the confidentiality obligation derives from other sources, the person will be asked to undersign a specific confidentiality agreement as a condition for transmission of the information.

Where the Addressees have to notify outside persons of information that could be considered Relevant or Inside Information, they must immediately inform the Financial Reporting Officer and the Investor Relator, who will ask the competent subjects – in accordance with the above – to assess the relevance of the information. If they consider that the Information shows characteristics of Relevant or Inside Information and that nevertheless it is of a nature such that it could be disclosed to external parties, in that case they will authorize the Financial Reporting Officer and Investor Relator to allow the information to be disclosed to external parties, provided that all the necessary caution is adopted to ensure compliance by the external parties with the confidentiality obligations. Otherwise, the competent subjects shall notify the Chairperson, the Deputy Chairperson and/or Chief Executive Officer so that complete disclosure of the information to the public is performed under applicable law.

Notwithstanding compliance with the foregoing, in the event of non-intentional disclosure of Relevant or Inside Information, during the normal duties of their work, profession, role or office, to a person not bound by an obligation of confidentiality or who has not previously signed a confidentiality undertaking, the Financial Reporting Officer and the Investor Relator must be immediately informed, and they in turn will notify the Chairperson, the Deputy Chairperson and/or the Chief Executive Officer, so that they can without delay disclose to the public, in the manner established by Law and by this Procedure.

Furthermore, any external parties granted access to Relevant or Inside Information must be entered in the Register.

DISCLOSURE TO THE PUBLIC

The Company, which is an issuer of Financial Instruments listed on Italian regulated markets, communicates with the market in compliance with the principles of fairness, clarity and equal access to information.

9. Public disclosure of Inside Information

The timeliness of public disclosure of Inside Information concerning the Company and its Subsidiaries is the responsibility of the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company, who will coordinate with each other for these purposes.

In support of the above-mentioned individuals, the Financial Reporting Officer and the Investor Relator will coordinate disclosure to the public.

For this purpose, the Financial Reporting Officer and the Investor Relator shall:

- a. assist the Chairperson, the Deputy Chairperson, the Chief Executive Officer, the Board of Directors, the other collegiate bodies and the heads of corporate organizational units for the proper fulfilment of the information obligations towards the market, Consob and Borsa Italiana S.p.A., also ensuring that material on the regulatory framework and general guidelines issued by the Supervisory Authorities responsible for overseeing the Market and by Borsa Italiana S.p.A are circulated in-house, and
- b. ensure that disclosure to the public of Relevant Information and Inside Information and the marketing of the business activities of the Company are not combined in such a way as to be misleading. In any case, the Company shall not link the disclosure of Inside Information to the public with the marketing of its business activities;

Inside Information must be disclosed to the public in accordance with the provisions of this Procedure and the legislation in force at the time ³.

The press release is entered into the eMarket SDIR circuit or other system for disseminating regulated information provided for by the regulations, and is transmitted to Consob and to the press agencies linked to the system ⁴.

³ *It should be noted that, pursuant to Article 67 of the Implementing Regulation, Borsa Italiana S.p.A. may establish, with its own Rules pursuant to Article 62 of the Consolidated Law on Finance, the minimum contents of the disclosures indicated in Article 66 and the manner in which the information contained therein is to be represented, according to the different types of facts (see Section IA.2.6 of IRBI, the Instructions for Regulation of Markets organized and managed by Borsa Italiana S.p.A.).*

⁴ *Pursuant to Article 2(1)(b) of Implementing Regulation 1055 "Issuers (...) shall disclose Inside Information using technical means that ensure: (...) (b) inside information is communicated, directly or through a third party, to the media which are reasonably relied upon by the public to ensure its effective dissemination. That communication shall be transmitted using electronic means that ensure that the completeness, integrity and confidentiality of the information is maintained during the transmission, and it shall clearly identify: i) that the information communicated is inside information; ii) the identity of the issuer or emissions allowance market participant: full legal name; iii) the identity of the person making the notification: name, surname, position within the issuer or emission allowance market participant; iv) the subject matter of the inside information; v) the date and time of the communication to the media."*

The press release is deemed to be public as soon as confirmation has been received, through the eMarket SDIR system or other system for the dissemination of regulated information envisaged by law, of the correct start of the period provided for by the laws in force at any given time. If, in exceptional cases, the eMarket SDIR system or other system for disclosing the regulated information envisaged by the regulations cannot be used or if there are anomalies in the functioning of the systems, the function responsible for this must immediately inform Borsa Italiana S.p.A. and comply with the disclosure obligations vis-à-vis the public using one of the alternative methods envisaged by the competent Authority. In any case, the Company shall ensure the completeness, integrity and confidentiality of the Inside Information, by remedying any failure or disruption in the disclosure of the Inside Information without delay. The press release is also sent to the authorized storage system used by the Company for the maintenance of regulated information.

All press releases issued shall be published on the Company website, in the "Investor Relations" section, before the opening of the business day following that of its dissemination, ensuring.

All press releases issued shall be published on the Company website, in the "Investor Relations" section, before the opening of the business day following that of its dissemination, ensuring:

- a. non-discriminatory and free-of-charge access;
- b. that the Inside Information is published in an easily identifiable section of the website;
- c. the date and time of publication of the Inside Information which must be published in chronological order

The press releases must be disseminated without delay and must remain available on the website for at least five years from the date of publication.

When the Company is obliged to disclose the policy after the opening of the markets, it shall notify Consob and Borsa Italiana S.p.A., even verbally and well in advance, of the possibility that the issuer will publish Inside Information while the Financial Instruments are still being traded.

In the event of inadvertent disclosure of Relevant or Inside Information at meetings, such information must be disclosed without delay to the markets, briefly suspending the meeting where necessary.

Subsequent to the dissemination of the press release pursuant to this article (through eMarket SDIR or other regulated information dissemination system provided for by the regulations) and, therefore, once the inside information has become public, relations with the media shall be managed by the head of the Web and Media function, who shall coordinate with the Investor Relator to ensure consistency and uniformity in corporate communication activities.

10. Delay in disclosure

The Company may, under its sole responsibility, delay the disclosure of Inside Information, including any relating to a protracted process, which occurs in stages and is aimed at materializing, or involving, a particular circumstance or event, if all the following conditions are fulfilled:

- a. there is a “legitimate interest” that would be affected by disclosure to the public;
- b. it seems likely that the delay in disclosure would not have the effect of misleading the public;
- c. the Company is able to ensure the confidentiality of the Inside Information in question.

The responsibility of the decision to delay the disclosure of Inside Information, and therefore to waive the obligation of immediate disclosure, is incumbent on the Chairperson of the Board of Directors in agreement with the Deputy Chairperson and/or the Chief Executive Officer, or subjects delegated by them, unless the decision is taken by a collegiate body on matters within the scope of its authority or at the request of the aforementioned subjects.

The Company will therefore have to assess both the impact of the delay on the proper disclosure to the public and the degree of confidentiality that can be ensured for the Inside Information.

In the event of a delay in disclosure to the public, the Company shall in any case ensure the maintenance of confidentiality for the Inside Information and, where this confidentiality has ceased, it shall restore the conditions of equal access to information.

In the event that the disclosure of Inside Information has been delayed, the Chairperson of the Board of Directors, in agreement with the Deputy Chairperson and the Chief Executive Officer, or persons delegated by them, shall, immediately after public disclosure of that Inside Information, and unless otherwise envisaged by the laws in force at any given time, notify Consob in writing, following the procedure envisaged by Consob itself. The purpose of the notification is to provide the Authority with the information subject to the delay, the reasons for the delay, the date and time when it became Inside Information, an explanation of how the conditions indicated above were fulfilled and any other circumstance that the Company deems relevant, in order to allow Consob a complete assessment of the actions reported, as well as to promptly take the appropriate supervisory measures with regard to the Financial Instruments.

When the Company decides to delay publication of any Inside Information, it shall register a document that will ensure accessibility, legibility and durability of the following information:

- a. date and time:
 - when the Inside Information first existed within the issuer Company; when the decision was taken to delay disclosure of the Inside Information;
 - when the Company is likely to disclose the inside information;
- b. the identity of the persons within the Company responsible for:
 - making the decision to delay disclosure and deciding on the start of the delay and its likely end;
 - ensuring the ongoing monitoring of the conditions for the delay;
 - making the decision to publicly disclose the Inside Information;
 - providing the requested information to Consob about the delay and the written explanation;

- c. evidence of the initial fulfilment of the conditions, and of any change to this fulfilment during the delay period, including:
- the information barriers which have been put in place internally and with regard to third parties to prevent access to Inside Information by persons other than those who require it for the normal exercise of their employment, profession or duties;
 - the arrangements put in place to disclose the relevant Inside Information as soon as possible where the confidentiality is no longer ensured.

Inside Information for which disclosure is delayed must be bound by absolute confidentiality; disclosure of Inside Information cannot be delayed where the Company (and the Subsidiaries) are unable to ensure confidentiality, i.e.:

- a. access to said information by persons other than those who need the information for the execution of their duties within the Company must be prevented, by prior identification of the latter and entry into the Register, notifying such subjects of the delay in disclosure of the procedure and the need to ensure maximum confidentiality;
- b. it must be ensured that the persons having access to said information recognise the relative obligations and are informed of the possible penalties in the event of misuse or unauthorised dissemination of the information, by sending the specific policy when enrolling in the Register.

At the request of Consob, expressed in accordance with current legislation, i.e. where the Company or the subjects aware of the Inside Information for which there was a delay in disclosure are unable to ensure its confidentiality or if one of the conditions for the delay is no longer applicable, the Company shall immediately disclose it to the public in accordance with the procedures established by the Law and by this Procedure and disclose the identity of the person/body responsible for making the decision to delay disclosure, of the persons who monitor the continuation of the conditions allowing delay, of the persons responsible for publishing the information and of the persons responsible for notifying the delay to Consob (name, surname, position with the issuer).

During the delay period, the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company shall, on a case-by-case basis and with the support of the Investor Relator, monitor the conditions for the delay and, in particular, the confidentiality of the Inside Information subject to delayed disclosure.

If the Company, or a person acting in its name or on its behalf, in the normal exercise of its employment, profession or duties, intentionally or unintentionally discloses the Inside Information to a third party who is not bound by confidentiality obligations, the Company shall make a full and effective public disclosure of the information, simultaneously in the event of intentional disclosure and in a timely manner in the event of unintentional disclosure to the public.

In the event of a delay in disclosure to the public of Inside Information, where in compliance with current laws and regulations, the Company has in place an authorization to trade its own shares, one of the persons indicated above must

arrange for trading to be suspended on said shares, until such time as the public disclosure has taken place of the Inside information for which disclosure had been delayed. Trading must also be suspended for Financial Instruments, other than treasury shares, to which such Inside Information refers.

THE INSIDER REGISTER

11. General Rules

The Company has set up a Register of persons who have access on a regular or occasional basis to Inside Information (the so-called Insider Register), kept in such a way as to ensure easy consultation and extraction of the data contained therein.

The Company adopts all the reasonable measures to ensure that all the persons entered in the Insider Register are aware, through the transmission of Annex A, of the related legal and regulatory obligations and of the sanctions applicable in the event of misuse of Inside Information and unlawful communication of Inside Information.

Using the Company's internal structures, the Investor Relator shall immediately enter the individuals who have access on a regular or occasional basis to Inside Information in the Insider Register and promptly inform such individuals in writing of:

- a. their entry in the Insider Register (by means of the transmission of Annex A - Information on the entry in the Register of individuals with access to Inside Information) and updates concerning them, including their removal from the Insider Register;
- b. the provisions of this Procedure.

The Insider Register shall be kept in an electronic format such as to ensure, at any time:

- a. that access to the Register is limited to the Investor Relator only and to persons clearly identified by the same, who need to access it due to the nature of their respective functions;
- b. the confidentiality and accuracy of the information contained therein;
- c. that previous versions can be accessed.

12. Natural or legal persons entered into the Insider Register

The Insider Register consists of two sections:

- a. one relating to individuals with permanent access to Inside Information (see Annex B - Permanent Section);
- b. one relating to individuals with occasional access to such information (see Annex D - Occasional Section)

Data of persons entered in the permanent section must not be reported in the occasional sections.

Under the conditions laid down by the laws in force at any given time, the Permanent Section of the Insider Register may, by way of example, include:

- a. the Chairperson of the Board of Directors;
- b. the Deputy Chairperson, the Chief Executive Officer, as well as the other executive directors, where appointed;
- c. managers and employees reporting directly to the Chairperson of the Board of Directors;
- d. the Financial Reporting Officer.

The following information has to be included in the permanent section of the list:

- a. date and time of creation of the permanent insiders section;
- b. date and time when this section was last updated;
- c. date of transmission to the competent authority;
- d. full name of the subject having access to the Inside Information. Where applicable, birth surname(s) of the insider (if different from current surname);
- e. professional telephone number(s) (direct telephone line and mobile numbers);
- f. name and address of the company;
- g. function and reason for being an insider;
- h. date and time at which a person obtained access to the Inside Information;
- i. date of birth, national identification number (tax code or, for foreign countries, similar reference, where available);
- j. private telephone numbers (home and personal cellphone);
- k. personal full home address (street name; street number; city; post/zip code; Country);

The following information has to be included in the occasional section of the list:

- a. date and time of creation of the section of the list, i.e. when this Inside Information was identified;
- b. date and time when this section was last updated;
- c. date of transmission to the competent authority;
- d. full name of the subject having access to the Inside Information. Where applicable, birth surname(s) of the insider (if different from current surname);
- e. professional telephone number(s) (direct telephone line and mobile numbers);
- f. name and address of the company;
- g. function and reason for being an insider;
- h. date and time at which a person obtained access to the Inside Information;
- i. date of birth, national identification number (tax code or, for foreign countries, similar reference, where available);
- j. private telephone numbers (home and personal cellphone);
- k. personal full home address (street name; street number; city; post/zip code; Country);

The Register must be updated without delay in compliance with the Procedure, adding the date of the update, in the following cases:

- a. change in the reasons for including a subject in the register;
- b. registration of new subjects;
- c. the loss of access to Relevant or Inside Information by registered subjects (whether in the "permanent section" or in the "single sections" of the Register);

The removal of individuals from the Register must be ordered if the reason for their inclusion in the Register ceases to exist, including if Inside Information becomes public knowledge or, in any case, loses its inside nature.

Information on individuals entered in the Register shall be kept for five years after the circumstances giving rise to their entry or update cease to exist.

Upon request, the Register shall be sent to the competent authority using the electronic means indicated on its website.

13. Obligations of Informed Persons

Individuals who have access to Inside Information on a regular or occasional basis are required to comply with the provisions of this Procedure and adopt appropriate measures to prevent access to Inside Information by anyone other than those who need it to perform assigned functions. In particular, people who have access on a regular or occasional basis to Inside Information shall obtain, handle and store Inside Information only if strictly necessary to perform the tasks assigned to them and for the time necessary, adopting the common rules of professional diligence in order to guarantee maximum confidentiality.

14. Relevant Information List

In order to monitor the circulation of specific relevant information, the Company, under the responsibility of the Investor Relator, shall establish and keep updated a specific Relevant Information List ("RIL").

In the RIL, for each specific relevant information, a list of the persons who have access to it will be indicated.

The RIL is managed in compliance with the Consob guidelines for the management of Inside Information and following the procedures envisaged for the Insider Register, with appropriate operational adaptations to enable the Company to monitor persons who have access to specific relevant information.

IMPLEMENTING PROVISIONS AND ENTRY INTO FORCE

15. Penalties

In the event of non-compliance by members of the administrative or control bodies of the Company or its Subsidiaries with the provisions of this Procedure, without prejudice to the liabilities and penalties envisaged by the applicable regulations, the competent administrative or control body may take any appropriate action or remedy permitted by current legislation through a specific resolution to be adopted with the abstention of the members involved.

Any Employees failing to comply with the provisions of this Procedure may be subject to disciplinary measures under the national collective labour agreement applicable to them, including, in the most serious cases, dismissal and without prejudice to the attribution of other responsibilities pursuant to the applicable laws and regulations.

For persons who carry out their work and/or profession on behalf of the Company and/or its Subsidiaries with contracts by which they are not employees, any failure to comply with the provisions of this Procedure may entail the application of measures pursuant to and for the purposes of the law and contractual provisions governing the individual relationship, and even, in the most serious cases, dismissal – including without notice – or termination of their contract, without prejudice to any other liabilities and related obligations to pay damages pursuant to current regulations.

16. Amendments and additions

The Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company, severally, shall make any changes and additions to the present Procedure as may be necessary or suitable as a result of organizational changes to the Company or Subsidiaries, or to regulatory changes. Specifically, the Procedure will be promptly amended and/or supplemented following the alignment of Italian primary and secondary legislation to the applicable EU provisions.

The Investor Relator shall notify all the Addressees in writing of the amendments and/or additions made thereto.

17. Notifications

Any communication pursuant to this Procedure must be made in writing to the attention of the Investor Relator by fax to +39 049 9716750 or by e-mail to the following address ir@carel.com, or by registered letter with acknowledgement of receipt to the following address: Carel Industries S.p.A., in via dell'Industria, 11 – 35020, Brugine (PD).

18. Information Flows to the Supervisory Body

Supervision of the correct application of this Procedure by the Addressees is entrusted to the Supervisory Board, which for those purposes will have access to the Register and to all the registrations therein.

Should any breaches of the Procedure be found, the Supervisory Board shall promptly inform the Chairperson of the Board of Directors, the Deputy Chairperson and/or the Chief Executive Officer of the Company in writing, so that appropriate measures can be taken in relation to the severity of the breach.

All Addressees are required to provide the SB with the utmost cooperation, facilitating their assessments and providing the information they request. Addressees are also required to report to the SB any infringements of the Procedure of which they have become aware and to cooperate in any investigations carried out in connection with the infringements, maintaining the strictest confidentiality in this regard.

19. Entry into force

The Procedure was approved by the Company's Board of Directors on 29 March 2018, with the effect being conditional upon the submission of the application for Carel shares to be admitted for trading on the Italian Electronic Share Market (MTA) organized and managed by Borsa Italiana S.p.A.

20. Annexes

- a. Annex A - Policy on adding a subject to the Register of persons with access to Inside Information;
- b. Annex B - Permanent Section: Form for identifying people with access to Inside Information on a permanent basis;
- c. Annex C - Occasional Section: Form for identifying persons with access to inside information on an occasional basis.

ANNEX A – Policy on adding a subject to the Register of persons with access to Inside Information.

Brugine (PD), [dd/mm/yy]

Re: Policy on adding a subject to the Register of persons with access to Inside Information

Dear Sir/Madam/Customer

In compliance with the provisions of Article 18 of Regulation 596/2014/EU of the European Parliament and of the Council, Carel Industries S.p.A. has set up a Register of people who have access to information that may become Inside Information pursuant to the Community and national provisions in force (hereinafter the "Information" and the "Insider Register").

In accordance with the provisions of Article 152-quinquies of the Consob Regulation 11971/1999, as well as the "Procedure for the management and disclosure of Inside Information" of Carel Industries S.p.A. (the "Company"), in your capacity as Investor Relator responsible for maintaining and updating the register of individuals who have access to Inside Information (the "Insider Register"), I hereby inform you that, on [dd/mm/yyyy], because of your activity as:

[enter function and reason for being an Insider]

your personal details have been entered into the Company's Insider Register in the "Permanent Section"

[or alternatively]

in the "Occasional Section" relating to the following Inside Information

[insert the description of the Inside Information to which each section refers]

Pursuant to the Procedure and the applicable provisions, the Company is required to disclose the Inside Information regarding the company itself or its subsidiaries without delay to the public and any delay of such compliance shall only be permissible, under the responsibility of the Company, under certain circumstances and under the conditions established by Consob, provided that the Company is able to ensure the confidentiality of such information.

If the Information is disclosed to a third party not subject to a confidentiality obligation, the Company must fully disclose it to the public, simultaneously in the case of intentional disclosure and without delay in the case of unintentional disclosure.

It is therefore essential that the persons in the Register respect the confidentiality obligations for the Information to which they have access.

In this regard, please note that it is the duty of each person included in the Insider Register to ensure both the traceability of the Information and the confidentiality within his/her own sphere of activity and responsibility, starting from the moment when, by any means (i.e. by correspondence, at meetings and/or other events), he/she entered into possession of Information concerning the recurring activity or

projects/events for which he/she was included in the register.

Should the Informed Person disclose (even unintentionally) the Information to subjects not in possession thereof (even those already included in the Insider Register for other reasons), he/she is obliged to immediately inform the Investor Relator thereof.

It should also be noted that Section I-Bis of the Consolidated Law on Finance (Legislative Decree No. 58/1998 and subsequent amendments, hereinafter the "TUF") provides for specific sanctions for cases of abuse of Inside Information and market manipulation. In particular, penal (Article 184 of the TUF) and administrative (Article 187-bis of the TUF) sanctions are foreseen for anyone who, being in possession of Inside Information by virtue of his or her position as a member of the administrative, management or control bodies of the issuer, participation in the capital of the issuer, or the exercise of a working activity, profession or function, including public, or office:

- a. buys, sells or carries out other transactions involving, directly or indirectly, for his own account or for the account of a third party, Financial Instruments using such information;
- b. discloses such information to others outside the normal exercise of his employment, profession, duties or position;
- c. recommends or induces others, on the basis of such information, to carry out any of the transactions referred to in paragraph a).

Under Article 185 of the Consolidated Law on Finance (TUF), whoever disseminates false or misleading information capable of causing a significant alteration in the price of Financial Instruments shall be liable to criminal prosecution, while an administrative penalty shall be payable (under Article 187-ter of the Consolidated Law on Finance (TUF)) by anyone who through the media, including the Internet or any other means, disseminates false or misleading information, rumours or news that provide or are likely to provide false or misleading indications regarding the Financial Instruments, as well as for anyone who engages in:

- a. transactions or orders to trade which give, or are likely to give, false or misleading signals as to the supply of, demand for or price of Financial Instruments;
- b. transactions or orders to trade by a person, or persons acting jointly, which secure the price of one or several financial instruments at an abnormal or artificial level;
- c. carries out buy or sell transactions or places orders to buy or sell which employ fictitious devices or any other form of deception or contrivance;
- d. other fictitious devices likely to give false or misleading signals as to the supply of, demand for or price of Financial Instruments

The fines and pecuniary administrative sanctions referred to in the Consolidated Law on Finance (TUF) may be increased up to three times the original or up to the larger amount of ten times the product of the offence or the profit therefrom when, in view of the personal situation of the guilty party, the magnitude of the product of the offence or the profit therefrom or the effects produced on the market, they appear inadequate even if the maximum amount is applied.

Without prejudice to the Company's right to claim compensation for any damage and/or liability that may derive from conduct in breach of the obligations referred to in this Policy, failure to comply with them shall entail:

- for employees, the imposition of disciplinary penalties provided for by current legislation and applicable collective bargaining agreements;
- for any other co-workers, dismissal – even without notice;
- for directors and statutory auditors of the Company, the Board of Directors may, at the subsequent Shareholders' Meeting, propose dismissal for just cause of the non-compliant director or statutory auditor.

We invite you to keep the Company constantly updated on any changes to the information indicated in this Policy, promptly reporting any changes to Carel Industries S.p.A. at the following e-mail address: ir@carel.com or by fax to +39 049 9716750 and, as of the date of this notification, to keep your Register of persons with access to Inside Information constantly up-to-date for the persons included in our Insider Register.

Please return this document duly signed for acknowledgment and acceptance within 7 (seven) days of receipt to Carel Industries S.p.A. at the following e-mail address: r@carel.com or by fax to +39 049 9716750.

The personal details needed to be entered into the Register and for the related updates will be processed in accordance with current provisions on data protection.

For any information or clarification concerning this document and its application, please contact the *Investor Relator*.

Best regards.

(Investor Relator)

Legislative Decree No 58 dated 24 February 1998

CONSOLIDATED LAW ON FINANCE

Chapter II: Criminal sanctions

Article 184

(Insider trading)

1. 1. Imprisonment for between one and six years and a fine of between twenty thousand and three million euro shall be imposed on any person who, possessing inside information by virtue of his membership of the administrative, management or supervisory bodies of an issuer, his holding in the capital of an issuer or the exercise of his employment, profession, duties, including public duties, or position:
 - a. buys, sells or carries out other transactions involving, directly or indirectly, for his own account or for the account of a third party, financial instruments using such information;
 - b. discloses such information to others outside the normal exercise of his employment, profession, duties or position;
 - c. recommends or induces others, on the basis of such information, to carry out any of the transactions referred to in paragraph a).
2. The punishment referred to in paragraph 1 shall apply to any person who, possessing inside information by virtue of the preparation or execution of criminal activities, carries out any of the actions referred to in paragraph 1.
3. 3. Courts may increase the fine up to three times or up to the larger amount of ten times the product of the crime or the profit therefrom when, in view of the particular seriousness of the offence, the personal situation of the guilty party or the magnitude of the product of the crime or the profit therefrom, the fine appears inadequate even if the maximum is applied.
3. bis. With regard to financial instrument transactions pursuant to Article 180, paragraph 1, letter a), point 2), the judicial sanction shall involve infliction of a fine of up to one hundred and three thousand two hundred and ninety-one euro and up to three-years' imprisonment.

Article 185

(Market manipulation)

1. 1. Imprisonment for between one and six years and a fine of between twenty thousand and five million euro shall be imposed on any person who disseminates false information or sets up sham transactions or employs other devices concretely likely to produce a significant alteration in the price of Financial Instruments.
2. 2. Courts may increase the fine up to three times or up to the larger amount of ten times the product of the crime or the profit therefrom when, in view of the particular seriousness of the offence, the personal situation of the guilty party or the magnitude of the product of the crime or the profit therefrom, the fine appears inadequate even if the maximum is applied.
2. bis. With regard to financial instrument transactions pursuant to Article 180, paragraph 1, letter a), point 2), the judicial sanction shall involve infliction of a fine

of up to one hundred and three thousand two hundred and ninety-one euro and up to three-years' imprisonment

2-ter. The provisions of this Article shall also apply:

- d) to acts concerning spot contracts on goods which are not wholesale energy products, capable of provoking a significant alteration in the price or value of the financial instruments referred to in Article 180, paragraph 1, letter a);
- e) to acts concerning financial instruments, including derivative contracts or derivative instruments for the transfer of credit risk, which may cause a significant change in the price or value of a spot commodity contract, where the price or value depends on the price or value of those financial instruments;
- f) to acts concerning benchmarks.

Article 186

(Accessory penalties)

1. Conviction for any of the offences referred to in this section shall entail the application of the accessory penalties referred to in Articles 28, 30, 32-bis and 32-ter of the Criminal Code for a period of not less than six months and not more than two years, as well as the publication of the judgement in at least two daily newspapers having national circulation of which one shall be a financial newspaper.

Article 187

(Confiscation)

1. In the event of conviction for one of the crimes referred to in this chapter, the product of the crime or the profit therefrom and the property used to commit it shall be confiscated.
2. If it is not possible to execute the confiscation pursuant to paragraph 1, a sum of money or property of equivalent value may be confiscated.
3. For matters not provided for in paragraphs 1 and 2, Article 240 of the Criminal Code shall apply.

Chapter III: Administrative sanctions

Article 187-bis

(Insider trading)

1. Without prejudice to penalties where the act constitutes a criminal offence, a fine ranging from twenty thousand euro to five million euro is applied to any person who breaches the ban on insider trading and the unlawful disclosure of inside information provided for in article 14 of Regulation (EU) No 596/2014.
2. The monetary penalties provided for in this article are increased up to three times or up to the greater amount of ten times the profit obtained or the losses avoided as a result of the offence when, taking into account the criteria listed in Article 194-bis and the amount of the proceeds or profit of the offence, they appear inadequate even if applied at the maximum.
3. For the cases referred to in this article, attempted violations shall be treated as completed violations.

Article 187-ter

(Market manipulation)

1. Without prejudice to the penalties where the act constitutes a criminal offence, a fine ranging from twenty thousand euro to five million euro is applied to any person who violates the market manipulation ban provided for in article 15 of Regulation (EU) No. 596/2014.
2. The provisions of Article 187-bis, paragraph 5, shall apply.
3. An administrative penalty under this Article shall not be applied to a person who proves that he or she acted for legitimate reasons and in conformity with accepted market practices in the market concerned

Article 187-ter.1

(Penalties relating to breaches of the provisions of regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014)

1. In respect of an entity or a company, for breach of the obligations provided for in article 16 (1) and (2), article 17 (1), (2), (4), (5) and (8) of Regulation (EU) No. 596/2014, by the delegated acts and by the relevant regulatory and implementing technical standards, as well as by article 114 (3) of this decree, a monetary penalty of between five thousand euro and two million five hundred thousand euro, or two per cent of the turnover, shall be applied when the amount exceeds two million five hundred thousand euro and the turnover can be determined in accordance with article 195, paragraph 1-bis.
2. If the infringements referred to in paragraph 1 are committed by a natural person, a monetary penalty ranging from five thousand euro to one million euro shall be applied to the latter.
3. Without prejudice to the provisions of paragraph 1, the penalty indicated in paragraph 2 shall apply to company representatives and personnel of the company or body responsible for the violation, in the cases provided for in Article 190-bis, paragraph 1, letter a).
4. A fine ranging from five thousand to one million euro shall be applied to an institution or a company in case of breach of the obligations provided for in article 18 paragraphs from 1 to 6, article 19 paragraphs 1, 2, 3, 5, 6, 7, and 11, article 20 paragraph 1 of Regulation (EU) No. 596/2014, the delegated acts and the relevant regulatory and implementing technical standards.
5. If the infringements referred to in paragraph 4 are committed by a natural person, a monetary penalty ranging from five thousand to five hundred thousand euro shall be applied to the latter.
6. Without prejudice to the provisions of paragraph 4, the sanction indicated in paragraph 5 shall apply to company representatives and personnel of the company or body responsible for the violation, in the cases provided for in Article 190-bis, paragraph 1, letter a).
7. If the advantage obtained by the infringer as a consequence of the infringement is higher than the maximum limits indicated in this article, the monetary penalty is increased up to three times the amount of the advantage obtained, provided that this amount can be determined.
8. In combination with the monetary fines provided for in this Article, Consob may also apply one or more of the administrative measures provided for in article 30(2)(a) to

- (g) of Regulation (EU) No 596/2014.
9. When the breaches are characterised by minor offences or risk, instead of the financial penalties envisaged in this article, Consob may apply one of the following administrative measures, without prejudice to the right to order confiscation as per Article 187-sexies:
- g) an order to eliminate the alleged breaches, with a possible indication of the measures to be taken and the deadline for compliance, and to refrain from repeating them;
 - h) a public statement regarding the breach committed and the person responsible, when the contested breach has ceased.
1. Non-compliance with the obligations prescribed by the measures referred to in article 30(2) of Regulation (EU) No. 596/2014 within the prescribed time limit shall result in an increase of up to one third of the fine applied or in the application of the fine provided for the original breach increased by up to one third.
2. Articles 6, 10, 11 and 16 of Law 689 of 24 November 1981 shall not apply to the financial penalties provided for in this Article.

Article 187-quater

(Accessory administrative sanctions)

1. The application of the monetary fines provided for in Articles 187-bis and 187-ter entails.
- i) temporary disqualification from carrying out functions of administration, management and control in entities authorised under this decree, Legislative Decree No. 385 of 1 September 1993, Legislative Decree No. 209 of 7 September 2005 or pension funds;
 - j) b) temporary disqualification from carrying out functions of administration, management and control of listed companies and companies belonging to the same group of listed companies;
 - k) c) pursuant to article 26 paragraph 1, letter d) and 1-bis of Legislative Decree No. 39 of 27 January 2010, suspension from the Register of the statutory auditor, audit firm or the person in charge of the assignment;
 - l) d) suspension from the register referred to in Article 31(4) for financial advisors authorised to offer their services outside their offices;
 - m) e) the temporary loss of the requirements of good repute for participants in the capital of the entities referred to in point a).
- 1-bis. Without prejudice to the provisions of paragraph 1, with the measure applying the monetary fines provided for in article 187-ter.1, Consob may apply the additional penalties indicated in paragraph 1, letters a) and b).
1. The additional penalties referred to in paragraphs 1 and 1-bis shall have a duration of not less than two months and not more than three years.
- 2-bis. When the offender has already committed, two or more times in the last ten years, one of the infringements provided for in Chapter II or a violation, with wilful misconduct or gross negligence, of the provisions of Articles 187-bis and 187-ter, the additional penalty of permanent disqualification from carrying out the functions of administration, management and control within the subjects indicated in paragraph 1, letters a) and b) shall apply, if the same subject has already been disqualified for a total period of not less than five years.

2. With the measure for the application of the monetary fines provided for in this chapter, CONSOB, taking into account the seriousness of the breach and the degree of fault, may order the qualified entities, market operators, listed issuers and auditing firms not to avail themselves, in the exercise of their activity and for a period not exceeding three years, of the services of the perpetrator, and to request the competent professional associations to temporarily suspend the person registered with the association from exercising the professional activity, as well as to apply to the perpetrator a temporary ban from concluding transactions, or from placing orders to buy or sell in direct counterparty of financial instruments, for a period not exceeding three years.

Article 187-quinquies

(Liability of the entity)

1. Entities shall be liable for payment of a sum equal to the amount of the administrative sanction imposed for offences referred to in this chapter committed in their interest or to their advantage:
 - n) by persons performing representative, administrative or management functions in the entity or one of its organizational units having financial and functional autonomy and by persons who, de facto or otherwise, manage and control the entity.
 - o) persons subject to the direction or supervision of a person referred to in paragraph a).
1. If, following the perpetration of offences referred to in paragraph 1, the product thereof or the profit therefrom accruing to the entity is very large, the sanction shall be increased up to ten times such product or profit.
2. Entities shall not be liable if they demonstrate that the persons specified in paragraph 1 acted exclusively in their own interest or in the interest of third parties
3. Articles 6, 7, 8 and 12 of Legislative Decree No. 231 of 8 June 2001 shall apply mutatis mutandis to the offences referred to in paragraph 1. The Ministry of Justice shall make the observations with regard to the offences provided for under this section and referred to in Article 6 of Legislative Decree no. 231 of 8 June 2001, after consulting Consob.

Article 187-sexies

(Confiscation)

1. The application of the monetary fines provided for in this section shall entail the confiscation of the proceeds or profits from the offence.
2. If confiscation pursuant to paragraph 1 is not possible, such confiscation may be applied to sums of money, goods or other benefits of equivalent value.
3. In no case may the confiscation of property not belonging to one of the people to whom the fine is applied be ordered.

Art. 187-septies

(Penalty procedure)

1. Consob shall apply the administrative penalties provided for in this section with a reasoned decision, after notifying the charges to the persons concerned,

within one hundred and eighty days of the assessment or within three hundred and sixty days if the person concerned resides or has its registered office abroad. Within thirty days of the complaint, the persons concerned may submit statements and request a personal hearing during the preliminary investigation, which may be attended by a lawyer.

2. The proceedings are governed by the principles of adversarial debate, knowledge of the investigative acts, the taking of minutes and the separation between investigative and decisional functions.
4. An appeal against the measure applying the fine may be lodged with the court of appeal within the jurisdiction of which the opponent has its registered office or residence. If the opponent does not have its registered office or residence in the State, the court of appeal of the place where the infringement was committed has jurisdiction. When these criteria are not applicable, the Court of Appeal of Naples is competent. The appeal is notified, under penalty of forfeiture, to the authority that issued the measure within thirty days from the communication of the appealed measure, or sixty days if the appellant resides abroad, and is filed at the clerk's office, together with the documents submitted in the communication, within thirty days from the notification.
5. Appeal does not suspend the enforcement of the order. The court of appeal may, if there are serious grounds, order the suspension by a non-appealable order.
6. The Chairperson of the Court of Appeal appoints the reporting judge and establishes by decree the public hearing for the discussion of the appeal. The decree shall be notified to the parties by the clerk's office at least sixty days before the hearing. The Authority shall file statements and documents within ten days before the hearing. If the opponent does not appear at the first hearing without any legitimate impediment, the judge, by an order that can be appealed to the Supreme Court, declares the appeal inadmissible, charging the costs of the proceedings to the opponent.
- 6-bis. At the hearing, the Court of Appeal orders, also ex officio, the means of evidence it deems necessary, as well as the personal hearing of the parties who have requested it. Thereafter, the parties shall proceed to the oral discussion of the case. The judgement shall be deposited at the registry within sixty days. If at least one of the parties expresses an interest in the publication of the operative part in advance of the judgement, the operative part shall be published by lodging it at the Registry no later than seven days before the hearing.
- 6-ter. In its judgement, the court of appeal may either reject the opposition, charging the costs of the proceedings to the opponent, or uphold it, annulling all or part of the measure or reducing the amount or duration of the penalty.
7. A copy of the judgment shall be sent by the registry of the Court of Appeal to the Authority that issued the measure, also for the purpose of publication provided for in article 195-bis.
8. Article 16 of law No. 689 of 24 November 1981 is not applied to the fines provided for in this section.

ANNEX B – Permanent Section

Permanent insiders section of the insider list

Date and time (of creation of the permanent insiders section) [yyyy-mm-dd, hh:mm UTC (Coordinated Universal Time)]

Date and time (last update): [yyyy-mm-dd, hh:mm UTC (Coordinated Universal Time)]

Date of transmission to the competent authority: [yyyy-mm-dd]

First name(s) of the insider	Surname(s) of the insider	Birth surname(s) of the insider (if different)	Professional telephone number(s) (work direct telephone line and work mobile numbers)	Name and address of the company	Function and reason for access to Inside Information
[text]	[text]	[text]	[figures (without spaces)]	[Address of issuer/emission allowance market participant/auction platform/auctioneer/auction monitor or third party of insider]	[Text describing role, function and reason for being on this list]

ANNEX C – Occasional Section:

Insider list: section related to [Name of the deal-specific or event-based inside information]

Date and time (of creation of this section of the insider list, i.e. when this inside information was identified): [yyyy-mm-dd; hh:mm UTC (Coordinated Universal Time)]

Date and time (last update): [yyyy-mm-dd, hh:mm UTC (Coordinated Universal Time)]

Date of transmission to the competent authority: [yyyy-mm-dd]

First name(s) of the insider	Surname(s) of the insider	Birth surname(s) of the insider (if different)	Professional telephone number(s) (work direct telephone line and work mobile numbers)	Name and address of the company	Function and reason for access to Inside Information
[text]	[text]	[text]	[figures (without spaces)]	[Address of issuer/emission allowance market participant/auction platform/auctioneer/auction monitor or third party of insider]	[Text describing role, function and reason for being on this list]

Inclusion (the date and time at which a person was included in the permanent insider section)	Date of birth	National Identification Number (if applicable)	Private telephone numbers (home and personal cellphone)	Personal full home address (street name; street number; city; post/zip code; country)
<i>[yyyy-mm-dd; UTC time]</i>	<i>[yyyy-mm-dd]</i>	<i>[number and/or text, (e.g. Italian fiscal ID)]</i>	<i>[figures (without spaces)]</i>	<i>[detailed personal address of the insider - street name and street number - town - Post code - Country]</i>

m UTC (Coordinated Universal Time)]

Obtained (the date and time at which a person obtained access to inside information)	Ceased (the date and time at which a person ceased to have access to inside information)	Date of birth	National Identification Number (if applicable)	Private telephone numbers (home and personal cellphone)	Personal full home address (street name; street number; city; post/zip code; country)
<i>[yyyy-mm-dd; UTC time]</i>	<i>[yyyy-mm-dd; UTC time]</i>	<i>[yyyy-mm-dd]</i>	<i>[number and/or text]</i>	<i>[figures (without spaces)]</i>	<i>[detailed personal address of the insider - street name and street number - town - Post code - Country]</i>





Headquarters ITALY

CAREL INDUSTRIES Hqs.
Via dell'Industria, 11
35020 Brugine - Padova (Italy)
Tel. (+39) 0499 716611
Fax (+39) 0499 716600
carel@carel.com