



CAREL INDUSTRIES S.p.A.

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

**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS  
ON ITEMS 1 AND 4 ON THE AGENDA FOR THE ORDINARY SHAREHOLDERS'  
MEETING**

*Drawn up in accordance with article 125-ter of Legislative decree no. 58 of 24 February 1998 (the **Consolidated Finance Act, "CFA"**) and article 84-ter of the regulation adopted by Consob (the Italian commission for listed companies and the stock exchange) with resolution no. 11971/99 (the **"Issuers' Regulation"**), as subsequently amended and integrated, for the ordinary shareholders' meeting of CAREL Industries S.p.A. ("**CAREL**" or the **"company"**) scheduled on single call for 18 April 2024.*

**Illustrative report of the board of directors of CAREL Industries S.p.A., drawn up under article 125-ter of Legislative decree no. 58 of 24 February 1998, as amended and integrated (“CFA”), and article 84-ter of the regulation adopted by Consob with resolution no. 11971 of 14 May 1999 as subsequently amended and integrated (the “Issuers’ Regulation”)**

Dear shareholders,

This report describes the proposals the board of directors of CAREL Industries S.p.A. (“**CAREL**” or the “**Company**”) intends submitting for your approval as regards items 1 and 4 on the agenda of the ordinary shareholders’ meeting that will be held on single call on 18 April 2024, at 10:00 am, at the Company’s registered office, in Brugine (PD) - Italy, Via dell’Industria, 11.

**Item no. 1 on the agenda:**

**1. Approval of the separate financial statements as at and for the year ended 31 December 2023 and presentation of the consolidated financial statements as at and for the year ended 31 December 2023. Allocation of the profit for the year.**

**1.1 Approval of the separate financial statements as at and for the year ended 31 December 2023; related and ensuing resolutions.**

**1.2 Allocation of the profit for the year; related and ensuing resolutions.**

Dear Shareholders,

With regard to the first item on the agenda of the ordinary shareholders’ meeting called for 18 April 2024, we remind you that you have been called to approve the separate financial statements at 31 December 2023, the draft version of which was approved by the board of directors on 6 March 2024.

We invite you to read the Annual Financial Report of CAREL as at and for the year ended 31 December 2023, approved by the Company’s Board of Directors on 6 March 2024, which includes the Company’s draft separate financial statements and consolidated financial statements, together with the directors’ report and the statement pursuant to article 154-*bis*.5 of the CFA.

On 6 March 2024, the Board of Directors also approved the consolidated non-financial statement prepared in accordance with Legislative decree no. 254/2016 presented separately from the directors’ report.

The directors’ report will be made available to the public, along with the draft separate financial statements of CAREL as at and for the year ended 31 December 2023, the consolidated financial statements of the CAREL Group at the same date, the statement of the manager in charge of financial reporting, the report of the board of statutory auditors, and the independent auditors’ report, at the Company’s registered office and at Borsa Italiana S.p.A. (“**Borsa Italiana**”), as well as on the

Company's website ([www.carel.com](http://www.carel.com)) and through the other methods stipulated by Consob regulations, within the timeframes laid down by the legislation in force.

The Company's consolidated financial statements at 31 December 2023 as well as the consolidated non-financial statement drawn up in accordance with Legislative decree no. 254/2016 do not require your approval.

With reference to these documents, we accordingly invite you to approve CAREL's separate financial statements at 31 December 2023, which show a profit of approximately € 44,514,549 and to allocate part of such profit as a distribution of dividends to the shareholders in compliance with the dividend distribution policy adopted by the Company's Board of Directors on 11 May 2018 and communicated to the market as part of the Listing Prospectus.

In this respect, we propose you resolve on the allocation of the profit for 2023 as follows:

- an estimated € 21,373,641.50 for the distribution of a dividend to the shareholders of € 0.19 per outstanding share at the ex-dividend date of 6 March 2024, excluding treasury shares in portfolio at that date (112,492,850 outstanding shares at 6 March 2024);
- € 0.19 per share, gross of legal withholdings, with an ex-dividend date of 24 June 2024, a record date pursuant to article 83-*terdecies* of the CFA of 25 June 2024 and a payment date of 26 June 2024;
- the residual profit to the extraordinary reserve,

it being understood that, should the above-mentioned dividend distribution not be approved, the entire profit for the year will be allocated to the extraordinary reserve.

More comprehensive information on this item is available in the Annual Report, the directors' report and the additional documentation that will be made available to the public, using the methods and within the timeframes prescribed by law, at the company's registered office and at Borsa Italiana S.p.A., as well as on the Company's website ([www.carel.com](http://www.carel.com)) and through the other methods stipulated by Consob regulations.

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Based on the foregoing, with respect to this item on the agenda, two separate votes will be taken based on the proposals set out below.

### ***1.1 Approval of the separate financial statements as at and for the year ended 31 December 2023; related and ensuing resolutions***

With respect to the approval of the separate financial statements at 31 December 2023, we invite you to take the following resolution should you agree with the proposal:

*"At their ordinary meeting, the shareholders of CAREL Industries S.p.A.:*

- *having reviewed the directors' report;*
- *having acknowledged the reports of the board of statutory auditors and the independent auditors;*

- *having acknowledged the consolidated non-financial statement prepared in accordance with Legislative decree no. 254/2016;*
- *having reviewed the draft separate financial statements of CAREL Industries S.p.A. at 31 December 2023, which show a profit for the year of € 44,514,549;*

**resolve**

1. *to approve the draft separate financial statements of CAREL Industries S.p.A. at 31 December 2023;*
2. *to confer on the Chairperson of the Board of Directors and on the Chief Executive Officer, severally and with the right to sub-delegate to other parties, a mandate for the performance of all the activities pertaining to, resulting from or associated with implementation of this resolution."*

### **1.2 Allocation of the profit for the year; related and ensuing resolutions**

With respect to the allocation of the profit for the year, we invite you to take the following resolution should you agree with the proposal:

*"At their ordinary meeting, the shareholders of CAREL Industries S.p.A.:*

- *having reviewed the directors' report;*
- *having acknowledged the reports of the board of statutory auditors and the independent auditors;*
- *having acknowledged the consolidated non-financial statement prepared in accordance with Legislative decree no. 254/2016;*
- *having reviewed the draft separate financial statements of CAREL Industries S.p.A. at 31 December 2023, which show a profit for the year of € 44,514,549;*

**resolve**

1. (i) *to distribute a dividend of € 0.19 per outstanding share at the ex-dividend date excluding treasury shares in portfolio at that date for an estimated total of € 21,373,641.50 considering the 112,492,850 shares outstanding at 6 March 2024;*  
 (ii) *to pay, gross of legal withholdings, a dividend of € 0.19 per share at the ex-dividend date of 24 June 2024, with a record date pursuant to article 83-terdecies of the CFA of 25 June 2023 and a payment date of 26 June 2024;*  
 (iii) *to allocate the residual profit to the extraordinary reserve;*
2. *to confer on the Chairperson of the Board of Directors and on the Chief Executive Officer, severally and with the right to sub-delegate to other parties, a mandate for the performance of all the activities pertaining to, resulting from or associated with implementation of this resolution."*

As mentioned above, should the resolution not be approved after the voting procedure, the profit will be allocated in full to the extraordinary reserve.

#### **Item no. 4 on the agenda:**

**4. Resolutions about the remuneration report prepared in accordance with article 123-ter of Legislative Decree no. 58/1998 and article 84-quater of Consob regulation no. 11971/1999.**

- 4.1 Binding vote on the 2024 remuneration policy presented in the first section of the report; related and ensuing resolutions;**
- 4.2 Discussion about the second section of the report about the remuneration paid in 2023 or related to 2023; related and ensuing resolutions.**

Dear Shareholders,

With respect to the fourth item on the agenda, we present the report on remuneration and fees paid to the directors and statutory auditors, general managers and key management personnel (the “**remuneration report**”). We prepared this report in accordance with article 123-ter of the CFA, as amended by Legislative decree no. 49 of 10 June 2019 which transposed Directive (EU) 2017/828 (the Shareholder Rights Directive II) of the European Parliament, and article 84-quater of the Issuers’ Regulation, as well as Annex 3A, Forms 7-bis and 7-ter of the Issuers’ Regulation, as most recently amended by Consob resolution no. 21623 of 10 December 2020, considering also article 5 of the Code of Corporate Governance.

In accordance with article 123-ter of the CFA (amended by Legislative decree no. 49 of 10 June 2019 which transposes Directive (EU) 2017/828 (the Shareholder Rights Directive II) of the European Parliament and of the Council of 17 May 2017 which amends Directive 2007/36/EC (the Shareholder Rights Directive I) as regards the encouragement of long-term shareholder engagement), the remuneration report is divided into two sections.

The first section of the remuneration report provides a clear and comprehensive overview of the company’s remuneration policy for its directors and statutory auditors, general managers and key management personnel for at least the next year as well as the procedures used to adopt and implement this policy. In accordance with article 123-ter.3-bis and 3-ter of the CFA, introduced by Legislative decree no. 49/2019, the policy set out in this section requires the shareholders’ binding vote in their ordinary meeting.

The second section in a clear and understandable way and, by name for the members of the administrative and control bodies and the general managers and in aggregate form for managers with strategic responsibilities, must instead (i) provide an adequate description of each of the items making up the remuneration, including payments envisaged in the event of termination of office or of the employment relationship, highlighting their consistency with the company’s policy on remuneration in the reference financial year; (ii) set out in detail the remuneration paid in the reference financial year in any manner and form by the company or its subsidiaries or associates, specifying any components of such remuneration that relate to activities performed in previous years as well as the remuneration to be paid in one or more subsequent years for services provided in the reference financial year; (iii) show that the company has considered the shareholders’ vote on the second section of the report in the previous year. In accordance with the point 6 of article 123-ter of the CFA, introduced by Legislative decree no. 49/2019, the

shareholders are called upon to express themselves in favour or against this section, by means of a non-binding vote.

The report also indicates any investments held by the above persons in the Company or its subsidiaries.

More comprehensive information on this item is available in the report drawn up by the Board of Directors in accordance with article 123-ter of the CFA and article 84-quater of the Issuers' Regulation, as well as article 5 of the Code of Corporate Governance, which will be made available to the public, using the methods and within the timeframes prescribed by law, at the Company's registered office and at Borsa Italiana S.p.A., as well as on the Company's website ([www.carel.com](http://www.carel.com)) and through the other methods stipulated by Consob regulations.

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Based on the foregoing, with respect to this item on the agenda, two separate votes will be taken based on the proposals set out below.

#### **4.1 Binding vote on the 2024 remuneration policy presented in the first section of the report; related and ensuing resolutions**

Considering the above, we submit for your approval the following proposed resolution with respect to the first section of the report:

*"At their ordinary meeting, the Shareholders of CAREL Industries S.p.A.:*

- *having reviewed the first section of the remuneration report required by article 123-ter.3 of Legislative decree no. 58 of 24 February 1998 prepared by the board of directors in line with the proposals made by the remuneration committee, which presents the company's remuneration policy for its directors, statutory auditors, general managers and key management personnel for 2024 and the procedures used to adopt and implement this policy;*
- *given that the first section of the remuneration report and the remuneration policy described therein complies with the law and regulations applicable to the remuneration of directors, statutory auditors, general managers and key management personnel; and*
- *given that the remuneration report has been made available to the public using the methods and within the timeframes required by the regulations in force;*

#### **resolve**

*to approve in accordance with article 123-ter.3-bis and 3-ter of the CFA the remuneration policy described in the first section of the remuneration report prepared by the company's board of directors on 6 March 2024."*

#### **4.2 Discussion about the second section of the report about the remuneration paid in 2023 or related to 2023; related and ensuing resolutions**

With respect to the second section of the report, we submit for your approval the following proposed resolution:

*"At their ordinary meeting, the shareholders of CAREL Industries S.p.A.:*

- *having reviewed the second section of the remuneration report required by article 123-ter.4 of Legislative decree no. 58 of 24 February 1998 prepared by the board of directors in line with the proposals made by the remuneration committee, which presents the remuneration paid to directors, statutory auditors, general managers and key management personnel in 2023 or related to that year;*
- *given that the second section of the remuneration report and the remuneration described therein complies with the law and regulations applicable to the remuneration of directors, statutory auditors, general managers and key management personnel; and*
- *given that the remuneration report has been made available to the public using the methods and within the timeframes required by the regulations in force;*

***resolve***

*to approve in accordance with article 123-ter.6 of the CFA the second section of the remuneration report prepared by the company's board of directors on 6 March 2024."*

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Brugine, 6 March 2024

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Chairperson of the Board of Directors  
Luigi Rossi Luciani