



CAREL INDUSTRIES S.P.A.

(Translation from the Italian original which remains the definitive version)

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS
CONCERNING THE FIRST ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS'
MEETING CONVENED, IN ORDINARY AND EXTRAORDINARY SESSION, FOR 14
SEPTEMBER 2023 IN A SINGLE CALL**

*drafted pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998
("Consolidated Law on Finance") and Article 84-ter of the Regulations adopted by Consob
with resolution No. 11971/99 ("Issuers' Regulations"), as amended*

Explanatory Report of the Board of Directors of CAREL Industries S.p.A., drafted pursuant to Articles *125-ter* of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (Consolidated Law on Finance) and *84-ter* of the Regulations adopted by Consob Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented ("Issuers' Regulations").

Dear Shareholders,

this report (the "**Report**") illustrates the proposal that the Board of Directors of CAREL Industries S.p.A. (hereinafter, "**CAREL**" or the "**Company**") intends to submit for your approval in relation to the first item on the agenda of the Ordinary Shareholders' Meeting to be held in a single call on 14 September 2023, at 10:00 a.m. in Via Ardoneghe 15, Brugine (PD) – Italy.

First item on the agenda (Ordinary Part):

Integration of the Board of Statutory Auditors through the appointment of an Alternate Auditor; related and consequent resolutions.

Dear Shareholders,

in relation to the first item on the agenda in the ordinary session, you are hereby convened to the Shareholders' Meeting to discuss and resolve on the integration of the Board of Statutory Auditors following the death of Mrs. Alessandra Pederzoli, alternate member of the Board of Statutory Auditors, as communicated by the Company on 26 June 2023.

Mrs. Pederzoli had been elected from the minority list submitted jointly by a plurality of funds (List No. 2).

We would like to remind you that (i) pursuant to Article 23 of the Company's By-laws, the Board of Statutory Auditors is composed of 3 (three) Standing Auditors and 2 (two) Alternate Auditors; and (ii) the Board of Statutory Auditors currently in office was appointed by the Ordinary Shareholders' Meeting of 20 April 2021 and will remain in office until the date of the Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2023.

In order to bring the Board of Statutory Auditors back to the composition envisaged by the By-laws, you are therefore called upon to resolve on the appointment of an

Alternate Auditor, expressing your vote on the candidates that will be presented, in compliance with the regulations in force.

Shareholders are therefore invited to send their proposals for candidacy, duly signed and dated, accompanied by the documentation and information required under the By-laws and by the regulations in force (summarised below), by registered post or by certified e-mail to carel.industries@legalmail.it by **14 August 2023**, for the attention of the *Legal Affairs and Compliance Manager*, so as to enable the Company to make the aforesaid documents available to the public in a timely manner at the registered office of the Company, at the "eMarket STORAGE" regulated information storage mechanism at www.emarketstorage.com as well as on the Company's website.

This is without prejudice to the possibility of formally submitting candidates even at the meeting – accompanied by the aforementioned declarations – so that they can be put to the vote.

More specifically, candidates must be accompanied by: (i) the information relating to the identity of the shareholders who have submitted the candidacies, with an indication of the overall percentage held; (ii) the curricula of the candidates containing exhaustive information on the personal and professional characteristics of each of them (with a list of any management and control positions held in other companies pursuant to Article 148-*bis* of the Consolidated Law on Finance); and (iii) the declarations with which the individual candidates accept their candidacy and declare, under their own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of the requirements pursuant to the primary and secondary regulations in force, and the existence of the independence requirements pursuant to Article 148, paragraph 3, of the Consolidated Law on Finance.

It should be noted that each candidate must meet the requirements, including those relating to the plurality of offices, established by current legislation, also statutory, including professional competence in accordance with Decree No. 162 of the Minister of Justice dated 30 March 2000.

Pursuant to Article 23 of the By-laws, in this case the Shareholders' Meeting will be called upon to resolve with the ordinary procedures and majorities, without the application of the list voting mechanism, in compliance with the applicable *pro-tempore* legal and regulatory provisions on gender balance.

The Auditor thus appointed will expire together with the members of the Board of Statutory Auditors currently in office.

Proposed resolution

Dear Shareholders,

having acknowledged the matters set forth in this Report, we invite you to vote on the appointment of an Alternate Auditor who will remain in office until the expiration of the current Board of Auditors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2023.

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Brugine, 4 August 2023

Chairman of the Board of Directors
Luigi Rossi Luciani