

**DRIVEN BY
THE FUTURE**
Sustainability in action



We've got a new idea of future
and we want to contribute to fulfilling
it with real action, to meet a demand
for sustainable development
that can wait no longer.



WHAT IS DRIVEN BY THE FUTURE

Trust

We believe that a better future for people and the planet is possible

Awareness

We know that acting now and quickly is essential for making our future really possible

Commitment

We want to develop a path, day by day, to achieve real, measurable sustainability objectives for the current and future generations

A project to transform our way of being a company and make sustainability our core business.

CAREL IS

Leader in the evolution of control and humidification technologies for the air conditioning and refrigeration sectors.

GLOBALLY



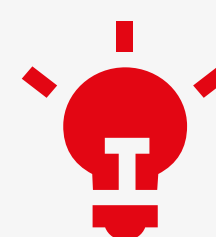
29 companies*
9 production plants
 in **5** countries



MORE THAN 45 years
 history



MORE THAN 1.700
 staff



13%
 of Group
 employees
 work in R&D*



MORE THAN € 331 MILLION
 revenue in 2020

€ 295 MILLION
 the economic value
 distributed

€ 17,5 MILLION**
 investment in R&D
 5.3% of turnover

OUR VALUES

BE OPEN

EXPERIMENT

CARE

THINK CUSTOMER FIRST

MAKE THE DIFFERENCE

OUR MISSION

We lead the evolution of control technology and humidification for air conditioning and refrigeration.

Our products & services support customers with the most efficient & sustainable solutions.

Data processing provided by our IOT platform enables valuable customer services during the whole system's life.

OUR PURPOSE - VISION

Being the innovation our planet needs through solutions for the Climate Control Industry.

Driven by knowledge.
Inspired by human well-being.

Now and for future generations.

7 GOALS FOR THE WORLD WE WANT TO LIVE IN

We share seven Sustainable Development Goals indicated by the United Nations.



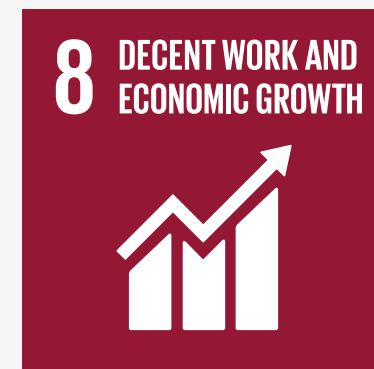
**CLEAN,
ACCESSIBLE
ENERGY**



**RESPONSIBLE
CONSUMPTION
AND PRODUCTION**



**FIGHT AGAINST
CLIMATE CHANGE**



**DIGNIFIED WORK
AND ECONOMIC
GROWTH**



**BUSINESS,
INNOVATION AND
INFRASTRUCTURE**



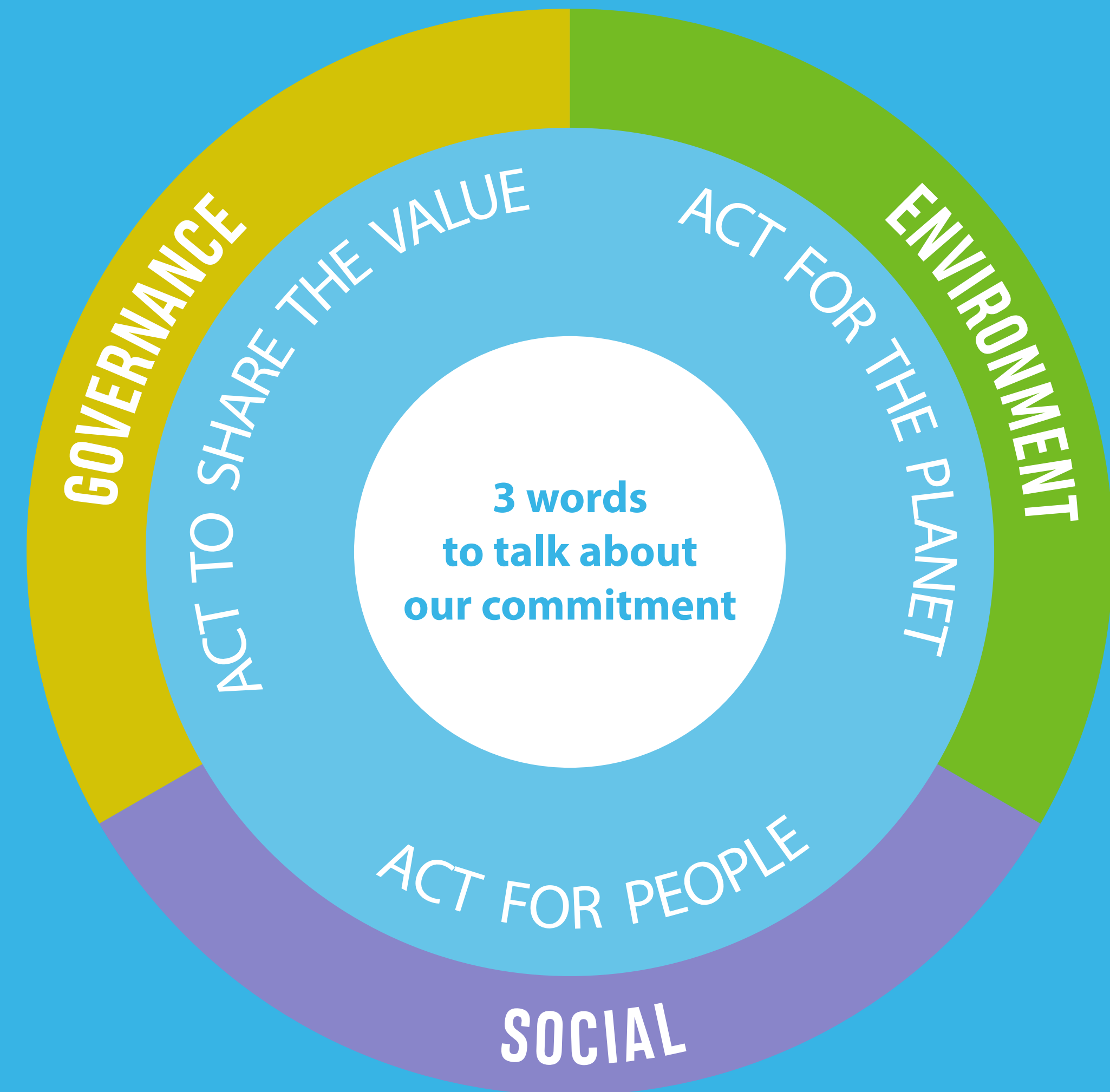
**GENDER
EQUALITY**



**PEACE, JUSTICE
AND SOLID
INSTITUTIONS**

ESG: FROM “DOING SUSTAINABILITY” TO “BEING SUSTAINABLE”

We have an ambitious aim:
not just “doing things more
sustainably” but “making
sustainability our new
business model”.



55 SUSTAINABILITY AIMS TOWARDS 2024

ACT FOR THE PLANET

22 GOALS DIVIDED INTO:

ENVIRONMENTAL POLICIES

- Environmental pollution and climate change
- Energy efficiency and sustainable products
- Reduction of waste and resort to responsible disposal methods

INNOVATION AND TECHNOLOGY

- R&D and product innovation
- Quality and safety of products and services

ACT FOR PEOPLE

22 GOALS DIVIDED INTO:

PEOPLE

- Respect for human rights
- Diversity, equal opportunities and inclusion
- Professional training & development
- Health and safety at work
- Attraction, development and retention of talents
- Engagement of, listening to & satisfaction of employees
- Well-being, life-work balance and protection of employment

COMMUNICATION

- Involvement, listening to & satisfaction of customers

SUSTAINABLE DEVELOPMENT OF LOCAL COMMUNITIES

- Local communities and relationship with the area

ACT TO SHARE THE VALUE

11 GOALS DIVIDED INTO:

SUSTAINABLE STRATEGY AND GOVERNANCE

- Governance and integrity of business
- Privacy, data security and protection
- Responsible supply chain management
- Prevention of and fight against corruption

ACT FOR THE PLANET



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ENERGY

CLIMATE CHANGE

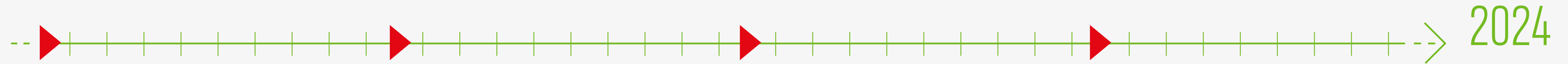
INNOVATION, TECHNOLOGY,
PRODUCTS & MATERIALS



ENERGY

GOAL

Reduce consumption and implement the use of renewable energy.



Reduction of indirect energy consumption through **relamping** (LED lighting)

100% renewable energy in all the Group's European production plants

Implementation of an **ISO 50001** energy management system in the parent company

Extension of **ISO 14001** Environmental Certification for the "Recuperator" plant in Italy

Feasibility study and creation of **photovoltaic systems** in 4 production plants

Extend indirect emissions reporting (**Scope 3**)

RESULTS ACHIEVED IN 2020 COMPARED TO 2019

-10%
Total energy consumption of the Group against **+13%** hours worked

51%
Energy used from renewable sources. More than **3 times more** compared to 2019

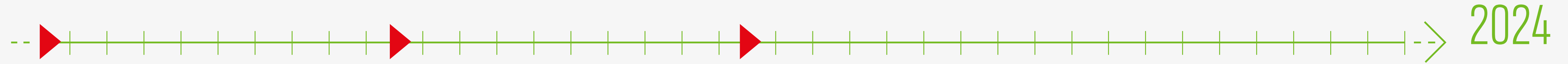
-38%
The reduction in the intensity of emissions in relation to the number of Group employees



CLIMATE CHANGE

GOAL

Contribute to the reduction of the effects due to climate change.



Update company management system policies of Group plants including the main subjects of sustainability with special reference to **QHSE**

Assessment of the definition of a Group decarbonisation path also through the possible introduction of **Science Based Target (SBT)**

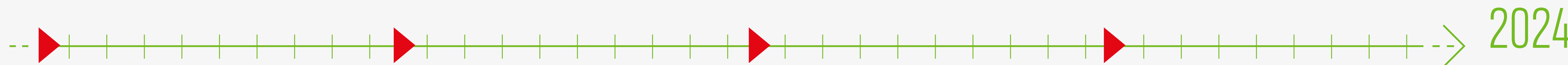
Indicate the potential risks and opportunities for the core business linked to climate change, also in respect for the recommendations defined by the **TCFD**



INNOVATION, TECHNOLOGY, PRODUCTS & MATERIALS

GOAL

Reduce the environmental impact of the production chain of our products and improve the energy savings performance of our customers' products through the evolution of control technologies.



Activation of periodic and proactive monitoring of the **Ecodesign** regulations to intercept possible business opportunities

Search for **printable plastic compounds from sustainable chains** through annual monitoring of developments in the plastic raw materials field

Lay down the bases for constructing a 360° assessment of the environmental impact of CAREL products through a **Life Cycle Assessment** analysis

Strengthen the governance of the sales process to increase the focus on the products that can be considered "**Eco-friendly**" on the base of the "European Taxonomy"

Process to the disclosure of the **Substances of Very High Concern** identification process with integration of the phase-out policy

RESULTS ACHIEVED IN 2020 COMPARED WITH 2019

4.570 GWh
the energy saving made by our customers through Carel control technologies

1.256.947 tonnes
the reduction of CO2 emissions corresponding to the total emissions produced by the Maldives in 1 year

ACT FOR PEOPLE



**RIGHTS,
DIVERSITY, SAFETY,
HEALTH, WELFARE**

**TRAINING
AND OPPORTUNITIES
FOR GROWTH**

COMMUNICATION

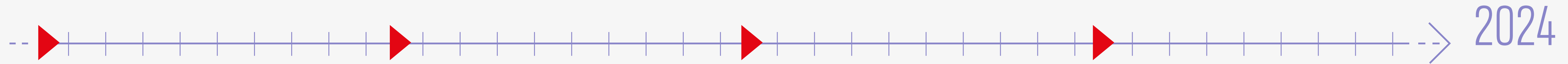
**RELATIONS WITH
LOCAL COMMUNITIES**



RIGHTS, DIVERSITY, SAFETY, HEALTH, WELFARE

GOAL

Spread the culture of respect for rights, valorise differences, guarantee safety, promote the health and well-being of the people working with us.



Support the 10 principles of the **Global Compact** in the areas of: human rights, employment, environmental sustainability and anti-corruption, also through training and employees' work groups

Reduce the frequency rate of "work-related" injuries with loss of work days (**LTIF**)

Define flexible working guidelines for the Group, thus supporting a better work-life balance for employees

Promote the health and well-being of employees encouraging a healthy lifestyle

Gradually increase the number of **female employees** (25% of new hirings in 2021 in HQs and increase of 5% in the following years). Extend Group awareness on **diversity and inclusion**

% EMPLOYEES BY GENDER

37% women
63% men

% EMPLOYEES BY AGE

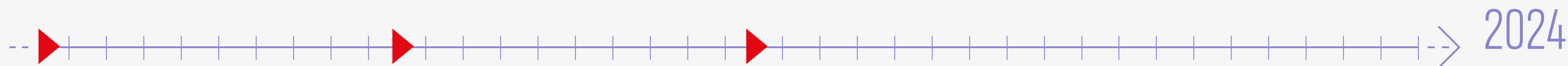
17% <30
19% >50
64% 30-50



TRAINING AND OPPORTUNITIES FOR GROWTH

GOAL

Promote training to ensure constant updating in market contexts of increasingly rapid evolution.



Create **work spaces** designed to favour the new relationship dynamics and the alternation between smart working and “live” work

Guarantee adequate skills and updating keeping the average number of **training hours** per employee over 12 hours a year

Improve the level of employee engagement and extend the cohesion around **company culture**, also through the definition of an employee **engagement** measurement and improvement process



COMMUNICATION

GOAL

Develop relations with customers through engagement, listening and satisfaction improvement initiatives.



Integrate sustainability topics into talks with stakeholders through the drafting and adoption of a **Stakeholder engagement** policy

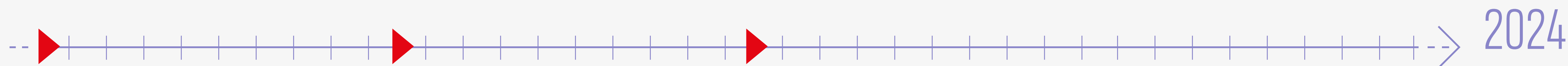
Promote the **culture of quality** collecting the feedback from customers through an additional implementation of the **Net Promoter Score** with the aim of improving the offer profile



RELATIONS WITH LOCAL COMMUNITIES

GOAL

Favour the sustainable development of the communities we're part of through the valorisation of the areas and the creation of shared well-being.



Define and create a **communication programme** to ensure extensive and sufficient spread of the commitments and goals assumed by the CAREL Group on ESG and described in the Sustainability Plan

Contribute to the development of the area through the design and creation of **communal urban green areas**

Contribute to the spread of knowledge on the local artistic and cultural heritage, also with initiatives on the protection and preservation of **works of art**

2024

ACT TO SHARE THE VALUE



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GOVERNANCE
& BUSINESS
INTEGRITY

RESPONSIBLE
SUPPLY CHAIN
MANAGEMENT

PRIVACY,
SECURITY &
PROTECTION OF DATA

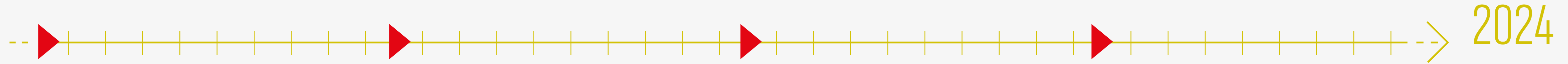
PREVENTION
& FIGHT AGAINST
CORRUPTION



GOVERNANCE AND BUSINESS INTEGRITY

GOAL

Integrate ESG strategies into the governance model for environmental safeguards, interpersonal relations, transparency and business integrity.



Implementation of a **digital reporting** system for the data and non-financial information for the periodic monitoring of the **sustainability KPIs** and their assessment on a perspective basis

Ensure the integration of **ESG** subjects into the management models, the strategy and company purpose

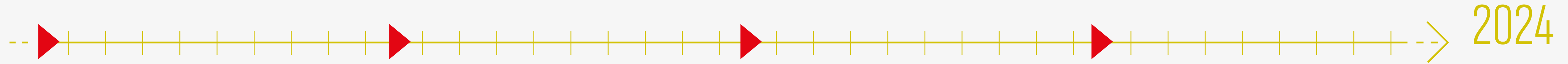
Implement a **training path** for members of the BoD and top management on sustainability to ensure the integration of ESG subjects into the management models, the strategy and company purpose

Draft a responsible investment policy that takes ESG subjects in assessment processes into consideration and aspires to the **United Nations Responsible Investment Principles**

ACT TO SHARE
THE VALUE



RESPONSIBLE SUPPLY CHAIN MANAGEMENT



Bring the policy on the so-called conflict minerals even closer to the OECD recommendations, implementing the process on the **check and assessment of the risk of the so-called conflict minerals** defined in 2021 with reference to the raw materials indicated as potentially containing them and activating the **Executive Committee for the management of critical situations**

Encourage Group stakeholders to act sustainably in their areas of action through the drafting and adoption of a **Suppliers' Code of Conduct**

Extend the ESG **supplier assessment** survey perimeter through the involvement of the self-assessment of an additional 20 suppliers each year

From 2023, performance of periodic **sustainability audits** at 30 suppliers each year to monitor the consistency of the ESG self-assessment

ACT TO SHARE
THE VALUE



PRIVACY, SECURITY AND PROTECTION OF DATA



Digitalise the privacy management process



PREVENTION OF AND FIGHT AGAINST CORRUPTION



Promote a culture of integrity, transparency and compliance through an **ISO 37001** certificated anti-corruption system



www.esg.carel.it

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