

CAREL

Rules on Additional Voting Rights (Loyalty Shares)

Article 1.) *Definitions.*

Shares: means Carel ordinary shares.

Shareholders: means Carel's shareholders.

Carel or the Company: means Carel Industries S.p.A.

Notice: means the notice to Carel certifying entitlement to be registered in the List referred to in Article 23-*bis*, paragraph 2, of the Joint Regulation.

Date of Admission to Trading: means the date of admission of the Shares to trading on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.

Entitling Ownership Right: means full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights.

List: means the specific list in which holders of the Entitling Ownership Right who have requested the additional voting rights, established pursuant to Article 127-*quinquies* of the Consolidated Finance Law (TUF) and Article 143-*quater* of the Issuers' Regulation, are registered.

List manager: means the person appointed by the Board of Directors to manage the List pursuant to Article 13, paragraph 3 of the Articles of Association.

Intermediary: means a person authorized to keep the accounts on which the Shares and the related transfers are registered, as per Article 1, m) of the Joint Regulation.

Record date: means the date of entitlement to attend the shareholders' meeting and to exercise the voting rights provided for by the rules, including regulations, *pro tempore* in force, which, on the date of this regulation, is the seventh trading day prior to the date set for the meeting, pursuant to Article 83-*sexies*, paragraph 2 of the TUF.

Joint Regulation: means the regulation governing central depository and settlement services, guarantee systems and the related management companies adopted by the Bank of Italy and Consob by measure dated 22 February 2008, as amended.

Issuers' Regulation: means the regulation adopted by Consob resolution no. 11971 of 14 May 1999, concerning the regulation of issuers (as amended).

Second Notice: means the notice to Carel certifying ownership of the Entitling Ownership Right for the purpose of obtaining the additional voting rights, pursuant to Article 23-*bis*, paragraph 3, of the Joint Regulation.

Articles of Association: means the Articles of Association of Carel in force on the Date of Admission to Trading, as subsequently amended.

TUF (Italian Consolidated Finance Law): means Italian Legislative Decree No. 58 of 24 February 1998, as amended.

Article 2.) - Introduction

On 29 March 2018, the Board of Directors (i) adopted this regulation with the aim of governing procedures for registering, keeping and updating the List in compliance with the applicable law, the Articles of Association and market practices in order to ensure the timely exchange of information between Shareholders, the Company and Intermediaries; and (ii) has appointed the List Manager to manage the List.

Article 3.) Registration in the List and granting of the additional voting rights.

Submission of the registration request

The holder of the Entitling Ownership Right who intends to benefit from the increase in voting rights (the "**Applicant**") must submit to the Company, through the intermediary with which the Shares are registered, a specific request for registration in the List, specifying the number of Shares they intend to register in the List. Applicants who are not a natural person must specify in the request whether they are under the direct and/or indirect control by third parties and the identification data of any controlling entity (and/or of the chain of control) ¹.

Together with the request for registration, the Intermediary sends via certified e-mail to the addresses carel.industries@legalmail.it and RegisterServices@pec.euronext.com, the Notice pursuant to Article 23-bis, paragraph 2, of the Joint Regulation, certifying title to the Entitling Ownership Right in relation to the Shares for which registration in the List is being requested. The application form for registration in the List is published on the Company's website (www.carel.it, "Investor Relations" section).

Requests for registration in the List received directly by the Shareholders or in a manner other as specified above, will not be accepted.

¹ For the purposes of this regulation, the notion of control, which extends to both legal and natural persons, is as provided in article 93 (Definition of control) of the TUF:

1. In this section, in addition to those specified in art. 2359, first paragraph, nos. 1 and 2, the following are also considered as subsidiaries: a) Italian or foreign companies over which a person has the right, by virtue of a contract or a clause in the articles of association, to exercise a dominant influence when the applicable law permits such contracts or clauses; b) Italian or foreign companies in which a shareholder, by virtue of agreements with other shareholders, has enough votes to exercise a dominant influence in the ordinary shareholders' meeting.
2. For the purposes of paragraph 1, the rights held by subsidiaries or the rights exercised through trustees or nominees are also taken into account; the rights held on behalf of third parties are not taken into account".

Holders of the Entitling Ownership Right who have acquired their ownership prior to the Date of Admission to Trading and who intend to make use of the holding period prior to the date of admission to trading and to the date of registration in the List, must submit a request to the Company (by certified e-mail, to the address carel.industries@legalmail.it) attaching documents attesting their holding of the Entitling Ownership Right prior to the Date of Admission to Trading and to the date of registration in the List.

Registration in the List

Upon receipt of regular request for registration in the List - no later than the fifth day prior to the expiration of each of the periods specified below - and having verified that the documentation is complete, and the request was legitimately made, the Company makes the registration in the List on a quarterly basis - 31st March, 30th June, 30th September and 31st December.

For the purposes of verifying the legitimacy of the request, the registration may be made conditional upon receipt of further information or documentation, which the Company will request from the Applicant, including through the intermediary.

The Company notifies the Intermediary - promptly and in any case within the accounting day on which it updates the List - that i) the registration has been successfully completed, returning to the certified email address of the Intermediary a copy of the Notice filled out with the date of registration in the List, or ii) that the registration has been denied, returning to the certified email address of the Intermediary copy of the Notice, including the reasons for refusing the registration.

Obtaining the additional voting rights

Pursuant to Article 13 of the Articles of Association, the period of continuous possession necessary to obtain the additional voting rights accrues according to the following rules: (i) each Share, which belonged to the same person for a continuous period of at least twenty-four months (the "**Relevant Period**") as of the date of registration into the List, is assigned 2 (two) votes; and (ii) with regard to the Shares that existed prior to the Date of Admission to Trading, for the purposes of calculating the Relevant Period, the period of possession before that time and therefore prior to the date of registration into the List is also taken into account.

In order to obtain the additional voting rights, the person registered in the List, after the Relevant Period, must request the Intermediary with which their Shares are registered, to send the Second Notice.

The Intermediary sends the Second Notice to the Company, by certified e-mail, to the addresses carel.industries@legalmail.it and RegisterServices@pec.euronext.com. The Company, upon receipt of the aforementioned Second Notice, checks the entitlement to the additional voting rights and: i) if confirmed, notifies the Intermediary pursuant to art. 23-bis, paragraph 5 of the Joint Regulation - promptly, and in any case within the accounting day on which the List is updated - that the additional voting rights have been granted, by returning to the certified email address of the Intermediary copy of the Second Notice completed with the date on which the additional voting rights have been granted or ii) in the event of negative result, promptly informs the Intermediary that the additional voting rights have not been granted, returning a copy of the Notice to the certified email address explaining the reasons for the denial.

For the purposes of ascertaining the granting of the additional voting rights, the Company updates the List by the fifth trading day from the end of each calendar month and in any case by the *Record date*. The additional voting rights become effective:

- from the fifth trading day in the calendar month following that of expiration of the Relevant Period as of registration in the List, provided that the Second Notice is received by the Company within the third trading day of the calendar month following that of expiration of the Relevant Period as of the registration in the List; or
- if the Second Notice is received by the Company after the deadline referred to in the previous paragraph, from the fifth trading day in the calendar month following that in which the Second Notice has been received by the Company;
- for the purposes of participation in the Shareholders' Meeting of the Company and as an exception to the foregoing, as of the *Record Date*, provided that by such date the Second Notice has been received by the Company.

Holding prior to the date of admission to trading

In any case, including as an exception to the periods referred to in the previous paragraphs, where a Shareholder requests registration in the List based on a calculation that takes into account the holding period accrued prior to such registration pursuant to this Article 3, the request for registration in the List, the registration in the List by the Company and notification by the Company to the Shareholder that the additional voting rights have been granted or denied, may take place on the same date and will become immediately effective.

The additional voting rights on the Shares existing prior to the measure of admission to trading on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. will be deemed to have become vested as of the date of admission to trading.

Article 4.) Removal from the List.

The Company will remove shares (in whole or in part, depending on the circumstances) from the List in the following circumstances:

- i. waiver by the interested party;
- ii. notice from the interested party or from the Intermediary certifying that the conditions for the increase in voting rights are no longer met or that the party no longer holds the Entitling Ownership Right and/or the associated voting right or such holding has been interrupted.
- iii. Automatically, if the Company becomes aware of circumstances as a result of which the conditions for the increase in voting rights are no longer met or the party no longer holds the Entitling Ownership Right and/or the associated voting right or such holding has been interrupted.

The additional voting rights may be obtained again with respect to the Shares for which they were waived, or otherwise lost, by registering again in the List and once the Relevant Period has fully accrued in accordance with the provisions of the Articles of Association.

Notice of waiver

The person who is registered in the List has the right to request at any time - by written notice to the Company - the removal (total or partial) from such List with consequent automatic loss of the entitlement to the benefit of double voting right, where accrued, or of the right to acquire it, with reference to the Shares for which the removal from the List has been requested.

The request must be submitted through the Intermediary with which the Shares are registered. The Intermediary, via certified e-mail to the addresses carel.industries@legalmail.it and RegisterServices@pec.euronext.com, sends the notice of total or partial removal pursuant to article 23-bis, paragraph 6, of the Joint Regulation, specifying, where possible, the references of the original Notice(s) of registration. Upon receipt of the request, the Company updates the List. If the indication of the original Notice (s) of registration is missing, in the event of subsequent registrations made over time, the Company shall delete the most recently registered Shares, pursuant to the same article 23-bis, paragraph 6 of the Joint Regulation.

The Company notifies - promptly and in any case not later than the accounting day on which it updates the List - the relevant Intermediary, via certified email, of the removal (total or partial) from such List with reference to the Shares for which the removal has been requested.

Notice of loss of the entitlement

The holder of the Entitling Ownership Right who is registered in the list is required to promptly notify the Company of any circumstance or event that results in the conditions for eligibility to the additional voting rights to no longer being met or in the loss or interruption of the Entitling Ownership Right and/or of the associated voting right, including the direct or indirect transfer of controlling interests in the cases provided for in the following article 5.

In the event of total or partial transfer of the Shares covered by the Notice, or of establishment/amendment/termination of restrictions on the aforementioned Shares, the Intermediary must notify the Company, through notice pursuant to Article 23-bis, paragraphs 6 and 9 of the Joint Regulation which also states the specific reason and, where available, the number of original Notices(s).

In the other cases, the notice to the Company, stating the reason, must be promptly sent by the interested party.

The notice to the Company is sent by certified e-mail to the addresses carel.industries@legalmail.it and RegisterServices@pec.euronext.com.

Upon receipt of the request, the Company updates the List. If the indication of the original Notice (s) of registration is missing, in the event of subsequent registrations made over time, the Company shall delete the most recently registered Shares, pursuant to the same article 23-bis, paragraph 6 of the Joint Regulation.

The Company notifies the Intermediary - promptly and in any case not later than the accounting day on which it updates the List - of the removal from the List or, as the case may be, the loss of the additional voting rights, for reasons other than the transfer of the Shares, by certified e-mail, explaining the reasons for such removal/loss.

Automatic removal

If the Company becomes aware of events that result in the eligibility conditions for the additional voting rights to no longer being met or in the loss or interruption of the Entitling Ownership Right and/or the related voting right, it shall inform the Intermediary, by certified email - promptly and in any case not later than the accounting day on which it updates the List - specifying the reason for removal.

Article 5.) *Cases of loss of the entitlement.*

Except as provided for in article 6 hereinafter, a person is no longer entitled to the additional voting rights and is removed from the List:

- i. with regard to Shares that are transferred for valuable consideration or for free entailing the loss of the Entitling Ownership Right, it being understood that for these purposes "transfer" also means the establishment of a pledge, usufruct or other restriction on the Share when this involves loss of voting right by the person in question, as well as the loss of voting right not arising from a transfer;
- ii. in the event of direct or indirect transfer of controlling shareholdings in companies or entities that hold shares with increased voting rights to an extent that exceeds the threshold laid down in Article 120, paragraph 2 of the TUF.

Article 6.) *Keeping or extending the additional voting rights.*

The additional voting rights:

- continue to be held in the event of succession due to death and in the event of merger or demerger of the holder of the Shares, as well as in the event a pledge, usufruct or other restraint is established on the Share when this does not result in loss of the voting right;
- extends proportionally to newly issued Shares in the event of capital increase pursuant to Article 2442 of the Italian Civil Code;
- may also vest in Shares assigned in exchange for those with additional voting rights, in the event of merger or demerger, where this is envisaged by the related project;
- extends proportionally to the Shares issued in implementation of a capital increase by means of new contributions.

In the event of succession due to death, merger or demerger of the holder of the account in which the Shares are registered, if these situations are notified to the Intermediary, the Intermediary notifies the Company of such events for the required actions. In the further cases mentioned above, the assignees of the holder of the Entitling Ownership Right must submit a specific request for inclusion in the List; the previous article 3 shall apply as far as applicable.

The notice must be sent to the Company by certified e-mail to the addresses carel.industries@legalmail.it and RegisterServices@pec.euronext.com.

The Company verifies the legitimacy of the request, which may be made conditional upon receipt of further information or documentation and informs the applicant and/or the Intermediary of the outcome.

Article 7) *List.*

The Company sets up and keeps the List at the registered office; holders of the Entitling Ownership Right who intend to benefit from the increase in voting rights must register in the List.

The provisions applicable to the shareholders' register and any other provisions on the subject, including as regards the disclosure of information and shareholders' inspection right, are applicable to the List. Shareholders may request a copy of the relevant entries in the List at their own expense.

The List contains at least the information referred to in Article 143-*quater* of the Issuers' Regulation.

Article 8) *Amendments and additions to the Regulation*

Any amendments and/or additions to this regulation must be approved by the Board of Directors, with the exception of amendments arising from legislative or regulatory changes, which may be made by the Chairman of the Board of Directors and/or by each Managing Director, separately, with obligation to inform the Board of Directors at the next meeting.

Subsequent to any amendment or addition, the regulation is published on the Company's website (www.carel.it, "Investor Relations" section).

For all matters not expressly provided for by this Regulation, the *pro tempore* regulations in force shall apply.





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