CAREL

REMUNERATION REPORT 2024

DRIVEN BY THE FUTURE

REMUNERATION REPORT

CHAIRPERSON'S LETTER

Dear shareholders,

as chairperson of the remuneration committee, I am particularly pleased to present to you, on behalf of the board, the annual report on the remuneration policy and fees paid by the Carel Group, covering the final year of the board's 2021-2023 term. The policy is compliant with the company's governance model, ruling legislation, and the recommendations of Borsa Italiana's Code of Corporate Governance is endorsed by the company.

Our policy is aimed at supporting the growing challenges facing Carel in terms of digitalisation and energy transition, with the goal of developing a sustainable and resilient business model capable of reacting to possible future shocks in a context of global economic uncertainty, accentuated by geopolitical conflicts and an increasingly volatile market.

To this end, our policy sees CEO and management remuneration systems geared toward the pursuit of the company's strategic priorities over a medium- to long-term horizon, along the **lines of economic, environmental and social sustainability, energy, geographic and technological diversification, and the implementation of a resilient, efficient and sustainable supply chain**.
In a process of continuous improvement of the policy, these targets that will continue to be pursued also for the next term, respecting the previously defined structure, purpose and general principles, in line with the corporate culture and in response to the broad consensus expressed by shareholders and institutional investors on this overall framework.
A process of continuous improvement made possible by a constant, open and intensified dialogue between the company and its shareholders and the committee's willingness to promptly gather and evaluate feedback and stimuli offered by investors.

Not least, our policy is designed to support a company that, in the three years of its board term, has grown significantly. It has increased its diversification, both geographically and in terms of offer, resulting in an increase in management and operational complexity, a complexity that the company has been able to cope with while maintaining profitability and competitiveness. It has demonstrated that it has been an **agile and resilient company, cares greatly for employees' wellbeing, can attract talented workers with the relevant skills, pursuing a policy of sustainable growth and innovation as well as placing great emphasis on controlling operational efficiency**.

This is thanks Carel's commitment to both business and to sustainability in a business model aimed at sustainable success benefiting shareholders and all stakeholders in line with the business purpose.

Last year, once again, the company's operating income was on the rise despite difficult markets. Carel's management and its employees are to thank for these achievements. They are able to best interpret and manage the opportunities and risks inherent in the new and complex global challenges. To this also contributed the **new system for integrated risk management (ERM)** implemented by the company, which is a cornerstone of Carel's internal control and risk management system and key to making the company even more resilient to future changes.

In addition, I am proud to announce that the board's commitment to sustainability has translated into concrete and measurable remuneration policy goals, has actively contributed to accelerating the achievement of important milestones **in the area of labour conditions** such as safety in the workplace, flexibility, reducing environmental impact, and enhancing diversity and inclusion with the achievement of important awards and in line with the new challenges in the world of work.

Finally, with regard to the new 2024-2026 mandate, the guidelines of the 2024 remuneration policy, in light of the preliminary process carried out, the benchmark analyses performed, and the feedback received from the market, confirm the overall structure defined by the current policy, with some important innovations to support the ambitious business development and decarbonisation strategy (Climate Transition Plan) approved by the board of directors.
This transition plan is integrated into the company's business plan, aimed at strengthening and accelerating Carel's strategic positioning over the long term. It requires changes in the business model, integrates risk management as well as the company's performance evaluation models through the identification of well-articulated climate transition goals, especially in the long-term incentive plan. Our policy must therefore evolve to gradually incorporate the decarbonisation goals carefully defined by the company and, at the same time, to engage employees and risk management in a close connection between ESG factors.

In summary, the main updates introduced in the 2024 remuneration policy presented in this report relate to:

- **transparency**: improving the disclosure and transparency of the remuneration policy's contribution to the company's strategy to assure investors, stakeholders, and employees that it operates in a concretely sustainable manner by supporting disclosures with more and more objective data and measurable information, except for those considered sensitive to the competitive environment in which Carel operates;
- **strengthening the link between remuneration and sustainability strategy:** increasing the weight of ESG KPIs with evidence of their link to the corporate sustainability strategy in order to guide management behaviour; in particular, increasing the weight of the ESG component in incentive plans with a focus on indicators pertaining in particular to the decarbonisation strategy and the gender pay gap, as far as the long-term incentive plan is concerned;
- **consolidation of variable incentive systems**: to further align them with the best market practices, linking them to a clear, articulated and measurable target structure, in line with the objectives of the business plan and providing a clear link between remuneration, prudent risk management and economic, social and environmental value generated (pay for performance);
- **working conditions of employees (Human Capital Management):** the company continues to work on a progressive importance and focus on "social" issues within ESG topics and to provide clear disclosure in the report regarding the conditions of employees at group level with particular focus on pay ratio and gender pay gap;
- **waivers to the Policy**: improved disclosure of the waiver process and limitation of the areas in which a waiver to the compensation policy may be made, under the exceptional circumstances provided for in the CFA;
- **severance/non-compete**: increasing alignment of the remuneration policy with market best practices and the indications of proxy advisors, in the area of severance and non-compete agreements in compliance with Italian labour law;
- **comparison with market practices**: continuous verification of the level of competitiveness of Carel's remuneration policy by comparison with a panel of comparable companies (peer

group), identified with the support of an independent external consultant, and consistent with the corporate culture and the indications of proxy advisors and institutional investors.

In the context in which the company operates, we believe that this remuneration policy is consistent with the group's vision of **valuing people as the main competitive advantage**, with a view to attracting, motivating and retaining resources and achieving long-term sustainable results for all our stakeholders.

I, therefore, hope that our report presented for your review once again shows our ongoing commitment and, also on behalf of the other committee members, I would like to thank you in advance for your acceptance and support of the remuneration policy proposed for 2024.

Special thanks must also go to the other members of the remuneration committee and the board of statutory auditors for their valuable contribution to our activities during the year as well as all the staff of the HR & organisation department with whom we have always worked in a constructive and friendly manner to find balanced and shared solutions.

Cinzia Donalisio

Chairperson of the remuneration committee of Carel S.p.A.

INTRODUCTION

The board of directors of Carel Industries S.p.A. (“**Carel**” or the “**company**”) approved this report on the remuneration policy for 2024 (Section I) and the remuneration paid to the directors, statutory auditors, chief executive officer, general manager and key management personnel in 2023 (Section II) (the “**report**”) on 6 March 2024. It was prepared in accordance with article 123-ter of Legislative decree no. 58/1998 (the “**Consolidated Finance Act**” or “**CFA**”), as amended by Legislative decree no. 49/2019 which implemented Directive (EU) no. 2017/828 (the “Shareholder Rights Directive II”) of the European Parliament and in accordance with article 84-quater of the Issuers’ Regulation and the Code of Corporate Governance of Borsa Italiana S.p.A. (“**Borsa Italiana**”).
This report renews Carel’s commitment to consolidating the close ties between the remuneration policies adopted (for both fixed and variable components) and growth and business development strategies also in 2024, as part of the unceasing pursuit of optimal operating performance and maximum sustainability, both environmental and social.
The excellent results of operations achieved in 2023, albeit in a substantially favourable economic environment, were determined both by the significant growth in sales volumes (particularly in the first nine months of the year) and by the improvement in management performance related, on the one hand, to cost containment and, on the other, to the continuous search for optimisation of operating flows related, in particular, to production and the supply chain.
Building on the previous year, the strategic development goals pursued in 2023, are summarised below:

- **developing leadership and management styles in line with the principles of the business culture - the “Carel Culture Code” -** through the continuous growth and training of its human capital and through the development of initiatives aimed at enhancing the merit and potential of key resources;
- **providing continuity to the commitments contained in our strategic sustainability plan - “Driven by the Future” -** confirming that the sustainable development of its business at a global level is a driver of corporate success;
- **continuously pursuing our customers’ satisfaction** by ensuring, even at a time characterised by uncertainty and instability, a level of service, quality and technical support aligned with their expectations;
- **promoting the strategic growth of the services’ business** (both field and digital, in the IOT and “advanced monitoring” fields) also through integration with the services of the newly acquired Norwegian company Kiona;
- **strengthening the company’s digital transformation** through the launch of the third part of the PLM (“Product Lifecycle Management”) system, the gradual adoption of which has made it possible to automate new product development and engineering activities.
- **closely and continuously monitoring potential M&A opportunities** in order to support growth by external lines including by integrating different but complementary corporate business models.

The coordinated pursuit of all these strategies has allowed for outstanding economic-financial performance, even in 2023, despite great uncertainty that characterises the current socio-economic situation (especially the conflicts in Ukraine and the Middle East).
The 2024 remuneration policy will therefore continue along the path approved, with a broad consensus, by the shareholders on 21 April 2023 with the same key elements and traditional structure of previous years.

EXECUTIVE SUMMARY


GOVERNANCE
SOCIAL
ENVIRONMENTAL

INTEGRATING BUSINESS AND SUSTAINABILITY IS OUR STRENGTH

Research, innovation and technology have always been the foundation of the Carel Group's success, which has been putting customer needs at the center of its processes for fifty years.

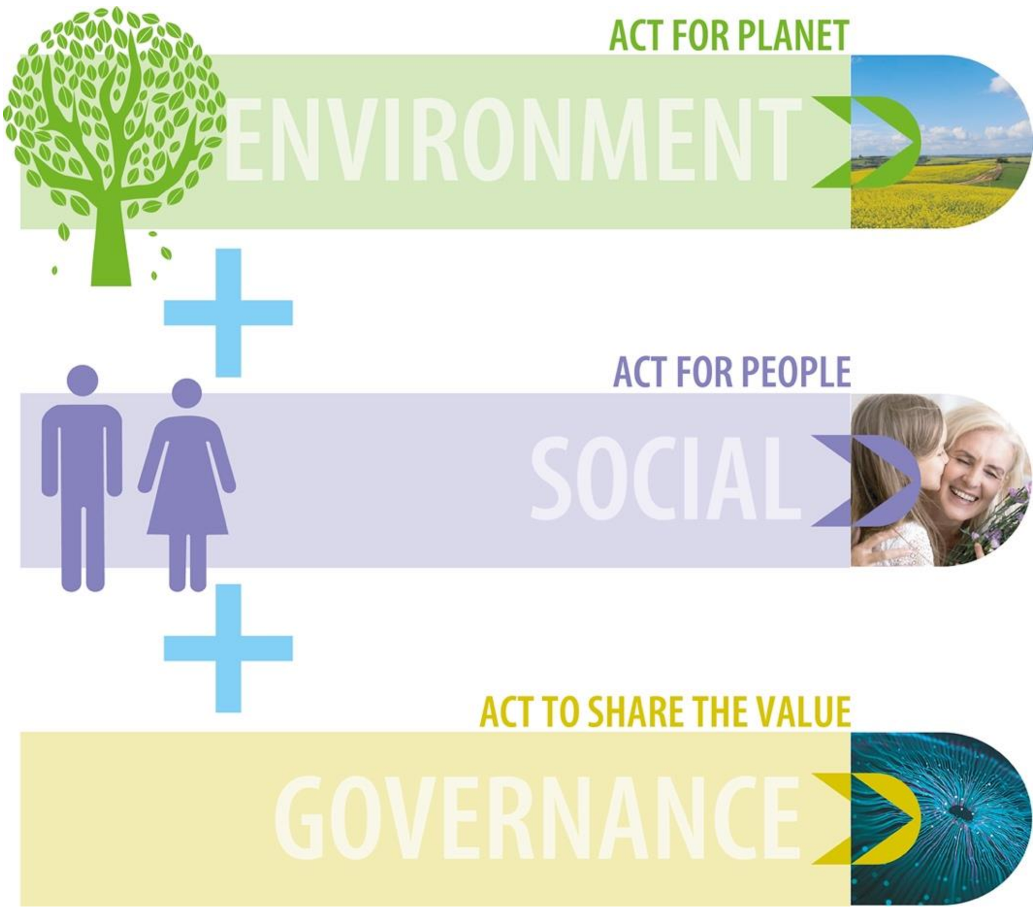
As a consultant and technology partner, Carel anticipates market needs by proposing high-performance, energy-efficient solutions that respect the environment in which we live.

We aspire to integrate the business with sustainability. We know how ambitious and challenging this goal is, and that is why we are focusing all our passion and energy on it. We don't want to just do business, we want to do it sustainably. This means putting our planet and the people that live on it first.

Our vision is simple: protecting the environment, caring for people and sharing the results of our development and growth are integral to our way of "doing business".

Therefore, with the full support of management, we are always striving to create value in accordance with our culture and principles, following a business model that concretely aims for long-term success through a strong and transparent correlation between business performance and sustainability goals.

In 2024, we want to present ourselves, in the wake of our tradition, as an even more agile and resilient company. One that cares greatly for our employees' wellbeing, is capable of attracting new talent and relevant expertise in a highly competitive environment, and of pursuing a policy of sustainable growth and innovation, even in the face of particularly uncertain macroeconomic scenarios, but always seeking the best operational efficiency



CAREL CULTURE CODE AND GOVERNANCE

HOW TO INTEGRATE OUR CORPORATE CULTURE WITH A TRANSPARENT AND ACCOUNTABLE GOVERNANCE SYSTEM.

The growth of recent years, together with the challenges and changes we have faced and will face in the near future, have led us to adopt the highest standards and development of policies, procedures and organizational structures through which our company is managed and controlled.

This is all to ensure that business decisions are made ethically, responsibly and transparently, in the best interest of all stakeholders.

The concrete implementation of our corporate culture and values is complemented by the implementation of governance that, starting with the board of directors, promotes and is characterised by the independence of its members, the representation of gender diversity, the mix of expertise and, last but not least, the responsibilities assigned.

We are always committed to ensuring maximum transparency in communicating all information, both financial and non-financial, in a timely and accurate manner. We do so ensuring that our stakeholders understand the strategies, actions and decisions made by the company.

Finally, integrating our culture with corporate governance means promoting those distinctive values and principles that guide the ethical and responsible behaviour of each of our employees and ensuring that all activities are carried out in accordance with the relevant laws and regulations.

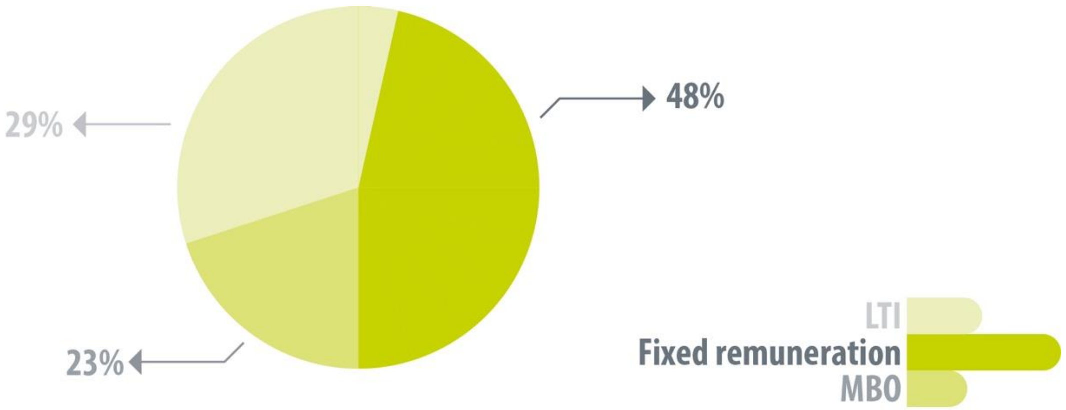
Our corporate governance focuses on the **decision-making structure, transparency**, **accountability** and **ethics** within the company and promotes an effective and responsible management style that creates long-term value for all stakeholders.

HIGHLIGHTS

- At least 30% of the annual variable incentive (MBO) of key management personnel is tied to the ESG targets.
- 30% of the long-term three-year incentives is tied to the sustainability targets.

- 52% of the CEO’s total remuneration consists of both short- and medium- to long-term variable monetary incentives (3-5 years) tied to the sustainability of the company's actual financial performance.

Pay Mix Chief Executive Officer



GOVERNANCE AND SUSTAINABILITY

Our commitment to “sustainability" has prompted us to create, as early as 2021, a two-tier governance structure comprised of the **board of directors** and the **sustainability executive team**.

The latter, reporting directly to the board of directors, defined the three-year sustainability plan adopted by the company and promoted it within the entire corporate organization. The plan called for the achievement of 55 ESG targets divided among:

- Sustainable strategy and governance;
- Environmental policies;
- Innovation and technology;
- People;
- Communication;
- Sustainable development of local communities.

With a significant economic commitment and the active cooperation of 13 different company departments, 18 total targets were pursued in 2023, among which as many as seven belonged to the “social" sphere.

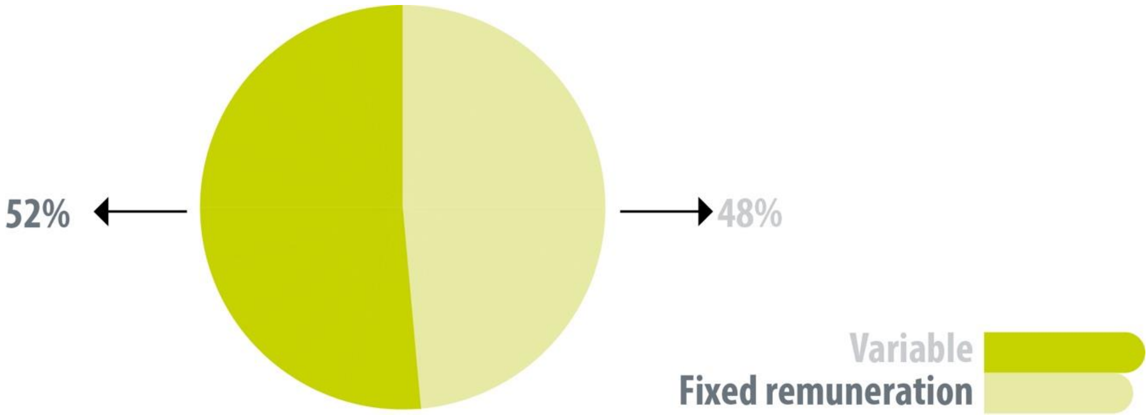
In 2024, our remuneration policy will be aimed at integrating business objectives with sustainability objectives by paying special attention not only to environmental and social issues but especially to governance issues through initiatives focused on further enhancing the integration between **our culture and the principles of transparency, ethics and accountability by which our own governance is inspired**.

THE PERFORMANCE REMUNERATION LINK

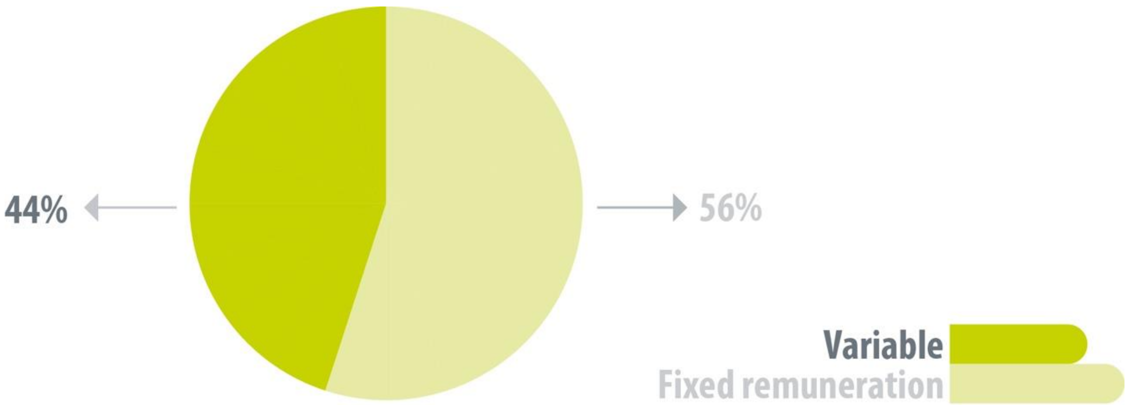
The remuneration of the CEO and key management personnel is closely tied to the company's actual short-term (MBOs) and medium to long-term performances (LTIs).

The proportion of variable remuneration ranges from 52% for the CEO to 44% for key management personnel.

Pay Mix CEO



Pay Mix Key Management Personnel



MBO 2024 | AD EX-ANTE DISCLOSURE OF THE TARGETS

		Condition ON/OFF		
OBJECTIVE	**WEIGHT**	**MIN**	**TARGET**	**MAX**
Group EBTDA	35%	0	80,500	120,750
Group consolidated Turnover	15%	0	34,500	51,750
Individual integrated "ESG&Business" targets (2)	50%	0	115,000	172,500
			230.000	**345.000**

The CEO's incentive is capped if the maximum threshold is achieved for all targets simultaneously. Other results above the minimum thresholds are calculated using the linear interpolation method.

If the CEO does not achieve the access gate (EBIT >0), the incentive system is not triggered and no incentives are paid.

ASSIGNMENT OF THE FIRST PART 2024 - 2026 LTIS FOR THE CEO, EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The first and last part of the new cycle of incentives related to the 2024 - 2026 vesting period will be assigned in 2024. The LTI plan is a pillar of the remuneration policy not only because its goal is to foster engagement and retention among senior management of the group but, particularly, because it inextricably links variable remuneration with the achievement of the company's long-term business and sustainability objectives.

Like for the first and second part, the system has two plans:

PERFORMANCE CASH	PERFORMANCE SHARES
Award of a monetary incentive if performance objectives are met over three years (2024 - 2026).	*Free award of shares if performance objectives are met over three years (2024 - 2026).*

Both plans have the same vesting characteristics and terms and either may be offered **alternatively** to the executive directors and the CEO, as well as to the company's key management personnel.

LTI 2024 – 2028 PLANS

The equity-settled and cash-settled performance plans comprise three rolling three-year vesting periods as follows:

- **first vesting period: 2024 - 2026: to be assigned in 2024.**
- second vesting period: 2025 – 2027: to be assigned in 2025
- third vesting period: 2026 – 2028: to be assigned in 2026

Each three-year vesting period is extended by **a 24-month lock-up period** even when the objectives are only partly met, as follows:

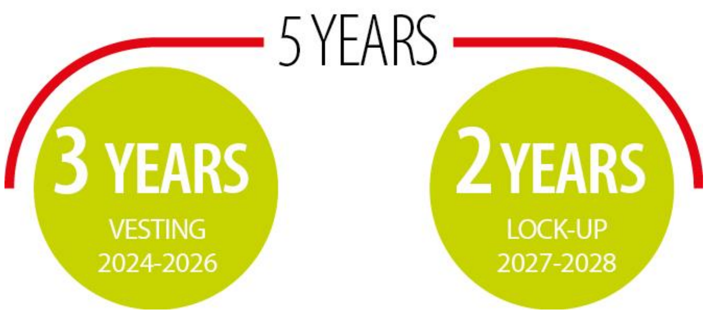
PERFORMANCE CASH	PERFORMANCE SHARES
• **For the CEO and executive directors:** 40% of the awarded amount. • **For the other beneficiaries:** 20% of the awarded amount	• **For the key management personnel:** 20% of the awarded shares. • **For the other beneficiaries:** 10% of the awarded shares.

LTI 2024 – 2026 PLANS FOR CEI AND EXECUTIVE DIRECTORS

Performance conditions

First period of the 2024 – 2026 LTIs

50% cumulative adj EBITDA in three years	**80% threshold minimum**	**100% “ON TARGET”**	**threshold max 120%**
20% Cash Conversion Adj. in three years			
30% ESG Target			



CEO

60% of the award accrued for the performance achieved in the 2024 - 2026 three-year vesting period is disbursed in cash in 2027.	**40%** of the award accrued for the performance achieved in the 2024 - 2026 three-year vesting period is disbursed in cash in 2029, i.e., after a 24-month lock-up period.

KEY MANAGEMENT PERSONNEL

80% of the award accrued for the performance achieved in the 2024 - 2026 three-year vesting period is assigned in shares in 2027.	**20%** of the award accrued for the performance achieved in the 2024 - 2026 three-year period is assigned in shares in 2029, i.e., after a 24-month lock-up period.

STAKEHOLDER ENGAGEMENT E TRANSPARENCY

Carel's objective has always been to ensure the greatest transparency and the highest commitment to aligning its shareholders' interests with those of its stakeholders.

The 2024 remuneration policy, in line with previous years, has thus maintained and strengthened the main additions made during the previous year, namely:

- The introduction of a clawback clause on short-term variable incentives (STI or MBO), similar to what is already in place for long-term incentive (LTI) schemes;
- An ongoing focus on aligning the remuneration of the CEO and key management personnel with actual business performance achieved and consistent with the peers benchmarks;
- The pursuit of a better pay mix balance which is consistent with long-term sustainability by providing ESG indicators for both short-term and long-term incentive schemes, defined with measurable and quantitative targets.

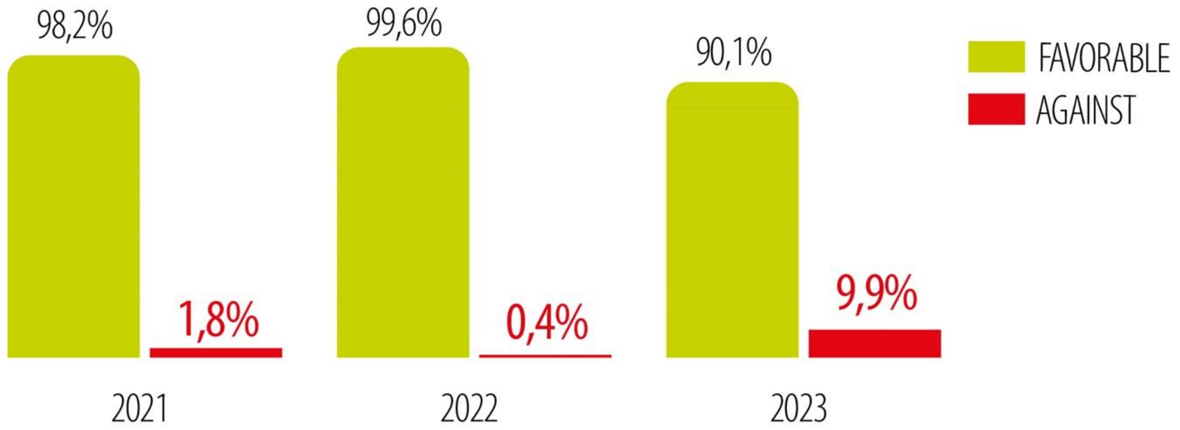
The following suggestions made by the proxy advisors during the shareholders' vote on the 2023 remuneration policy were fully implemented:

- keeping "exceptional circumstances" to a minimum, for which it is possible to operate waiving the approved remuneration policy or to circumscribe in a highly selective manner the situations for which the components of the remuneration policy can be modified with the aim of pursuing the long-term and sustainability objectives of the company;
- not including the long-term variable component in the economic treatments provided in the event of departure from office or termination of the employment relationship, nor allocate any end of office entitlements;
- the company confirmed its full willingness to disclose, ex-post, (see section II of this report) all the amounts and results it effectively reached, even though the company could not give full ex-ante "disclosure" of the quantitative business targets covered by the short-term and long-term incentive schemes, in order to preserve the confidentiality of the strategic objectives included in its business plan;

in addition, the policy of assigning long-term incentive plans exclusively in the form of cash ("LTI cash") to executive members of the board of directors belonging to families traceable to controlling shareholders is confirmed in 2024 as well.

REMUNERATION POLICY AND SHAREHOLDERS' VOTES

Traditionally, the remuneration policies have received very positive endorsement with votes cast in favour of their approval always exceeding 90%.



CEO PAY RATIO

In order to clearly and transparently present senior management's remuneration policies, this table shows the ratio of total remuneration received by the CEO in 2021, 2022 and 2023 and the average remuneration received by the group's Italian employees in the same period:

	2023	**2022**	**2021**
CEO	490,000 €	460,000 €	450,000 €
Itallian Employees	38,397 €	37,188 €	37,673 €
Pay Ratio	13:1	12:1	12:1

NdR.

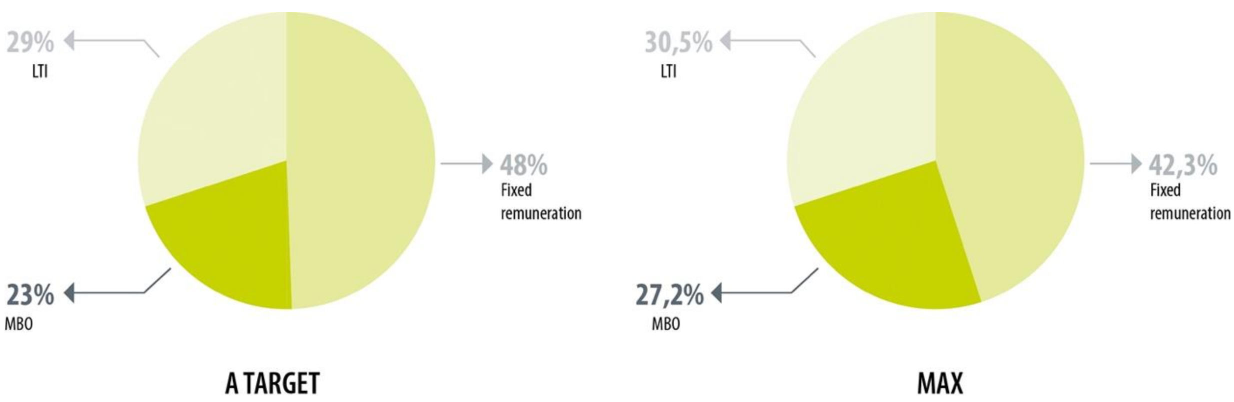
Calculated only on fixed remuneration (LFL)

PAY FOR PERFORMANCE

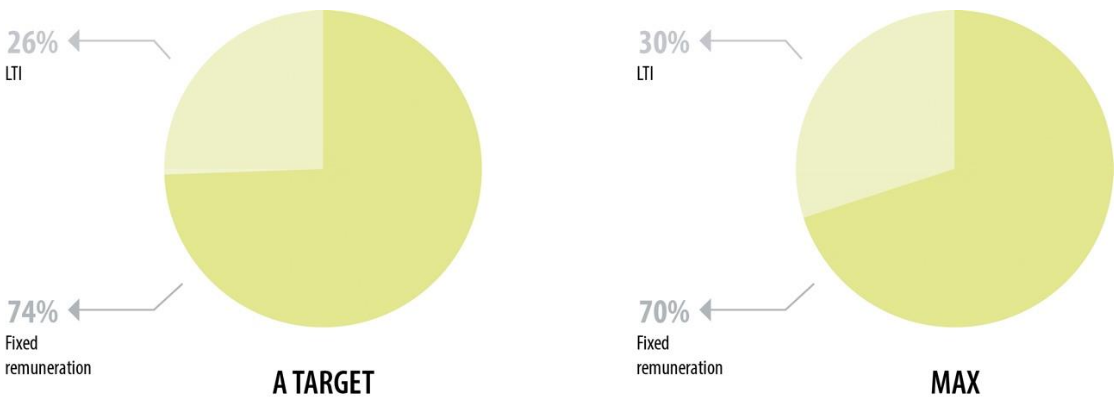
The remuneration package of the CEO, executive directors with special duties and key management personnel comprises:

- A large part tied to achievement of results defined in advance;
- A short-term variable component paid in cash;
- A medium to long-term variable component consisting of shares or cash for the key management personnel or cash for the CEO and executive directors. In both cases, part of the award due is subject to lock-up and claw-back clauses.

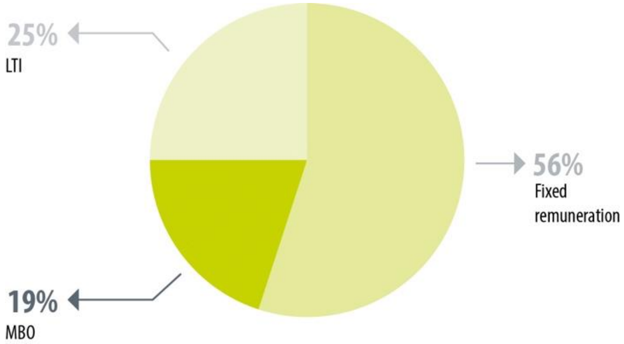
TARGET AND MAXIMUM PERFORMANCE – CEO



TARGET AND MAXIMUM PERFORMANCE – Executive Directors



TARGET AND MAXIMUM PERFORMANCE – Key Management Personnel



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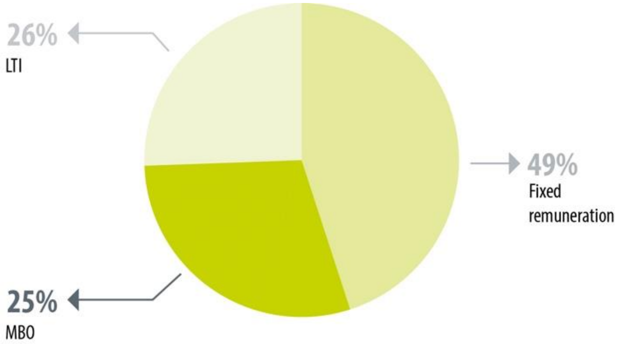


MAX

CAREL'S 2024 REMUNERATION POLICY TAKEAWAYS

FIXED REMUNERATION

defined considering the role's difficulties, effective responsibilities and experience needed.

monitoring the external reference remuneration market.

considering individual performance achievements.

SCOPE	
Able to attract, motivate and retain the best resources	
CHAIRPERSON	250,000 €
DEPUTY CHAIRPERSON	180,000 €
EXECUTIVE DIRECTOR	100,000 €
CEO	420,000 €
GENERAL MANAGER	275,000 €
KEY MANAGEMENT PERSONNEL*	182,250 € *

*(*average combined figure*)

SHORT TERM VARIABLE BONUS (MBO)

Tied to financial, operating and sustainability performance targets defined in advance:

- Group EBITDA - 35%
- Group turnover - 15%
- Integrated and individual ESG & Business target - 50%

Bonus CAP - for everyone at 150% of the nominal amount

SCOPE	
Tie remuneration to performance in a clear and direct manner, linking behaviour and actions to the company's short-term strategic objectives.	
CEO	230,000 €
GENERAL MANAGER	110,000 €
KEY MANAGEMENT PERSONNEL**	66,250 € *

*(*average combined figure*)

LONG-TERM VARIABLE AWARD (LTI)

Carel's LTI system has two separate plans:

- Equity-settled performance plan
- Cash-settled performance plan

The two plans are very similar and differ solely with respect to payment of the award if all the objectives are met.

Bonus CAP: 120% of the number of shares or monetary incentive awarded when the bonus is defined

Vesting: three rolling three-year cycles (2024-2026, 2025-2027, 2026-2028).

SCOPE

Ensure behavior aimed at ensuring sustainable performance in the medium to long-term.

PERFORMANCE CONDITIONS:

- Cumulative adjusted EBITDA in the three years – 50%
- Adj. cash conversion/region-country turnover – 20%
- ESG target – 30%

Lock-up: two years for part of the shares or monetary incentive awarded at the end of the three-year period.

OTHER ELEMENTS

BENEFITS

As part of our Total Rewards model, we offer additional social security, healthcare and mobility benefits

SCOPE

They supplement the remuneration package to be more attractive on the market and assist retention.

NON-COMPETE AGREEMENTS

Individual agreements that vary depending on the term and range of the ban against payment of a monetary fee calculated as a percentage of gross annual remuneration.

SCOPE

They protect the company's interests against unfair competition.

RETENTION/DISCRETIONARY BONUS

The CEO, executive directors and key management personnel do not receive discretionary remuneration, which can only be offered to the rest of the company's workforce.

SCOPE

They reward employees who achieve particularly brilliant results as part of achieving the company's business objectives with discretionary one-off bonuses.

SEVERANCE PAYMENT

Ex-ante individual agreements regulating payments in case of termination of employment relationships or departure of a director do not exist.

SCOPE

The company always complies with the recommendations in the Code of Conduct and the laws and national employment agreements, where applicable.

SECTION I
2024 REMUNERATION POLICY

THE POLICY’S PRINCIPLES AND BENEFICIARIES

The Carel group’s remuneration policy for 2024 (the **“remuneration policy**”) has been constructed with the aim of maintaining, in line with the past, a responsible operating approach, oriented towards the principles of ***expertise, performance and sustainability***.
The company’s ongoing commitment to these goals is, in particular, reflected in the remuneration policy, which, consistent with these objectives, assigns increasingly significant weight not only to traditional targets related to the business’s economic-financial performance but also to ESG parameters, linked to the assessment of the impact of the company’s activities on the environment, social aspects and governance.
The remuneration policy is therefore closely linked to the pursuit of the company’s sustainable success and focuses, as in the past, on the need to **attract, retain** and **motivate** people with the expertise, experience and professionalism required by the role and responsibilities held within the company.
The group’s remuneration policy also has a two-pronged aim:

- **encouraging** its existing managerial personnel to work towards management performance goals that reflect the company’s culture and values in a sustainable manner and with a medium to long-term outlook, and;
- **to attract** and **retain** top talents and those who can contribute significantly to the achievement of its business objectives in a highly dynamic and competitive market.

The principles upon which Carel bases its remuneration policy, linking variable incentive mechanisms to actual operational performance achieved, are as follows:

- ***Equality***, diversity and inclusion: management remuneration levels are traditionally designed to reward merit and expertise as well as to increasingly embrace “diversity” understood both as the search for a better balance and fairness between the remuneration of personnel operating at different levels of the organisation (through constant attention to the internal pay ratio) and as gender equity that is, the realisation of a substantial alignment of remuneration, with equal roles held and performance achieved, regardless of different gender affiliations.
- Competitiveness: as already highlighted, the remuneration policy pays great attention to the pay mix i.e., the distribution of the overall remuneration of management in its different fixed and variable components, with the substantial objective of aligning remuneration not only with best market practices (an element that is also certified by the latest analysis carried out by Mercer on the remuneration positions of the company’s top managers) but also to take into account the resources’ experience and know-how, comparing them with positions of similar levels of responsibility and complexity, as well as their performance over time.
- Sustainability: All remuneration components and, in particular, award systems, are set in line with the company’s strategic and sustainability drivers. These award systems, both cash-settled and equity-settled, vest over time (from a minimum of 12 to a maximum of 36 months) and reflect perfectly the company’s risk profile and intention to increase value over time for the group’s investors and, more generally, its stakeholders.
- Transparency***:*** Since being listed on the stock market, the company has had an extremely clear and transparent governance system able to provide information about managers’ remuneration in the most open and straight-forward way possible.

Beneficiaries

As is customary, the remuneration policy covers the group’s executive, non-executive and independent directors, statutory auditors and key management personnel.

RESULTS OF THE SHAREHOLDERS' VOTES, IMPROVEMENT ACTIONS TAKEN AND NEW CONCEPTS INTRODUCED INTO THE 2024 REMUNERATION POLICY

On 21 April 2023, in line with the ruling regulations, the shareholders approved the 2023 remuneration policy described in Section I of the remuneration report with a favourable vote of roughly **90.10%**.
The 2024 remuneration policy, subject to the approval of the shareholders' meeting on 18 April 2024, in line with previous years, has maintained and strengthened the main additions made during the previous year, namely:

- The introduction of a clawback clause on short-term variable incentives (STI or MBO), similar to what is already in place for long-term incentive (LTI) schemes;
- an ongoing focus on aligning the remuneration of the CEO and key management personnel with actual business performance achieved and consistent with the peers benchmarks;
- the pursuit of a better pay mix balance which is consistent with long-term sustainability by providing ESG indicators for both short-term and long-term incentive schemes, defined with measurable and quantitative targets.

The following suggestions made by the proxy advisors during the shareholders' vote on the 2023 remuneration policy were fully implemented:

- keeping "exceptional circumstances" to a minimum, for which it is possible to operate waiving the approved remuneration policy or to circumscribe in a highly selective manner the situations for which the components of the remuneration policy can be modified with the aim of pursuing the long-term and sustainability objectives of the company;
- not including the long-term variable component in the economic treatments provided in the event of departure from office or termination of the employment relationship, nor allocate any end of office entitlements;
- the company confirmed its full willingness to disclose, ex-post, (see Section II of this report) all the amounts and results it effectively reached, even though the company could not give full ex-ante "disclosure" of the quantitative business targets covered by the short-term and long-term incentive schemes, in order to preserve the **confidentiality of the strategic objectives** included in its business plan.

In addition, the policy of assigning long-term incentive plans exclusively in the form of cash ("LTI cash") to executive members of the board of directors belonging to families traceable to controlling shareholders is confirmed in 2024 as well.
The economic value of these plans, considering the relevant regulation, does not modify the amount of the shareholdings held and, above all, prevents the possible adoption of opportunistic behaviour that prefers the short-term increase in the market value of the shares at the expense of the creation of long-term value for the company.

As described in Section I, the 2024 remuneration policy:

(i) incorporates the main new requirements introduced by Consob about remuneration transparency with its amendments to the Issuers' Regulation. Its resolution no. 21623 of 10 December 2020 was designed to align the secondary regulations with the provisions of the Shareholder Rights Directive II and to revisit the disclosure tables to comply with changes in market practices for remuneration transparency;

(ii) reflects the instructions and recommendations of Borsa Italiana's Code of Corporate Governance.

SALARIES AND EMPLOYMENT CONDITIONS OF EMPLOYEES AND REMUNERATION POLICY

As explained in detail in the report on the 2023 remuneration policy, the company's efforts were mainly focused on fully implementing the initiatives envisaged by the **"Talent Pool Management"** project, which, through mapping of the company's population, aimed to activate a series of customised actions for different talent clusters through dedicated salary review, training and development initiatives.

The company, in line with past years, has designed a series of "**Human Capital Management" (HCM)** initiatives aimed at ensuring, amidst a particularly challenging and competitive labour market, the maximum well-being of its employees. Operating in a logic of total rewarding, it combines classic perks with structured corporate welfare plans and improvement of the work-life balance through integrated platforms of flexible benefits and a structural application of remote working.

Similar to last year, in 2024 we will also proceed with the analysis of the pay benchmarking of the positions/roles belonging to the different levels of the company compared to the reference market, in order to measure any deviations and any actions to be taken to close these gaps.

In a particularly difficult time for the labour market which is characterised by an unprecedented labour and skill shortage relevant to the needs of companies, the main objective is to increase the workplace's attractiveness and retention, especially to the most strategic positions and roles but also, to balance the salaries within the overall business organisation, fairly and sustainably.

The application of the "Talent Pool Management" model will then allow for further evaluation and refinement in order to measure the contribution that different employees are and will be able to make to the achievement of the company's business objectives, not only by measuring the level of know how and expertise possessed but also by estimating the possible criticality in finding the same profiles and expertise on the market in the event of resignations or voluntary exits.

In line with the indications provided in previous years, for the CEO, key management personnel and senior management in general, the 2024 remuneration policy envisages an overall remuneration structure based on their positions and duties for the fixed component, while the contribution made by each individual profile to the achievement of the company's targets, both short- and medium-to-long-term, linked both to business performance and to the achievement of the sustainability objectives that the company has set within its three-year plan, is considered for the variable part.

GOVERNANCE

The company's remuneration policy is based on a clear and transparent governance process which complies with legislation and the recommendations of Borsa Italiana's Code of Corporate Governance, involving the following parties:

- the remuneration committee;
- the board of directors;
- the board of statutory auditors;
- shareholders;
- HR & Organisation unit;
- independent experts.

These parties, in different capacities and with different responsibilities, contribute to the definition, approval, implementation and possible revision of the remuneration policy.

The policy is generally drafted following the structured process described below. Briefly, with the consistent assistance of the HR department, the board of directors, the remuneration committee and the board of statutory auditors oversee the application of the approved remuneration policy and are responsible for its consistent and timely implementation.

The remuneration committee in particular prepares a number of proposals and suggestions for the board of directors about the form and content of the remuneration policy in accordance with its advisory and policy-making responsibilities. To carry out this role, it relies on the cooperation and analyses provided by the HR department and the support of leading international consulting firms experienced in the field of people services. In addition, the committee, together with the board of directors, oversees the policy's correct roll-out and, according to the selective cases contained in the derogation policy", includes any revision thereof.

Within this process, the board of statutory auditors, after having checked that the proposals are in line with the company's general remuneration practices, expresses an opinion on them, especially with respect to remuneration paid to the directors with special duties (as per article 2389 of the Italian Civil Code).

Finally, as related above, after reviewing and approving the remuneration policy, the board of directors presents it to the shareholders who, starting in 2020 with the enactment of Legislative decree no. 49/2019 (which implements the Shareholder Rights Directive II), expresses an opinion on the policy with their binding vote on Section I (remuneration policy) and advisory vote on Section II (the remuneration paid in the previous year).

In addition to the process explained above, the remuneration policy is generally drafted using both analysis and benchmarking of market remuneration practices and by assessing the effects of the remuneration policies approved in previous years.

REMUNERATION COMMITEE

As provided for by Borsa Italiana's recommendations in the Code of Corporate Governance, the remuneration committee advises and guides the board of directors, particularly for the remuneration of the executive directors, the directors with special duties and the key management personnel.

Furthermore, in addition to assisting the board of directors to draft, oversee and possibly revise the remuneration policy, the committee contributes to the design of equity- and cash-settled incentive plans, both short- and medium-to-long-term, so that they are aligned with the business and sustainability targets that the company sets.

The main responsibilities of the remuneration committee can therefore be summarised as follows:

- assisting the board of directors in drafting the remuneration policy with special focus on the directors and the key management personnel;
- offering opinions and formulating non-binding proposals and/or suggestions on the remuneration for the chairperson of the board of directors, the deputy chairperson, the managing director and executive directors;
- contributing to the definition of performance objectives linked to the short- and long-term variable component of the remuneration;
- regularly assessing the adequacy, compliance, economic sustainability and actual application of the adopted remuneration policy, with the assistance of the control bodies and/or corporate functions;
- checking that performance goals underpinning the short- and long-term incentive systems are met for the executive directors, directors with special duties and key management personnel;
- proposing equity-settled incentive plans and stock option, or similar plans, to the board of directors to both engage and retain management over the long-term, and, on the other hand, to support the long-term retention of senior figures within the organisation;
- assisting the board of directors in setting goals related to the adopted incentive plans and suggest evaluation metrics to be used to measure the achievement of these goals.

Since its inception, the committee has had its own internal regulations that define its rules of operation, such as how often the committee meets to carry out the typical functions of its mandate and the reasons why the chairperson or a member of the committee or the chairperson of the board of statutory auditors may justifiably request that it be convened.

The regulations also stipulate that there must be at least one meeting per year before the board of directors meets to resolve on the remuneration of the chief executive officer, the general manager and key management personnel, or to discuss LTI plans or the granting of shares.

The members of the board of statutory auditors are always invited to the committee meetings, without the obligation to attend.

As provided for by recommendation 26 of the Code of Corporate Governance, none of the directors (or, more generally, no potential beneficiaries) attend remuneration committee meetings when proposals are made about their remuneration or the granting of any benefits.

COMPOSITION

At the date of this report, the remuneration committee, which drafted and submitted the proposed report on the 2024 remuneration policy to the board of directors, comprised the following non-executive independent directors:

- **Cinzia Donalisio**, chairperson;
- **Marina Manna**, member;
- **Maria Grazia Filippini**, member.

Each committee member has a long and consolidated experience with the company bodies of listed companies, as well as specific expertise in economic and financial matters and, in particular, remuneration and incentive policies, as carefully assessed by the board of directors at the time of their appointment.

Activities

During 2023, the remuneration committee held a total of eight meetings: in line with the practices introduced in 2020 following the pandemic, participants were free to choose whether to attend in person or via video conference..

The committee members participated at all the scheduled meetings while none of the executive directors were invited to participate at meetings where their remuneration was being discussed.
The members of the board of statutory auditors, which have a standing invitation, always attended, with the sole exception of the meeting held on 11 May 2023 at which one absence was recorded.
As per usual, the group's HR manager attended all the committee meetings as secretary, sending out, pursuant to regulations, notices of the meetings and writing up the minutes afterwards.

The main issues discussed by the committee, supported by the group's HR manager, were:

Activities of the remuneration committee	**Date**
Final 2022 MBO payout analysis related to the chief executive officer and internal auditor; the analysis and target setting related to the 2023 MBO of the chief executive officer and internal auditor; the review of the first draft of the 2023 remuneration policy " (Section I) and chairperson's letter.	15 February 2023
Approval of the annual report on the remuneration committee activities for 2022"; approval of the final 2022 MBO payout for the chief executive officer; reporting on the third period of the LTI related to the 2020 – 2022 vesting period; final approval of the 2023 remuneration policy (Section I) and report on fees paid in 2022 (Section II) and chairperson's letter; approval for setting the 2023 MBO targets for the chief executive officer and internal auditor.	1 March 2023
Analysis of the shareholders' meeting vote on the 2023 remuneration policy (Section I and Section II); update on the HR situation with presentation of "HR dashboard" of Q1 2023.	11 May 2023
Presentation and analysis of "HR dashboard" relating to the first half of 2023; approval of Mercer Italy's assignment for remuneration benchmarking in relation to the chief executive officer, key management personnel, non-executive directors and members of the board of statutory auditors; update on internal organisational changes.	2 August 2023
"Remuneration benchmarking" project kick off (by Mercer Italy).	14 September 2023
Presentation of the panel of companies covered by the remuneration benchmarking project (by Mercer Italy).	19 October 2023
Presentation of the final results of the remuneration benchmarking project (by Mercer Italy); Implementation of the "2023 – 2025 LTI plan" with evidence of the list of beneficiaries and type of plan adopted.	9 November 2023
Analysis, evaluations, and possible proposals for remuneration adjustments for 2024 relating to the chief executive officer, the general manager and key management personnel; analysis, evaluations, and possible proposals for remuneration adjustments for 2024 to be paid to independent directors and members of the board of statutory auditors.	13 December 2023

BOARD OF DIRECTORS

At the date of this report, the current board of directors, appointed on 20 April 2021 by the shareholders in their ordinary meeting, using the list-voting mechanism, is comprised of 7 members. The term of office is three years, i.e., until the date of the shareholders' meeting called to approve the financial statements at 31 December 2023. A new board of directors will, therefore, have to be appointed at the shareholders' meeting on 18 April 2024.

The current board of directors comprises:

- Executive chairperson: **Luigi Rossi Luciani;**
- Executive deputy chairperson: **Luigi Nalini**
- Chief executive officer: **Francesco Nalini;**
- Executive director: **Carlotta Rossi Luciani;**
- Non-executive independent director: **Cinzia Donalisio**
- Non-executive independent director: **Marina Manna**
- Non-executive independent director: **Maria Grazia Filippini**.

Once a year, the remuneration committee makes proposals and shares recommendations, through a clear and transparent procedure, regarding the remuneration policy (Section I) to the board of directors, which is then called upon to define it in detail and approve it.

Also once a year, the board approves the report on the previous year's remuneration policy and fees paid (Section II) and presents it to the shareholders' in accordance with and to the extent of the limitations of article 123-ter of the CFA, ensuring its implementation.

In closing, the board of directors also approves remuneration in the form of medium to long-term equity-settled incentive plans (Shares Incentive Plan) as recommended by the remuneration committee and submits it for approval by the shareholders, ensuring, also in this case, it is properly implemented.

Therefore, the board ensures that the remuneration accrued and actually paid is consistent not only with the principles and criteria defined in the approved policy but is also in line with the results achieved and other potential circumstances/events that are relevant to its implementation.

BOARD OF STATUTORY AUDITORS

At the date of this report, the board of statutory auditors comprised:

- Chairperson: Paolo Prandi;
- Standing statutory auditor: Claudia Civolani;
- Standing statutory auditor: Saverio Bozzolan;
- Alternate statutory auditor: Camilla Menini;
- Alternate statutory auditor: **Fabio Gallio.**

Following the sudden death of alternate auditor Alessandra Pederzoli on 24 June 2023, in a shareholders' meeting held on 14 September 2023, the board of statutory auditors was integrated and alternate auditor Camilla Menini was appointed.

Like the board of directors, the current board of statutory auditors was appointed by the shareholders in their ordinary meeting of 20 April 2021, using the list-voting mechanism, with the sole exception of alternate auditor Camilla Menini. The board of statutory auditors will also remain in office until the date of the shareholders' meeting called to approve the financial statements at 31 December 2023.

The board of statutory auditors plays an important role in drafting the remuneration policy. It is invited to express comments and opinions on the remuneration of members of the various corporate bodies, and particularly those relating to the directors with special duties, in accordance with article 2389 of the Italian Civil Code.

As part of its duties, the board of statutory auditors is also required to express an opinion on whether the salaries and fees paid are accurate, fair and in line with the company's remuneration practices.

SHAREHOLDERS

As regards remuneration, the shareholders meet to approve the directors' overall remuneration (pursuant to articles 2364.1.3 and 2389.3 of the Italian Civil Code) during their ordinary meeting and also to vote on additional remuneration based on financial instruments for the directors, general managers, employees, consultants or other key management personnel in accordance with article 114-bis of the CFA.

As described in Section I and in accordance with article 123-ter.3-bis/3-ter of the CFA, introduced by Legislative decree no. 49/2019, the remuneration policy requires the **binding vote** of the shareholders in their ordinary meeting called to approve the financial statements as per article 2364.2 of the Italian Civil Code.

As required by article 123-ter.6 of the CFA, introduced by Legislative decree no. 49/2019, Section II requires the **advisory vote rather than the binding vote** of the shareholders that are required to vote for or against the section at their ordinary meetings.

The remuneration policy is submitted annually to the shareholders' meeting for a vote, or as often as the duration of the policy requires, or if particular changes occur that require approval or disapproval of the policy.

The Italian legislator indicated in the report accompanying Legislative decree no. 49/2019 that amendments to the remuneration policy of a merely formal or presentation nature need not be submitted for the shareholders' vote as this is only required for substantial amendments to the policy's content.

Moreover, in order to need a new vote from the remuneration committee, Consob clarified that the amendment to the policy's content must relate to aspects already presented in the previously approved policy or introduce new aspects with the result that the previously approved policy is no longer representative of the amended policy, which is why the shareholders are required to re-approve it.

Lastly, should the shareholders not approve the remuneration policy presented for their vote, the company shall continue to recognise fees and remuneration in line with the most recent policy approved by the shareholders or, if this is not possible, it may continue to pay remuneration as close as possible in accordance with its existing practices. In this case, the company is required to present a revised remuneration policy for approval to the shareholders at the next shareholders' meeting called in accordance with article 2364.2 of the Italian Civil Code at the latest.

INDIPENDENT EXPERTS

As part of its consulting and advisory duties, the remuneration committee examines market remuneration and actuarial analyses prepared by independent experts, within the limits of its budget. The latter, having a solid and consolidated expertise in this field, can provide information and research, in mainly aggregate and statistical form, on remuneration trends, practices and levels on a benchmark basis using peer groups of companies comparable to Carel in terms of size, business models and sector.

The ultimate aim of these analyses and studies is not only to monitor the adequacy of senior management's remuneration in relation to the average offered by the market for comparable roles/positions but also to accurately highlight possible differences and what actions need to be taken to close any gaps.

REMUNERATION AND FEES PAID

Consistent with those of previous years, the company's 2024 remuneration policy comprises the following elements:

- compensation for the positions of director, executive or independent (for the parent or associates);
- fixed remuneration;
- short-term variable remuneration (MBO);
- long-term variable remuneration (LTI);
- benefits.

Article 22 of the by-laws clearly provides that:

i. all the directors shall receive a fixed annual fee for their services, defined by the shareholders as a total amount and divided up by the board among its members, including in relation to their involvement in board committees;
ii. In addition to an annual fee for their position, the board of directors may allocate additional fees to the directors with special duties as provided for by article 2389.3 of the Italian Civil Code and after consulting the board of statutory auditors, within the maximum amount defined in advance by the shareholders;
iii. The directors shall also receive reimbursement for any expenses incurred to carry out their duties, in line with the methods and criteria set by the board of directors.

The remuneration packages of the executive and independent directors, the chief executive officer, the general manager and key management personnel are therefore comprised of a combination of these elements, depending on the role held, the responsibilities allocated and the performance of each beneficiary.

The various elements making up the remuneration packages of the above-mentioned beneficiaries are summarised below:

REMUNERATION PACKAGE ITEMS

	Fee	GAR	MBO	LTI	Benefits
Luigi Rossi Luciani, executive chairperson	•			•	•
Luigi Nalini, executive deputy chairperson	•			•	•
Francesco Nalini, chief executive officer	•	•	•	•	•
Carlotta Rossi Luciani, executive director	•			•	•
Cinzia Donalisio, independent director	•				
Maria Grazia Filippini, independent director	•				
Marina Manna, indipendent director	•				
General Manager	•	•	•	•	•
Key Management personnel	•	•	•	•	•

As noted in the introduction, and in line with the past, the Carel Group's remuneration policy as a whole is designed to also achieve the following objectives in 2024:

- **align the interests of shareholders and senior management** by closely correlating the remuneration policy, the business objectives and the actual results achieved;
- **attract, retain and motivate the resources deemed most important** through competitive short- and long-term remuneration structures that stimulate and incentivise the performance of beneficiaries;
- **pursue the company's long-term interests and sustainability goals**, considering both the total remuneration paid, the wages and employment conditions offered to all company employees.

The remuneration policy is proposed for 2024 and, as usual, is valid for one year.

The shareholders' meeting called for 18 April 2024 to approve the financial statements at 31 December 2023 will also be asked to renew the board of directors and, therefore, to approve the total annual fixed fee of its members pursuant to article 22 of the by-laws. This fee is proposed by the outgoing board of directors considering the guidance and recommendations made by the remuneration committee. It proposed that the fee be fixed at an annual gross €1,200,000, approved by the shareholders (inclusive of the fees of the committees members), while the fixed and variable fees of the directors with special duties will be decided by the new board of directors after consulting the remuneration committee and the board of statutory auditors in accordance with the criteria set out in the company's remuneration policy.

The incoming board of directors will adhere to the guidelines of the 2024 remuneration policy and will decide the fees of the directors with special duties and the non-executive directors who participate in board committees in accordance with the applicable legislative and by-laws requirements and the resolution passed by the shareholders on 18 April 2024.

COMMITMENT TO SUSTAINABILITY - ESG

Consistent with the three-year sustainability plan "***Driven by the Future***" approved in 2021, the company also confirms for 2024 its commitment to fulfilling its ESG (Environment, Social, Governance) goals with a view to increasing integration with the business. In fact, the remuneration policy for Carel's senior management and key management personnel ties a significant part of their remuneration to the achievement of performance targets linked to sustainability through variable short-term (MBO) and long-term (LTI) incentive systems.

During 2024, the new sustainability plan will be presented, which will define, in partial continuity with the previous three-year period, the new ESG goals, the different areas of achievement, and the economic commitment required to achieve them. The company, meanwhile, has already submitted and approved as part of the "**Climate Transition Plan**", its ambitious decarbonisation plan which, over the next ten years, should lead, through the identification of well-defined investments and development processes, to a major reduction in group emissions (direct and indirect) expressed in tCO2eq according to SBTI methodology (Science Based Targets initiative). A transition plan integrated into the company's business plan, aimed at strengthening and accelerating Carel's strategic positioning over the long term, requiring business model changes and careful, integrated risk management.

To this end, the model of "**Enterprise Risk Management**" **(ERM)** which, strengthened by the recruitment of an enterprise risk manager figure in the company, will be completed with the finalisation of the Tier 1 and Tier 2 risk sheets and related initiatives aimed at containing their potential negative impacts.

Also to ensure the consistent achievement of the sustainability goals to be identified, Carel has consolidated the relevant two-tiered governance structure which consists of the **board of directors** on the one hand and a **sustainability executive team** on the other.

In this regard, as early as 2021, the board of directors conferred particular proxies in the field of sustainability to the executive director Carlotta Rossi Luciani, who was also assigned the responsibility of overseeing and coordinating operational activities related to the achievement of the approved goals by verifying their alignment with the group's business strategies.

The board of directors has also included the sustainability plan (and related goals) within the overall assessments made by the risk control committee to properly and appropriately monitor the impacts that activities aimed at pursuing these goals generate in terms of overall risk to the company.

The sustainability executive team, rather, is made up of managerial figures who hold positions particularly relevant to sustainability in the company and aims to identify priority objectives and their timelines for implementation within the overall commitments made by the group. In this respect, however, the responsibility for achieving the objectives included in the plan lies with the managers of the individual departments involved who must allocate resources, time, tools and know-how to the actions necessary to achieve such goals. Meanwhile, the sustainability executive team checks the progress of the projects and the achievement of the goals, and any deviations about the timing of target achievement, constantly updating the executive director for sustainability and the CEO.

In 2024, like in previous years, both short-term and long-term incentive plans will be closely related to the achievement of measurable goals defined in the sustainability plan. The link is designed as follows:

- In the case of the MBO plans, at least 20% of the nominal amount of the award is tied to achievement of specific internal sustainability indicators, as assessed by the remuneration committee with the support of the HR department;
- Similarly, the 2024 – 2028 LTI plans provide that 30% of the nominal amount of the awards is tied to a sustainability target, which is the mathematical average of two indicators used to measure the company's environmental, social and governance (ESG) commitments.

The integration of sustainability goals with business goals within both short-term and long-term variable incentive systems is therefore the defining element of Carel's remuneration policy, aligning it not only with the recommendations of Borsa Italiana's Code of Corporate Governance but also, and above all, with market best practices.

REMUNERATION OF THE NON-EXECUTIVE INDEPENDENT DIRECTORS

At the date of this report, the fees of the non-executive independent directors are as follows:

- **Cinzia Donalisio** – €75,000 gross per year, broken down as follows:
  - €50,000 as non-executive director;
  - €15,000 as chairperson of the remuneration committee;
  - €10,000 as member of the control, risks and sustainability committee.
- **Marina** Manna – €75,000 gross per year, broken down as follows:
  - €50,000 as non-executive director;
  - €15,000 as chairperson of the control, risks and sustainability committee;
  - €10,000 as member of the remuneration committee.
- **Maria Grazia Filippini** – €70,000 gross per year, broken down as follows:
  - €50,000 as non-executive director;
  - €10,000 as member of the control, risks and sustainability committee.
  - €10,000 as member of the remuneration committee.

These fees were assigned by the board of directors following the shareholders' meeting on 20 April 2021, where the shareholders set the total fixed component of the directors' remuneration as gross annual €850,000 for the 2021 – 2023 period. The different amounts of the €820,000 allocated to the various directors was determined on a pro rata temporis basis and divided according to their role and responsibilities within board committees.

The current board of directors will end its three-year term with the approval of the 2023 financial statements and the shareholders will be asked to appoint the new board and its annual total remuneration, valid for the 2024 – 2026 three-year period, at their meeting on 18 April 2024.

The remuneration policy adopted for non-executive and independent directors was subject to a benchmarking analysis in 2023 by a leading consulting company, Mercer Italia, a market leader on human capital issues and actuarial and pension services.

Mercer's analysis confirmed that the fees paid to the non-executive directors are as a whole commensurate with the expertise, professionalism and commitment required to carry out their duties and their responsibilities as directors and board committee members.

Moreover, like in previous years, the annual gross remuneration of the non-executive and independent directors for 2024 is not linked to the achievement of results by the company and/or the group but solely to their commitment to carrying out their different roles.

Lastly, subject to the resolutions of the competent bodies, it is provided that for the independent members appointed in the context of the renewal of the board of directors scheduled for 18 April 2024, additional agreements will not be entered into for the payment of special fees or compensation in the case of dismissal or revocation without just cause or termination of the employment relationship for whatsoever reason.

REMUNERATION OF THE BOARD OF STATUTORY AUDITORS

The shareholders elected the board of statutory auditors in office at the date of this report in their ordinary meeting of 20 April 2021 for a three-year period until approval of the financial statements at 31 December 2023.

In the same meeting, pursuant to article 2402 of the Italian Civil Code, the shareholders set the remuneration for the board of statutory auditors at a gross amount of €90,000 per year for the full term of office, allocating this amount to three auditors according to their roles within the control body.

The remuneration for the members of the board of statutory auditors at the date of this report is as follows:

- **Paolo Prandi**, Chairperson: €40,000, gross.
- **Claudia Civolani**, Standing statutory auditor: €25,000 gross.
- **Saverio Bozzolan**, standing statutory auditor: €25,000 gross.

As usual, the remuneration established for each member of the board of statutory members solely comprises a fixed component and is not linked either directly or indirectly to the company's or group's results.

The remuneration policy adopted for the members of the board of statutory auditors was also subject to a benchmark analysis against market best practices by Mercer Italia in 2023. This analysis showed that the remuneration paid to the members of the board of directors is commensurate with the commitment required and responsibilities assigned and is in line with that of its market peers while nevertheless finding differences with respect to the fees paid to the other members of the corporate bodies (in particular those assigned to the non-executive and independent directors).

The shareholders' meeting called for 18 April 2024 to approve the financial statements at 31 December 2023 will also be asked to renew the board of statutory auditors. Therefore, the shareholders will also resolve on its total remuneration, which is established considering the information about the activities carried out by the outgoing board of statutory auditors regularly communicated to the board of directors during its term of office. The total remuneration is expected to be more in line with that of the non-executive directors.

REMUNERATION OF THE EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL – REMUNERATION COMPONENTS

Like in previous years, a significant part of the remuneration package of the group's executive directors and the key management personnel for 2024 is tied to the achievement of business and sustainability targets (both short and long-term) defined in advance and partially paid over time, especially for the long-term incentives.

The long-term variable component may either be paid in cash or in company shares. Depending on the beneficiary, different percentages thereof are subject to both lock-up and clawback clauses.

The results of the market *benchmark* analysis, conducted by Mercer Italy in 2023, contributed significantly in defining the 2024 remuneration policy. In particular, the analysis was essential in determining the pay-mix and targets to which the fixed and variable (short and long-term) components of remuneration should be linked. The benchmark was also significant in assisting the comparison of the company's practices with those of a group of peers in the labour market which, given their business sector, size, group organisation and international footprint, were and continue to be significant people competitors in the labour market.

The companies used in the benchmark were:

Ariston Holding	EPTA
Askoll Group	FAAC
Bosch Rexroth	Modine Pontevico
Danfoss	Renesas Electronics Europe
Danieli &C. Off.Meccaniche	Salvagnini
Electrolux	Samsung Electronics Italia
Eldor Corp.	Safilo
Elica	Schneider Electric
Eaton	Siemens
Umbragroup	

FIXED REMUNERATION

In 2024, in line with previous years, Carel defines the fixed remuneration of the executive directors and those with special duties and key management personnel considering:

- the complexity, actual responsibility and experience required for their role and duties;
- the external reference remuneration market to ensure competitiveness;
- the individual performances.

The fixed component is between **48%** and **58%** of the total remuneration packages of the senior managers.

Even if the variable component (short and long-term) is not paid due to non-achievement of the related performance targets, the fixed component is set so as to reduce excessively risk-orientated behaviour and to focus the managers' attention on short-term results.

Periodically, at least once a year, the appropriateness of conducting a salary review proposal for senior figures is considered. This proposal, the formulation of which is entrusted to the remuneration Committee, is then submitted to the board of directors for the necessary evaluation and approval.

This proposal may include an adjustment to fixed pay, short-term variable pay, or both. Reviews are conducted by evaluating, among others, the following elements:

- ✓ the market competition;
- ✓ the weight of subject's role within the organisation;
- ✓ the individual performance in achieving targets;
- ✓ sustainability;
- ✓ internal equity.

VARIABLE REMUNERETION

The variable component of the remuneration packages offered by Carel to its executive directors with special duties and key management personnel comprises two key elements:

- an annual bonus system (**MBO** – management by objectives) also defined as **STI** – Short Term Incentive;
- long-term incentives (**LTI**) which may comprise both equity-settled (**company shares**) or cash-settled performance plans.

The remuneration policy balances the fixed and variable component in line with the company's strategic objectives and risk management policy. It also considers the nature of Carel's business and its business sector. The variable component always makes up a large part of the overall remuneration.

Annual incentive system – MBO

Scope and characteristics

The annual variable incentive system (MBO) put in place by the company for employees with specific responsibilities is designed to align the beneficiaries' efforts with short-term strategic targets (one year) with payment of a bonus in proportion to the actually-achieved results.

The annual variable incentive system is based on a well-honed format, approved by the board of directors in 2019 as proposed by the remuneration committee and after consulting the board of statutory auditors. The remuneration committee reviews the parameters and targets each year and proposes them to the board of directors for its approval.

The approved format is based on the achievement of both economic-financial targets, that are defined at individual company and/or group level, as well as individual performance targets in relation to ESG sustainability goals, the achievement of which depends on performance and the responsibility level of the beneficiaries.

The targets are generally linked to indicators that are quantitative, representing the company's strategic and industrial priorities. They are measured using objective and pre-defined parameters. The targets are notified using a linear, transparent process whereby they are first shared and discussed individually with all beneficiaries and then definitively allocated when the process is formally completed.

The short-term incentive plan has four targets for each senior position, as follows:

- **Two group financial performance targets**, equal to 50% of the total:
  - Consolidated EBITDA (35%);
  - Group revenue (15%).
- **Two integrated ESG & Business individual performance targets** equal to 50% of the total. As previously stated, these may be either business-related or related to ESG targets in the sustainability plan approved by the company, and are generally assigned in relation to a beneficiary's role, responsibilities and/or specific strategic projects/activities.

The individual performance targets assigned to the CEO and key management personnel for 2024 are:

- **Chief executive officer:**
  - Producing the business plan "Digital Services" 2024 KIONA – (weight 20%)
  - Decarbonisation plan – Carel production plant emissions reduction – (weight 30%)
- **General manager:**
  - Producing the business plan "Digital Services" 2024 KIONA – (weight 20%)
  - PPM customer returns vs. 2024 sale – (weight 30%)
- **Chief financial officer:**
  - Business development North America (including SENVA) – (weight 20%)
  - Decarbonisation plan – Carel production plant emissions reduction – (weight 30%)
- **Chief HR & Org. officer:**
  - Decrease in personnel (WC) turnover and increase in attraction (particularly as regards gender balance) through relevant HCM initiatives – (20% weight)
  - Certification on gender equality – (weight 30%)
- **Chief Quality & ERM Officer:**

- PPM customer returns vs. 2024 sale – (weight 20%)
- Completion enterprise risk model (Tier 1 and Tier 2) – (weight 30%)

- **Chief Operation Officer:**
  - PPM customer returns vs. 2024 sale – with manufacturing and shipping origin – (weight 20%)
  - Near miss & unsafe conditions – (weight 30%)

Performance conditions

The incentive system just outlined is designed to direct management action in a coordinated way on the achievement of the Carel Group's value drivers.

However, in line with previous years, the incentive system must contain a series of ancillary clauses that preserve the company's ability to meet its commitments, starting with identifying a minimum threshold (gate) for access to the incentive below which the bonus automatically cancels.

The conditions are as follows:

- an on/off access gate tied to the group's EBIT. if the EBIT is negative, pay out of the MBO does not take place regardless of the results achieved for the individual targets;
- a minimum threshold (0) for achievement of each target, which if not reached, implies that the percentage of the bonus assigned to that target is zero;
- a "target" threshold (100%) which if reached implies that 100% of the bonus is paid for that target;
- a maximum threshold (150%) which if reached implies payment of a bonus of 150% for that target.

	Minimum threshold (0%)	Target threshold (100%)	Maximum threshold (150%)
Chief Executive Officer	0	230.000€	345.000€
General Manager	0	110.000€	165.000€
Key Management personnel (average)	0	66.250€	99.375€

Nota: These are possible pay-outs calculated using the total nominal amounts granted to each beneficiary.

The company's annual variable incentive system also includes the malus and clawback clause, whereby the bonus can be partially or totally recovered within 12 months of its disbursement. This mechanism replicates what, as early as 2018, had been provided for long-term incentive (LTI) schemes, effectively aligning the conditions for the granting bonuses independently of the length of the time horizon of the pay-outs.

The conditions which would trigger the malus and clawback clause are as follows:

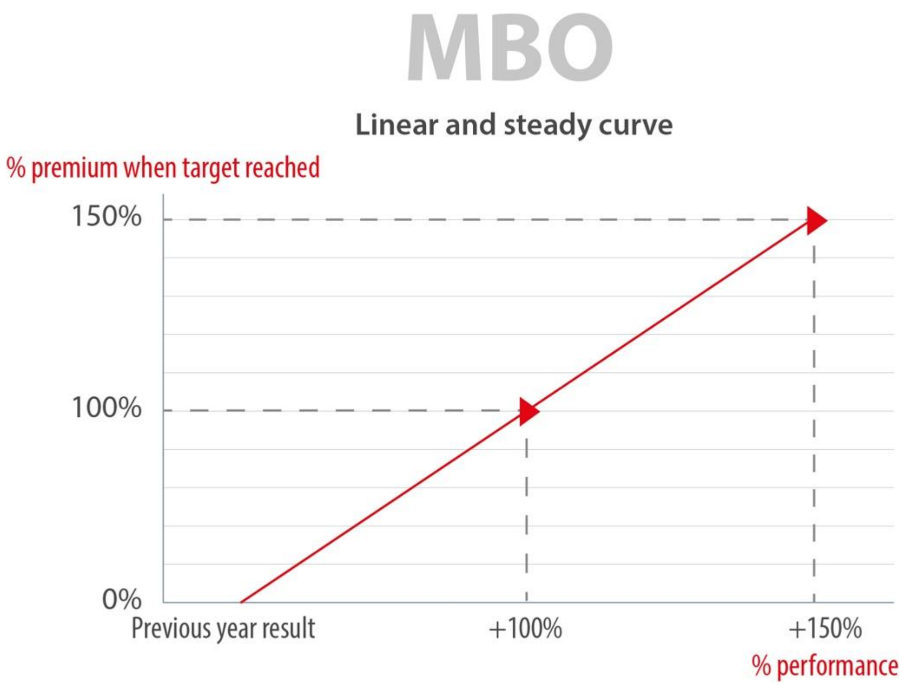
- conduct that goes against company practice, legal and contractual regulations and the company's code of ethics;
- willful or grossly negligent conduct committed to the detriment of the company.
- objective circumstances (caused by serious errors or negligence) that lead to the restatement of the company's financial results such to have a significant impact on the achievement of the targets;

In the STI incentive systems, the targets (especially the financial ones) are defined to ensure ongoing sustainable growth over time. They are established strictly in line with that approved by the board of directors at the time the budget is approved.

The performance curves and related pay-out are measured on a linear basis starting from the minimum threshold (0%) and arriving at the target threshold (target met = 100%) or, in the case of particularly outstanding or notable performances, a maximum threshold of 150% (cap).

Bonuses are paid on the basis of the months effectively worked with the company. Moreover, the bonus is only paid if the beneficiary is still an employee at the time the bonuses are paid out. The practice is that a minimum period of six months of service is required to receive part of the bonus for the year.

The pay-outs are calculated considering the results achieved in the reference year (X) and paid in February of the following year (X+1), usually after the board of directors has approved the draft consolidated financial statements and on the condition that the ON/OFF access gate has been reached.



Working: the minimum performance gateway is the previous year result Linear correlation used to calculate the payout.

Performance range: 0% - 150%

% Payout: 0% - 150% of the target

LONG TERM INCENTIVE SYSTEM – LTI

Scope and characteristics

The current system, as from 2021, has two types of plan:

- **equity-settled performance plan**, where the pay-out is in the form of shares if the business and sustainability (ESG) targets set by the company are met;
- **cash-settled performance plan**, with a cash pay-out if the targets are met.

The beneficiaries of this system are the executive directors, the chief executive officer, the general manager, key management personnel and another group of managers held to be extremely important for achievement of the business targets. These targets are defined in line with the business plan and, for the ESG topics, with the new long-term sustainability plan (integrated with the business plan) still under approval by the company.

The LTI incentive systems, both equity-settled and cash-settled, respectively entail the free award of ordinary Carel shares or a cash payment. They comprise 3 (three) rolling vesting periods, each of three years, after which the shares are assigned or the cash award disbursed after checking that the specific performance targets have been met.

The 2021 – 2025 equity-settled performance plan, approved by the shareholders' at their meeting on 20 April 2021 (the "**2021-2025 Plan**"), and the 2021 – 2025 cash-settled performance plan, as detailed in the 2023 remuneration report, to which reference is made (see Section I), continue to apply in relation to the vesting periods "2022 – 2024" and "2023 – 2025".

The nature of the 2021 – 2025 plan is presented in the illustrative report of the board of directors prepared for the shareholders' meeting of 20 April 2021 and in the information memorandum as per article 84-bis of the Issuers' Regulation, available on the company's website www.carel.com in the Investors Relations/Shareholders' Meetings section and in the storage system eMarket STORAGE www.emarketstorage.com.

The shares vested after the first vesting cycle of the new variable long-term incentive plan will be awarded in 2024 after the shareholders' approval in their meeting called for 18 April 2024.

The new 2024 – 2028 LTI Plan, which is waiting approval from the shareholders at their meeting on 18 April 2024 ("**2024-2028 LTI Plan**"), has three-year rolling vesting periods like the previous plan. It has three vesting periods during which the performance targets assigned to the beneficiaries will be checked.

The periods are as follows:

- first vesting period: January 2024 – December 2028 (the 2024 – 2026 vesting period + 2027 – 2028 lock-up period);
- second vesting period: January 2025 – December 2029 (the 2025 – 2027 vesting period + 2028 – 2029 lock-up period);
- third vesting period: January 2026 – December 2030 (the 2026 – 2028 vesting period + 2029 – 2030 lock-up period);

In continuation with its policy pursued in previous years, the company intends to achieve the following with its new incentive plan:

- allocate the same type of incentive plans to both Italian beneficiaries and beneficiaries residing abroad, for whom the only plans offered are monetary plans;
- eliminate the risk that excessive share-price fluctuations could negatively impact the value of the awards, irrespective of whether the business objectives underpinning the incentive system are met;

- simplify and streamline the tax treatment and administration for beneficiaries compared to that required for equity-settled plans.
- Moreover, the overall amount of the LTI assigned to the executive directors belonging to families linked to the owners of the parent is immaterial vis-a-vis their shares held and could in no way affect their ownership position.

The company pursues the following objectives with the assignment of LTI plans:

- direct senior management's adoption of practices designed to ensure a sustainable performance over the long term;
- link the long-term variable remuneration component of executive directors, key management personnel and senior management to the group's strategic objectives, measured in terms of profitability and sustainability;
- strengthen the retention rate of key resources for the group and concurrently increase its ability to attract highly qualified resources for its more critical positions;
- guarantee a better alignment of the remuneration package offered to the LTI plan beneficiaries with market practices and, in particular, with the company's peers (identified by type and size of business).

With reference to the 2024 – 2028 LTI Plan, the targets assigned for each year of each three-year rolling vesting period, including for the first vesting period (2024 – 2026), are:

- *equity-settled performance plan:*
  - cumulative group EBITDA1 – 50%;
  - Adjusted cash conversion2 – 20%
  - ESG target – 30%.
- *Cash-settled performance plan:*
  - Adjusted cumulative group EBITDA1 – 50%
  - Adjusted cash conversion2 or the regional/country turnover – 20%.
  - ESG target – 30%.

It should be noted that achievement of the ESG target is measured considering two indicators, calculating the mathematical average of the results achieved by each one which have the same weight (50%).

Also with reference to the 2024 – 2028 LTI Plan, the ESG indicators for the three-year period "2024 – 2026" are as follows:

- "Decarbonisation Plan": reducing Co2 emission of Carel production plants;
- "Gender Pay Gap" reduction – personnel [WC CID?].

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[1] Adjusted EBITDA: calculated as the sum of the profit before tax, the gain or loss on equity-accounted investments, exchange differences, net financial income (expense), amortisation, depreciation and impairment losses and costs of non-recurring transactions.

The financial effects of non-recurring transactions (M&A) will be included in the actual adjusted EBITDA of the years after that in which the transaction took place, even when not included in the plan EBITDA.

The actual adjusted EBITDA will also include any "non-plan" transactions as long as the board of directors has formally approved them. In this case, the plan EBITDA ratio that did not include this "non-plan" transaction will be recalculated to be consistent with the actual figure.

[2] CASH CONVERSION: the calculation of the actual cash conversion in the year in which M&A transactions take place excludes the investments and net working capital related to the transaction.

The cash conversion calculation will only include any "non-plan" transactions if they have been approved by the board of directors. In this case, the plan cash conversion ratio that did not include this "non-plan" transaction will be recalculated to be consistent with the actual figure.

This target may be supplemented with other indicators for the three-year periods that will start in 2025 and 2026 depending on the new sustainability plan to be approved by the board of directors in 2024.

Lastly, we note that the company has decided not to fully disclose the LTI plan objectives to the market, as they are particularly closely linked to the contents and goals of its three-year business plan. Ensuring the confidentiality of these goals is necessary as the company operates in a highly competitive market where strategy and innovation play a key role in maintaining its ability to compete effectively and sustainably over the long term.

Performance conditions

In the long-term bonus model adopted by the company, the award of the bonus for both equity-settled and cash-settled plans is tied to the degree of achievement of each individual target (as a percentage). In addition, pursuant to the approved regulation, the following are established for each target:

- a minimum threshold (80%);
- a target threshold (100%);
- a maximum threshold (120% or above).

These thresholds are used to measure on a linear basis the effective achievement of each target and consequent pay-out.
As of the date of the Report, with reference to the 2024 – 2026 vesting period of the 2024-2028 LTI Plan, the minimum, target and maximum values actually achievable are as follows:

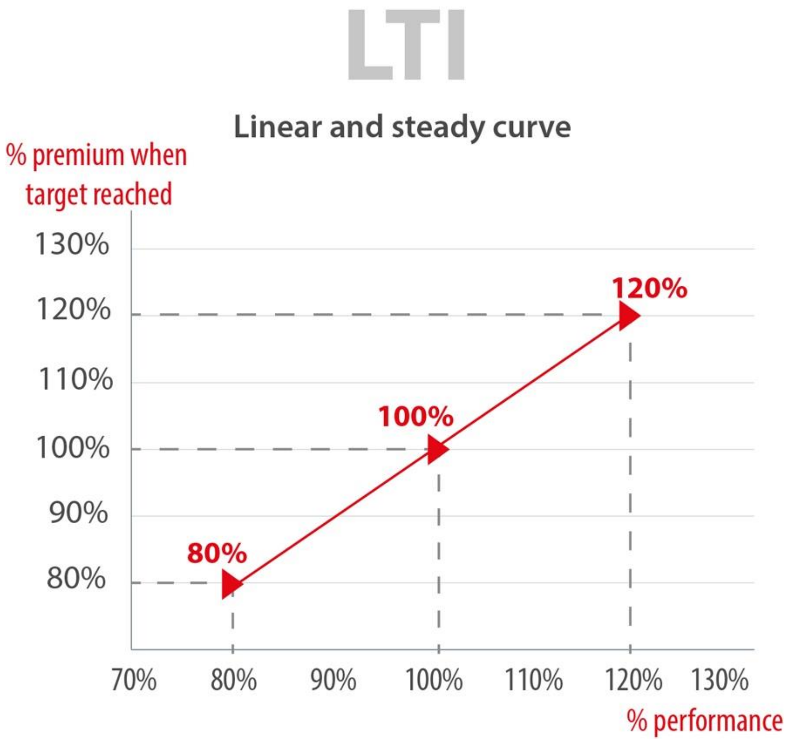
	Minimum threshold (80%)	Target threshold (100%)	Maximum threshold (120%)
Chief executive officer	235.000€	294.000€	353.000€
General manager	110.000€	137.000€	165.000€
Key management personnel (average)	74.000€	92.000€	111.000€

Nota: These are possible pay-outs calculated using the total nominal amounts assigned to each beneficiary for the 2024-2026 vesting period.

The actual award for each beneficiary (either shares or cash) should they reach their individual performance targets will be calculated as follows:

Achievement of individual indicator (as a % of the individual performance targets for each vesting period)	Award for each performance target as a % of the nominal amount of the shares/cash (for each vesting period)
< 80%	0%
= 80%	80%
> 80% e ≤ 120%	80%-120% in linear progression
> 120% (overperformance)	120%

The next table shows the percentage of shares/cash to be assigned to each beneficiary should they achieve their individual performance targets (within the limitations set out above, each percentage point increase in the achievement rate is matched by a percentage point increase in the actual number of shares or cash assigned).



Working: between minimum and target, assuming that each 1% marginal increase in the performance is equal to a 1% increase in the payout.

Performance range: 80% - 120%

% Payout: 80% - 120% (+/- 10% of the target)

The pay-outs are awarded during the 60 calendar days after approval of the consolidated financial statements for the last year of the vesting period when the plan regulation's conditions are met.

Lock up

The variable component of the LTI plan is disbursed at the relevant vesting date:

- after checking that the relevant minimum threshold has been met;
- considering the 24-month lock-up period as a variable percentage depending on the plan beneficiary.

The lock-up percentage is calculated as follows:

- the lock-up clause is applied to 40% of the assigned shares or cash in the case of the chief executive officer and the executive directors;
- it is applied to 20% of the assigned shares or cash in the case of the key management personnel;
- the lock-up clause for the other beneficiaries applies differentially depending on the type of plan being awarded:
  - 10% of the shares for the equity-settled plans;
  - 20% of the cash award for the cash-settled plans.

In line with best market practices and article 5, Recommendation no. 28 of the Code of Corporate Governance, the lock-up period has been set at 24 months with the aim of making incentive share plans for executive directors and senior management consistent with the interests of shareholders over the long-term. This ensures that, in addition to the three-year vesting period, a significant portion of the bonus has a holding period for the shares awarded of at least five years in total.

During the lock-up period, the beneficiaries may therefore not sell their shares or transfer the cash award received, except to cover tax liabilities and/or social security contributions if applicable.

Clawback and malus clauses

Carel's long-term incentive plan has three-year malus and clawback clauses for the partial or complete recovery of the award (cash or shares), within three years of it being activated: Such recovery may take place upon the occurrence of certain objectively demonstrated circumstances. Specifically:

- conditions leading to the restatement of the company's financial results that would have a significant impact on the achievement of the targets and the amount of the bonuses awarded;
- conduct that is objectively contradictory to the company's practices (especially its code of ethics, the organisational model as per legislative decree no. 231/01 and the anti-corruption model), the employment contract or the law or in the case of wilful or grossly negligent conduct committed to the detriment of the company.

In the above cases, the company may withhold the shares still to be assigned or an amount equal to their value or the cash award still to be disbursed from any amount due to the beneficiary.

By way of example and not limited to, the amount may be withheld from remuneration, fees/salary, bonuses or end of office entitlement. The beneficiary, given prior his full acceptance of the regulations of the plans of which he is beneficiary, shall be obliged to specifically authorise this withholding to cover the amounts not due.

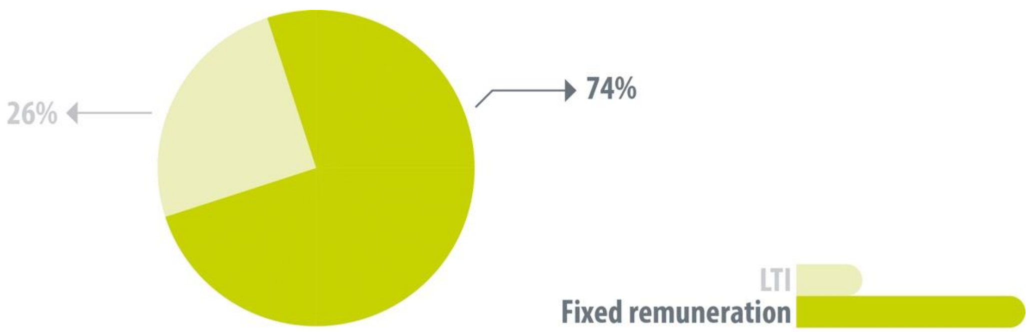
Lastly, the company may include other contractual clauses that allow it to recover all or part of the variable components of the remuneration paid (or to withhold amounts that have been deferred) that had been based on figures subsequently found to be incorrect or other circumstances identified by the company.

REMUNERATION POLICY 2024

At the date of this report, the 2024 remuneration policy for the executive directors and directors with special duties is as follows:

- **Luigi Rossi Luciani** – chairperson:
  – fixed fee for his duties assigned by the board of directors: €250,000.
  – variable long-term component (LTI) in the form of cash-settled incentive plans with a nominal amount of €87,500.
  – non-monetary benefits.

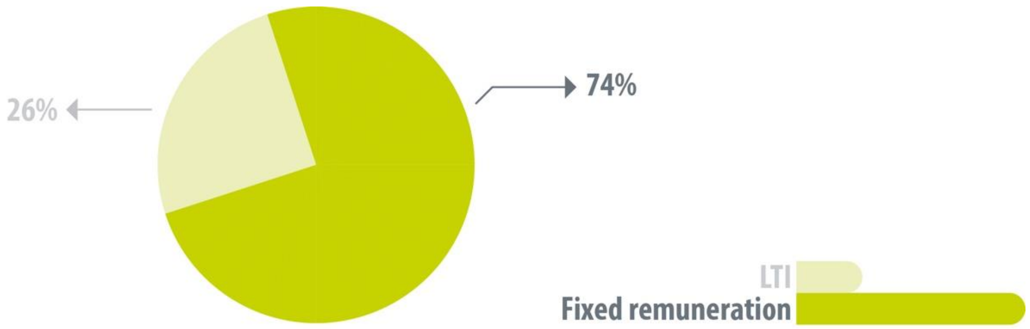
Pay Mix Chairperson



Note: in order to calculate the pay mix, the fair value as per the Mercer method was considered for the LTI component for the 2024 award

- **Luigi Nalini** – executive deputy chairperson:
  - fixed fee for his duties assigned by the board of directors: €180,000.
  - variable long-term component (LTI) in the form of cash-settled incentive plans with a nominal amount of €63,000.
  - non-monetary benefits.

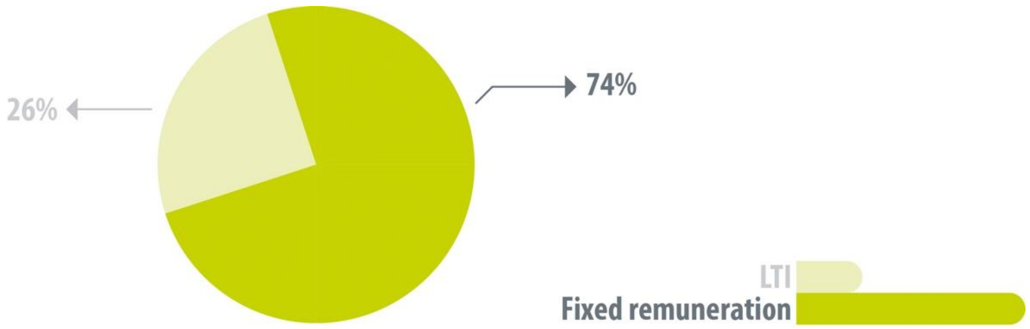
Pay Mix Deputy Chairperson



Note: in order to calculate the pay mix, the fair value as per the Mercer method was considered for the LTI component for the 2024 award

- **Carlotta Rossi Luciani** – executive director with special powers:
  - fixed fee for her duties assigned by the board of directors: €100,000.
  - variable long-term component (LTI) in the form of cash-settled incentive plans with a nominal amount of €35,000.
  - non-monetary benefits.

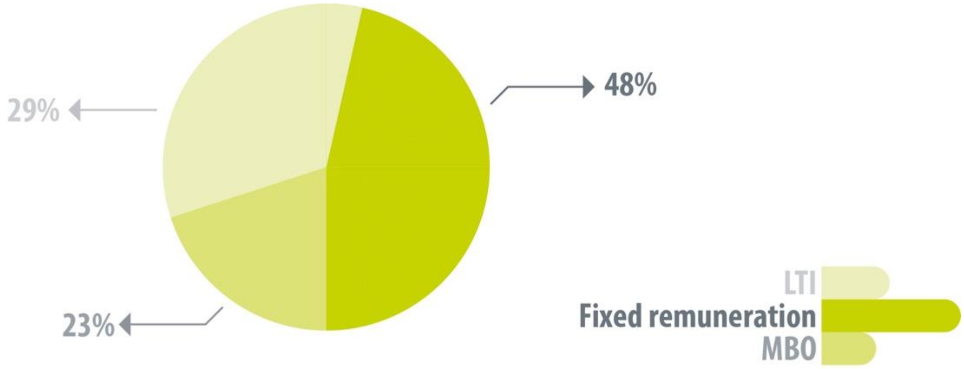
Pay Mix Executive Director



Note: in order to calculate the pay mix, the fair value as per the Mercer method was considered for the LTI component for the 2024 award

- **Francesco Nalini** chief executive officer:
  - fixed fee for his duties assigned by the board of directors: €70,000.
  - fixed remuneration for his employee position as the CEO: €420,000.
  - variable short-term component (MBO) with a nominal amount of €230,000.
  - variable long-term component (LTI) in the form of cash-settled incentive plans with a nominal amount of €294,000.
  - non-monetary benefits.

Pay Mix Chief Executive Officer



Note: the 2024 MBO is considered a target for calculation of the pay mix while the fair value as per the Mercer method was considered for the LTI component for the 2024 award

GENERAL MANAGEMENT AND KEY MANAGEMENT PERSONNEL

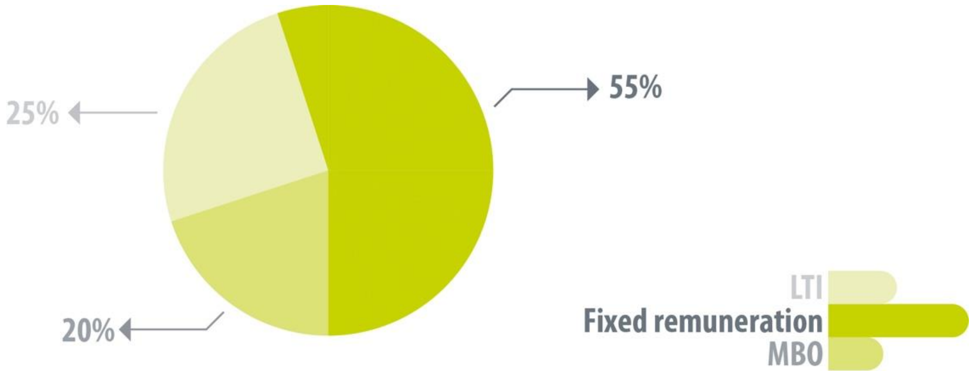
As anticipated, the Carel Group's remuneration policy stipulates that the remuneration packages of the general manager and key management personnel are composed, in a combined manner, of the following elements: (i) fixed remuneration; (ii) short-term variable remuneration (MBO); (iii) long-term variable remuneration (LTI); and (iv) benefits.

It is understood that the specific determination, by the company, of the individual remuneration packages reserved, as appropriate, for the general manager and key management personnel remains in any case subject to the due differentiations applied on the basis of the role held, the responsibilities assigned and the performance actually achieved by each individual beneficiary, as well as the negotiated outcomes of the negotiations held with the latter, always in compliance with the criteria determined by the remuneration policy adopted by the company.

The economic treatment determined for the general manager and key management personnel in office at the date of the report is as follows:

- **Giandomenico Lombello** – general manager:
  - fixed remuneration for his employee position as general manager: €275,000.
  - fixed fee to remunerate other positions held with group companies: €30,000.
  - variable short-term component (MBO) with a nominal amount of €110,000.
  - variable medium to long-term component (LTI) in the form of the cash-settled performance plan with a nominal amount of €137,250.

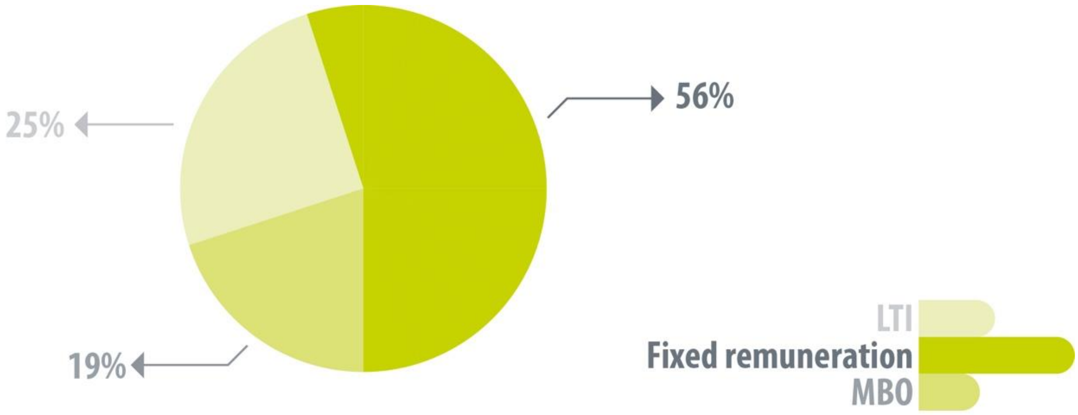
Pay Mix General Manager



Note the 2024 MBO is considered a target for calculation of the pay mix while the fair value as per the Mercer method was considered for the LTI component for the 2024 award

- Other **key management personnel** – combined figures:
  - fixed remuneration as manager of Carel Group: €729,000.
  - fixed fee for positions held as directors or other positions held in other group companies (excluding the parent): €90,000.
  - variable short-term component (MBO) with a nominal amount of €265,000.
  - variable medium to long-term component (LTI) in the form of the cash-settled or equity-settled performance plans with a nominal amount of €369,000.

Pay Mix Key management personnel



Note the 2024 MBO is considered a target for calculation of the pay mix while the fair value as per the Mercer method was considered for the LTI component for the 2024 award

The 2024 remuneration policy for both the executive directors and key management personnel is drafted using benchmarking and by appropriately considering the effects, in terms of adequacy and reciprocal satisfaction, that the policies approved in previous years have had for all beneficiaries.

BENEFITS

The total remuneration offer, based on the total reward model, of the executive directors and senior management is integrated by the following additional non-monetary benefits:

- supplementary social security benefits;
- extra professional accident or term life insurance policy;
- additional healthcare benefits;
- company car under the mixed use full cost method;
- accommodation service (if necessary).

These benefits are supplementary to those already provided for in the national employment contract and any supplementary internal agreements applicable to managers. They have been adapted to the foreign countries in which they are offered to be consistent with the local market conditions and reference regulations.

The company also has a D&O liability insurance policy for the directors and key management personnel to insure against claims for compensation for damage related to their professional activities.

Other than that set out above, the company does not provide any non-mandatory social security or pension benefits.

OTHER ELEMENTS

NON-COMPETE AGREEMENTS

Carel may enter into non-compete agreements with its executive directors, key management personnel and other resources who hold particularly significant positions in the organisation.

In accordance with the regulations applicable in each country, these agreements include payment of a fixed fee or calculated as a percentage of the annual gross remuneration which is disbursed considering the agreement's term and geographical coverage.

The agreement normally refers to the sector in which the group operates and the geographical area and timeframe may vary depending on the roles and responsibilities of each beneficiary.

Any fee is only paid pro-rata to the months the beneficiary spent in the company's employ or upon termination of the employment relationship but only if the company activates the agreement.

RETENTION/DISCRETIONARY BONUS

The executive directors, the chief executive officer and the key management personnel do not receive any discretionary remuneration.

The other employees may receive one-off monetary bonuses which, in addition to the MBO, reward particularly outstanding or important results that contribute to achievement of the company's business objectives.

As well as these one-off bonuses, the company may grant retention bonuses to resources whose contribution to the group's growth and development is particularly important and who are at a significant risk of leaving considering the labour market conditions.

TREATMENT IN THE CASE OF DEPARTURE FROM OFFICE OR TERMINATION OF THE EMPLOYMENT RELATIONSHIP

In accordance with the remuneration policy described in this Section I, the company may decide to enter into agreements that regulate the economic treatment to be provided in the case of departure from office or termination of the employment relationship in line with the recommendations of the Code of Corporate Governance and the local laws and employment agreements, where applicable. However, this treatment will not exceed 24 months of gross remuneration.

However, this entitlement is not paid in the event of the following two conditions:

- if termination of the relationship is due to the objectively inadequate achievement of results;
- if the company does not achieve its business goals.

Should the requirements for payment of fees for any reason and in any form arising from these contracts be met, the beneficiary may waive their right thereto.

As agreed by the board of directors at their meeting on 6 May 2021, the executive directors and independent directors appointed at the shareholders' meeting of 21 April 2021, are currently granted, at the conclusion of their term of office as board members, end of office entitlement, the value of which is 15% of the annual compensation received for each year of their term of office.

With reference to the directors who will be appointed at the shareholders' meeting on 18 April 2024, and subject to the resolutions of the competent bodies, the end of office entitlement will not be included in the remuneration treatments provided in the event of the termination of their relationship with the company, effectively eliminating an element that is not considered aligned with market best practices.

Furthermore, at the date of this report, the company does not have ex-ante agreements that regulate the economic treatment of employees should they depart from office or terminate their employment relationship.

As provided for in the remuneration policy described in this Section I, the company may also enter into agreements which provide for the continuation or award of non-monetary benefits to parties and/or employees who have left the company and consultancy agreements for the period after their departure in line with that set out in the Code of Corporate Governance as long as this complies with the local laws and employment agreements, where applicable. Should the requirements for payment of fees for any reason and in any form arising from these contracts be met, the beneficiary may waive their right thereto.

However, at the date of this report, the company does not have agreements for the continuation or award of non-monetary benefits to parties and/or employees who have left the company, nor does it have consultancy agreements with these persons for the period after termination of the employment relationship.

Finally, with respect to the effects of termination of the employment relationship on the LTI plans approved by the shareholders, their regulations define the various effects of such termination depending on the underlying reasons and when it takes place. In general, the early termination of employment relationship results in the grantee's forfeiture from any emoluments resulting from the achievement (even partial) of the goals covered by the incentive plan itself.

DEROGATION

Pursuant to article 123-ter.3-bis of the CFA and article 84-quater.2-bis.c) of the Issuers' Regulation, Carel may temporarily derogate from the remuneration policy described in this Section I should exceptional circumstances arise which make this derogation necessary to allow the company to pursue its long-term interests and sustainability or to ensure it can continue as a going concern.

Temporary derogation from the following elements of the remuneration policy is allowed in exceptional circumstances:

- the fixed and variable (short and long-term) components of remuneration and specifically:
  - the weight assigned to each component as part of the remuneration;
  - the financial and non-financial performance targets, which the variable components are tied to (in terms of their achievement);
  - the introduction of deferred payments systems and clauses for the holding of financial instruments in the portfolio after their acquisition;
  - ex-post adjustment mechanisms for the variable component (malus or clawback);
- any bonuses (including onboarding bonuses), non-monetary benefits, incentive plans (cash-settled or equity-based), insurance, social security or pension benefits or non-recurring fees;
- the remuneration of the independent directors, directors who are members of committees and those with special duties (chairperson, deputy chairperson, etc.).

The exceptional circumstances described above, which can be identified in the remuneration policy, could include for example:

- the need to retain particularly strategic resources by offering competitive remuneration;
- substantial modifications to the company's business organisation that can be either objective (non-recurring transactions, mergers, sales, including of business units, changes to the group's perimeter, etc.) or subjective (changes in senior management or to the ownership structure);
- the occurrence of non-recurring and unforeseeable events at national or international level (such as conflicts, pandemics, changes to supply chains, etc.) that affect the group or its sectors/markets and its results and that could drastically change the context of its reference market in individual countries and/or regions or the entire global market.

With respect to the operational implementation procedures, any derogation of the remuneration policy shall be approved by the board of directors after consulting the remuneration committee and the HR department as well as possible independent experts, without prejudice to Consob regulation no. 17221 of 12 March 2010 on related-party transactions and the company's related-party procedure, when applicable.

The board of directors decides the length of the derogation period and the specific policy elements to be derogated from in line with that set out above.

SECTION II

REMUNERATION PAID IN 2023 TO THE DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND KEY MANAGEMENT PERSONNEL

This section provides a clear and comprehensive picture of the remuneration paid in 2023, both to the individual directors, statutory auditors and the general manager and collectively to the key management personnel, highlighting the compliance thereof with the policies described in Section I of the remuneration report published in 2023 and sets out how such remuneration contributes to the company's long-term results.

The remuneration policies of 2023 supported the achievement of growth, innovation and technological innovation objectives in line with the company's strategies for the medium to long term.

Both the short-term (MBO) and long-term (LTI) incentive systems guided key corporate strategies, particularly business growth linked to M&A transactions and the achievement of the objectives identified in the company's long-term sustainability plan.

The coordinated pursuit of all these strategies has allowed for outstanding economic-financial performance, even in 2023, despite great uncertainty that characterises the current socio-economic situation (e.g., the conflicts in Ukraine or the Middle East).

As required by article 123-ter.6 of the CFA, introduced by Legislative decree no. 49/2019, this section requires the advisory vote rather than the binding vote of the shareholders that are required to vote for or against the section at their ordinary meetings.

The audit company checked that the directors had prepared Section II of the report in line with the provisions of article 123-ter.8-bis of the CFA. It did not issue any attestation, nor did it perform any engagement designed to check the content of this Section II.

More information about the equity-settled incentive plans is available in the information memoranda as per article 114-bis of the CFA and article 84-bis of the Issuers' Regulation published by the company on its website (www.carel.com) and through the other methods stipulated by the applicable legislation and regulations.

FIRST PART – REMUNERATION ITEMS

BOARD OF DIRECTORS

The 2023 remuneration policy for the board of directors was implemented, as described in Section I of the remuneration report published in 2023, through the payment of the following items:

- a fee for the directorship;
- a fee for the position as a director with specific duties;
- gross annual remuneration (GAR);
- a fee for participation in committee meetings;
- an annual variable component paid when set targets are met (MBO);
- a variable medium to long-term component (LTI[3]);
- benefits provided for by the national employment contract and internal practices.

No disclosure is provided about the targets reached for the variable remuneration component in order to protect information which is sensitive for commercial purposes and/or forecasts that have not been published.

CHAIRPERSON, DEPUTY CHAIRPERSON AND EXECUTIVE DIRECTORS

Chairperson

Luigi Rossi Luciani, chairperson of the board of directors, received:

- **Fixed remuneration**: Euro 250.000 gross as his fee for 2023.

On 6 May 2021, the board of directors resolved to confirm the CEO’s annual gross remuneration of €250,000.

- **Long-term incentive**: after the board of directors checked that the performance targets had been met on 6 March 2024 and approved the consolidated financial statements for the last year of the 2021-2023 vesting period, the company, in line with the achievement of the targets for the 2021-2023 vesting period of the LTI plan, will pay €101,763.
  40% of these shares are locked up for two years.

PERFORMANCE CONDITIONS

	80% threshold	100% “On target”	120% threshold	Target*	Results*	Payout
50% Cumulative Adj. EBITDA in three years				226.942*	333.910	120%
30% Adj. Cash Conversion in the three years				48,57%	64,70%	120%
10% - ESG Target - % of female white collars hired with permanent contract;				30,0%	24,9%	83%
10% - ESG Target - % of reduction of the production sites’ CO2 emissions (tCO2/y)				6,0%	20,9%	120%

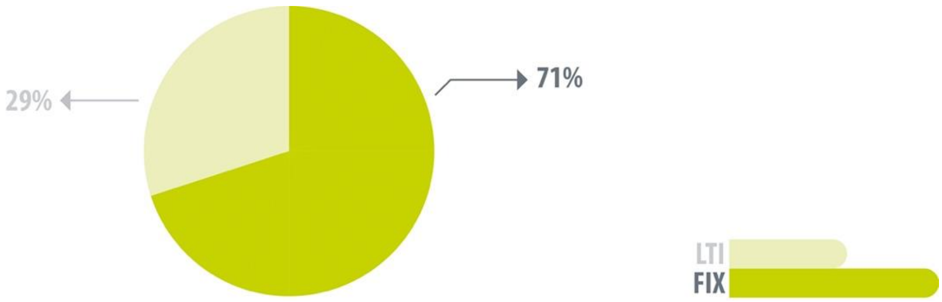
*value in €/000

[3] We confirm that, in relation to the 2021-2025 share plan, there has been no allocation of the right to receive shares in relation to the three vesting periods (2021-2023; 2022-2024; and 2023-2025), therefore, to date, no beneficiary has been identified to whom shares are to be allocated under this plan;

The graph shows the final achievement of the targets, confirming the excellent performance in three out of the four indicators which translates into positive share price trends to the date of preparation of this report. Although the desired target was not fully reached, in terms of the percentage of women hired, there is a steady upwards trend.
Non-monetary benefits: Company car under the mixed-use full-cost method.

The resulting pay mix for 2023 is as follows:

Pay Mix Chairperson



Deputy Chairperson

Luigi Nalini, executive deputy chairperson of the board of directors, received:

- **Fixed remuneration: €180,000 gross as his fee for 2023.**

On 6 May 2021, the board of directors resolved to confirm the remuneration for this role.

- **Long-term incentive**: after the board of directors checked that the performance targets had been met on 6 March 2024 and approved the consolidated financial statements for the last year of the 2021-2023 vesting period, the company, in line with the achievement of the targets for the 2021-2023 vesting period of the LTI plan, will pay €73,269.

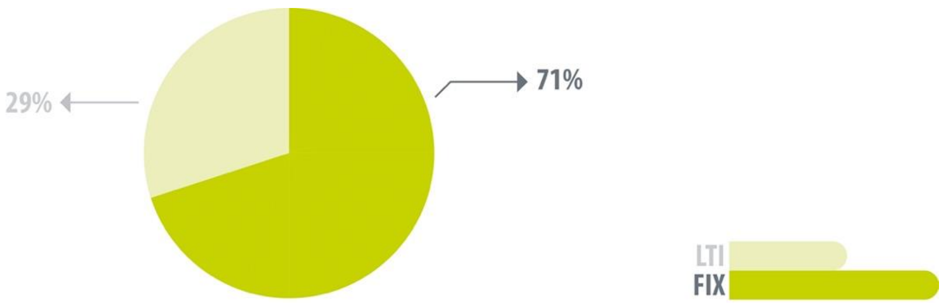
40% of these shares are locked up for two years.

As described above, the vesting period ended with a very positive pay-out, reflecting the group's excellent performance in the three years.

- **Non-monetary benefits:** Company car under the mixed-use full-cost method.

The resulting pay mix for 2023 is as follows:

Pay Mix Deputy Chairperson



Executive Director

Carlotta Rossi Luciani, executive director of the board of directors, received:

- **Fixed remuneration:** €100,000 gross as his fee for 2023.

On 6 May 2021, the board of directors resolved to adjust the executive director's annual gross remuneration to €100,000 to reflect the new powers allocated.

- **Long-term incentive**: after the board of directors checked that the performance targets had been met on 6 March 2024 and approved the consolidated financial statements for the last year of the 2021-2023 vesting period, the company, in line with the achievement of the targets for the 2021-2023 vesting period of the LTI plan, will pay €40,705.

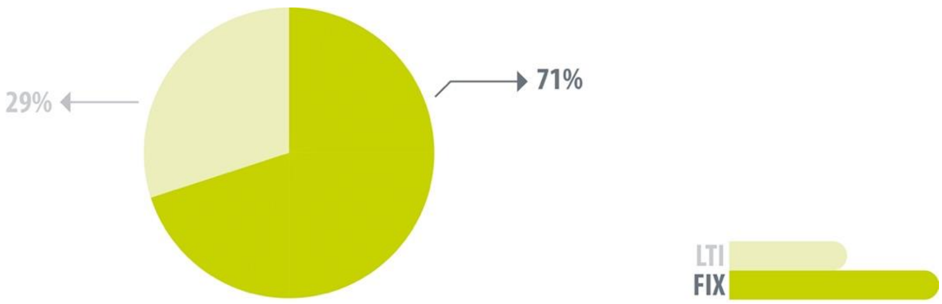
40% of these shares are locked up for two years.

As described above, the first vesting period ended with a very positive pay-out, reflecting the group's excellent performance in the three years.

- **Non-monetary benefits:** Company car under the mixed-use full-cost method.

The resulting pay mix for 2023 is as follows:

Pay Mix Executive Director



Chief executive officer

Francesco Nalini, chief executive officer, received:

- **Fixed remuneration:** €70,000 gross as his fee for 2023 and €420,011 gross as a salary for his employment contract as CEO, in line with the remuneration set out in the remuneration policy for 2023 and as proposed by the remuneration committee to the board of directors, which approved it in its meeting of 16 December 2021 with the favourable opinion of the board of statutory auditors.

- **Short-term incentive:** The MBO for 2023 will be paid in 2024. The results of the MBO plan, presented to the board of directors by the remuneration committee in its meeting of 6 March 2024, led to the board's approval of a pay-out of €281,643 gross as shown below.

As described at the start of this section, the pay-out for the short-term incentive plans (MBO) (see following graph) was made to reward management's actions. Thanks to the adoption of guidelines and concrete steps to protect the group's business and to continue to assist its customers around the world, operating performance was generally very positive in a year still impacted by highly complex economic context and a high level of uncertainty.

Access gate (EBIT>0) Reached - Performance achieved: €104,400.

PERFORMANCE CONDITIONS (€/K)						
	0% threshold	100% "On target"	150% threshold	Target	Results*	Payout
45% consolidated Adj. EBITDA				119.701	138.246	150%
20% - Group Turnover				656.284	650.243	95%
15% - increase in the year-on-year percentage of taxonomy-aligned investments (capex)				+5% vs 22	+2% vs 22	40%
20% - Development of a new R&D hub aimed at growing distinctive expertise on sustainable technologies				01/09/2023	31/07/2023	150%

* Value in K

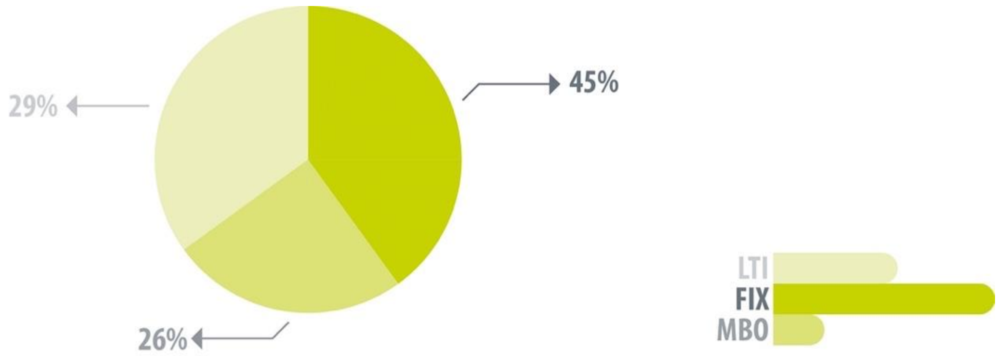
- **Long-term incentive**: after the board of directors checked that the performance targets had been met on 6 March 2024 and approved the consolidated financial statements for the last year of the 2021-2023 vesting period, the company, in line with the achievement of the targets for the 2021-2023 vesting period of the LTI plan, will pay €314,010. 40% of these shares are locked up for two years.

As described above, the first vesting period ended with a very positive pay-out, reflecting the group's excellent performance in the three years.

- **Non-monetary benefits:** injury policy, healthcare, car, scholarship for eligible children of employees.

The resulting pay mix for 2023 is as follows:

Pay Mix Chief Executive Officer



Indipendent Directors

The independent directors received their fees in line with that established by the remuneration policy for 2023:

- **Cinzia Donalisio**: €75,000, including a gross annual fee of €50,000 for her position as director, €15,000 for her position as chairperson of the remuneration committee and €10,000 gross for her position as member of the control, risks and sustainability committee;
- **Marina Manna**: €75,000, including a gross annual fee of €50,000 for her position as director, €15,000 for her position as chairperson of the control, risks and sustainability committee and €10,000 gross for her position as member of the remuneration committee;
- **Maria Grazia Filippini**: €70,000, including a gross annual fee of €50,000 for her position as director, €10,000 for her position as member of the control, risks and sustainability committee and €10,000 gross for her position as member of the remuneration committee.

BOARD OF STATUTORY AUDITORS

In 2023, the members of the board of statutory auditors, elected by the shareholders on 20 April 2021, received the following fees for that year:

- **Paolo Prandi (Chairperson)**: €40,000;
- **Saverio Bozzolan**: €25,000;
- **Claudia Civolani**: €25,000;

GENERAL MANAGER AND KEY MANAGEMENT PERSONNEL

The 2023 remuneration policy for the general manager and key management personnel comprised the items stated below.

No disclosure is provided about the targets reached for the variable remuneration component in order to protect information which is sensitive for commercial purposes and/or forecasts that have not been published.

General Manager

Giandomenico Lombello, general manager, received:

- **Fixed remuneration**: a fee to remunerate his various duties carried out within the group and a fixed remuneration as senior manager for a total of €311,289 in line with that set out in the 2023 remuneration policy.
- **Short-term incentive:** The MBO for 2023 will be paid in 2024. The results of the MBO plan, presented to the board of directors by the remuneration committee in its meeting of 6 March 2024, led to the board’s approval of a pay-out of a €150,374 gross as shown below.

Access gate (EBIT>0) Reached - Performance achieved: €104,400.

PERFORMANCE CONDITIONS (€/K)				
	0% threshold	100% "On target"	150% threshold	Results
45% consolidated Adj. EBITDA				150%
20% - consolidated Turnover				95%
15% Individual performance Target				135%
20% ESG Target				150%

- **Long-term incentive**: after the board of directors checked that the performance targets had been met on 6 March 2024 and approved the consolidated financial statements for the last year of the 2021-2023 vesting period, the company, in line with the achievement of the targets for the 2021-2023 vesting period of the LTI plan, will pay €147,585.

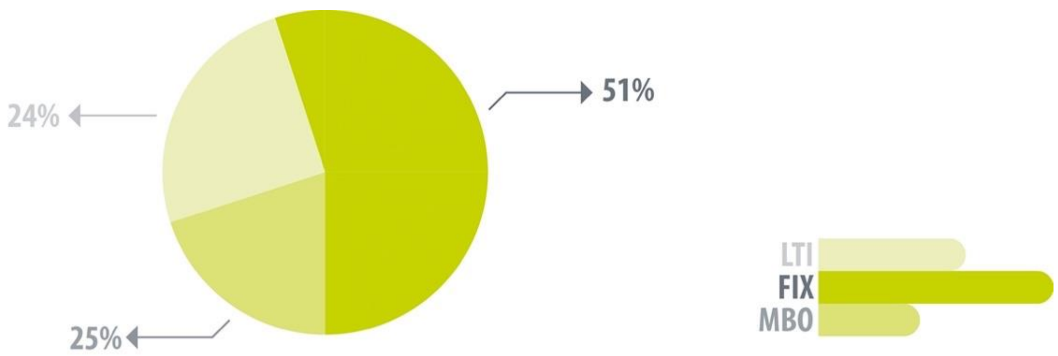
20% of these shares are locked up for two years.

As described above, the first vesting period ended with a very positive pay-out, reflecting the group's excellent performance in the three years.

- **Non-monetary benefits:** injury policy, healthcare, car.

The resulting pay mix for 2023 is as follows:

Pay Mix General Manager



Key management personnel

- **Fixed remuneration**: a fee to remunerate the different positions held by some key managers in other group companies and a fixed remuneration for a total of €822,322 gross.
- **Short-term incentive:** The MBO for 2023 will be paid in 2024. The results of the MBO plan, presented to the board of directors by the remuneration committee in its meeting of 6 March 2024, led to the board's approval of a total pay-out of €322,763 gross, based on the average performances described below.

Access gate (EBIT>0) Reached - Performance achieved: €104,400.

PERFORMANCE CONDITIONS (€/K)

	0% threshold	100% “On target”	150% threshold	Results
45% consolidated Adj. EBITDA				150%
20 consolidated Turnover				95%
15% Individual performance Target				79%
20% ESG Target				108%

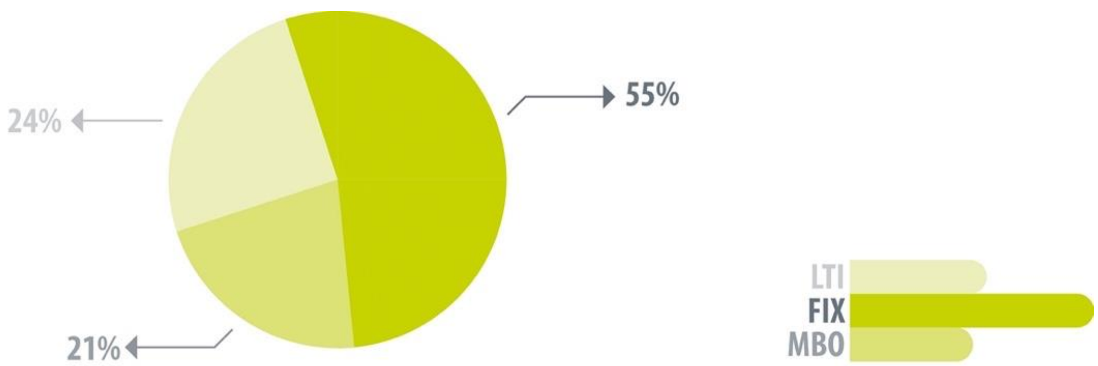
- **Long-term incentive**: after the board of directors checked thatthe performance targets had been met on 6 March 2024 and approved the consolidated financial statements for the last year of the 2021-2023 vesting period, the company, in line with the achievement of the targets for the 2021-2023 vesting period of the LTI plan, will pay €362,158.

20% of these shares are locked up for two years.
As described above, the first vesting period ended with a very positive pay-out, reflecting the group’s excellent performance in the three years.

- **Non-monetary benefits:** injury policy, healthcare, car, scholarship for eligible children of employees.

The resulting pay mix for 2023 is as follows:

Pay Mix Key management personnel



END OF OFFICE ENTITLEMENT AND/OR OTHER BENEFITS FOR THE DISCONTINUATION OF THE POSITION OR TERMINATION OF THE EMPLOYMENT RELATIONSHIP DURING THE YEAR

Without prejudice to that described below, no end of office entitlement and/or other benefits were paid in 2023 for the discontinuation of positions or termination of employment relationships.

At the date of this report, the company does not have agreements for the payment of end of office entitlement for the discontinuation of a position or early termination of an employment relationship.

PAY RATIO

The following tables provide information for 2021, 2022 and 2023 and changes between the years of:

a. the total remuneration paid to the company's directors, statutory auditors and general manager;
b. the company's results;
c. the average annual gross remuneration of the Carel Group's full-time Italian employees and employees other than those set out in point a) above.

For transparency purposes, the ratio of the remuneration of the company's chairperson, deputy chairperson, executive director and chief executive officer (including the fixed remuneration received in 2023, the MBO and LTI) to the average remuneration of the employees of the Italian Carel Group companies is provided below.

The calculation scope of the average remuneration of the employees includes the short-term and long-term fixed and variable remuneration of the employees of the Italian group companies, as specified above, as this is deemed to be comparable for remuneration purposes.

	2021 fix remuneration	2021 total remunerat.	2021 tot./ 2020 tot.	2022 fix remunerat.	2022 total remunerat.	2022 tot. /2021 tot.	2023 total fix	2023 total remunerat.	2023 tot. /2022 tot.
Group Turnover Core Business		415.620.109	25,3%		540.786.009	30,1%		650.243.002	20,2%
Group Adj. EBITDA		88.222.012	35,0%		114.735.312	30,1%		138.246.067	20,5%
CHAIRPERSON Luigi Rossi Luciani	250.000	337.500	-14%	250.000	384.403	14%	250.000	351.763	-8,5%
DEPUTY CHAIRPERSON Luigi Nalini	180.000	243.000	-14%	180.000	276.785	14%	180.000	253.269	-8,5%
EXECUTIVE DIRECTOR Carlotta Rossi Luciani	93.333	135.000	8%	100.000	132.262	-2%	100.000	140.705	6,4%
CHIEF EXECUTIVE OFFICER Francesco Nalini	450.000	985.000	16%	460.000	1.130.304	15%	490.011	1.085.665	-3,9%
GENERAL MANAGER Giandomenico Lombello	280.465	537.600	2%	282.000	609.813	13%	311.289	609.248	-0,1%
Statutory auditor Paolo Prandi (President)	40.000	40.000	NA	40.000	40.000	0%	40.000	40.000	0,0%
Statutory auditor Claudia Civolani	25.000	25.000	0%	25.000	25.000	0%	25.000	25.000	0,0%
Statutory auditor Saverio Bozzolan	30.000	30.000	-25%	25.000	25.000	-17%	25.000	25.000	0,0%
Italian Employee	36.953	43.139	1%	37.188	43.960	2%	37.953	43.386	-1,3%

PAY RATIO/ ITALIAN EMPLOYEES	2021	2021	2022	2022	2023	2023
CHAIRPERSON Luigi Rossi Luciani	7	8	7	9	7	8
DEPUTY CHAIRPERSON Luigi Nalini	5	6	5	6	5	6
DEPUTY CHAIRPERSON Luigi Nalini	3	3	3	3	3	3
EXECUTIVE DIRECTOR Carlotta Rossi Luciani	12	23	12	26	13	25
CHIEF EXECUTIVE OFFICER Francesco Nalini	8	12	8	14	8	14
GENERAL MANAGER Giandomenico Lombello	1	0,9	0,9	0,9	1,1	0,9
Statutory auditor Paolo Prandi (President)	1	0,6	0,6	0,6	0,7	0,6
Statutory auditor Claudia Civolani /Saverio Bozzolan	1	0,7	0,6	0,6	0,7	0,6

SHAREHOLDERS’ VOTE ON SECTION II OF THE REMUNERATION POLICY FOR THE PREVIOUS YEAR

On 18 April 2024, as required by the ruling legislation, the shareholders cast their favourable vote on Section II of the remuneration report for the remuneration and fees paid in 2023 (99.13% of the participants).

This large majority in favour of Section II illustrates the shareholders’ satisfaction with the same section for the previous year.

Nonetheless, the company decided to revisit the policy in order to provide stakeholders with greater and more transparent disclosures in line with its related principles and ensure more engagement with its stakeholders that are at the heart of the company.

DEROGATIONS FROM THE REMUNERATION POLICY AND POSSIBLE APPLICATION OF EX-POST ADJUSTMENT MECHANISMS TO THE VARIABLE COMPONENT (MALUS AND CLAWBACK)

No exceptional circumstances arose in 2023 that would have made derogation from the remuneration policy for that year as approved by the shareholders on 20 April 2021 necessary.

No ex-post adjustment mechanisms were applied to the variable component of the remuneration (malus or clawback) during the year.

SECOND PART - TABLES

The following tables show: (i) in Table 1, the remuneration of the individual directors, statutory auditors and the general manager and collectively of the key management personnel paid for any reason and in any form by the company and its subsidiaries and associates for 2023; (ii) in Table 3A, the equity-settled incentive plans (other than stock option plans) for the directors, general managers and other key management personnel; and (iii) in Table 3B, the cash-settled incentive plans for the directors, general managers and other key management personnel.

Table 1: Remuneration paid to the directors, statutory auditors, general managers and other key management personnel

						Non equity-settled variable remuneration						
Name	**Position**	**Period of Office**	**End of term of office**	**Fixed remuneration**	**Fee for participationin committee meetings**	**Awards and other incentivs**	**Profit Sharing**	**Non monetary Benefit**	**Other remuneration**	**TOTAL**	**Fair Value dei compensi equity**	**End of office or termination of employment entitlement**
Luigi Rossi Luciani	Executive Chairperson	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				250.000				3.676		253.676		
(II) Remuneration from subsidiaries and associates												
(III) Total				250.000				3.676		253.676		
Luigi Nalini	Deputy Chairperson (with acting role)	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				180.000				11.482		191.482		
(II) Remuneration from subsidiaries and associates												
(III) Total				180.000				11.482		191.482		
Francesco Nalini	Chief Executive officer	01.01.2023 31.12.2023										
(I) (I)Remuneration from the company preparing financial statement				490.011		281.644		7.786		779.441		
(II) Remuneration from subsidiaries and associates												
(III) Total				490.011		281.644		7.786		779.441		
Carlotta Rossi Luciani	Executive Director	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				100.000				2.378		102.378		
(II) Remuneration from subsidiaries and associates												
(III) Total				100.000				2.378		102.378		
Cinzia Donalisio	Indipendent Director	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				50.000	25.000					75.000		
(II) Remuneration from subsidiaries and associates												
(III) Total				50.000	25.000					75.000		
Marina Manna	Indipendent Director	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				50.000	25.000					75.000		

Name	Position	Period of Office	End of term of office	Fixed remuneration	Fee for participation in committee meetings	Non equity-settled variable remuneration Awards and other incentivs	 Profit Sharing	Non monetary Benefit	Other remuneration	TOTAL	Fair Value dei compensi equity	End of office or termination of employment entitlement
(II) Remuneration from subsidiaries and associates												
(III) Total				50.000	25.000					75.000		
Maria Grazia Filippini	Indipendent Director	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				50.000	20.000					70.000		
(II) Remuneration from subsidiaries and associates												
(III) Total				50.000	20.000					70.000		
Paolo Prandi	Chairperson of the board of statutory auditors	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				40.000						40.000		
(II) Remuneration from subsidiaries and associates												
(III) Total				40.000						40.000		
Saverio Bozzolan	Standing staturtory auditor	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				25.000						25.000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25.000						25.000		
Claudia Civolani	Standing staturtory auditor	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				25.000						25.000		
(II) Remuneration from subsidiaries and associates												
(III) Total				25.000						25.000		
Giovanni Fonte	Standing staturtory auditor	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement												
(II) Remuneration from subsidiaries and associates												
(III) Total												
Fabio Gallio	Standing staturtory auditor	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement												
(II) Remuneration from subsidiaries and associates												
(III) Total												
Giandomenico Lombello	General Manag er	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				275.002		150.374		4.808		430.184		
(II) Remuneration from subsidiaries and associates				36.287						36.287		
(III) Total				311.289		150.374		4.808		466.471		

Name	Position	Period of Office	End of term of office	Fixed remuneration	Fee for participationin committee meetings	Non equity-settled variable remuneration: Awards and other incentivs	Non equity-settled variable remuneration: Profit Sharing	Non monetary Benefit	Other remuneration	TOTAL	Fair Value dei compensi equity	End of office or termination of employment entitlement
Dirigenti con Responsabilità strategiche	Key Management personnel	01.01.2023 31.12.2023										
(I)Remuneration from the company preparing financial statement				744.079		322.764		17.056		1.083.899		
(II) Remuneration from subsidiaries and associates				78.243						78.243		
(III) Total				822.322		322.764		17.056		1.162.143		

Tabella 3A: Equity-settled incentive plans (other than stock option plans) for the directors, general managers and other key management personnel

			Financial instruments assigned in previous years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assigned		Financial instruments for the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12
Name	Position	Plan	Number and type of financial instrument	Vesting period	Number and type of financial instrument	Fair value at the grant date	Vesting period	Grant date	Market price at the grant date	Number and type of financial instrument	Number and type of financial instrument	Value at the maturity date	Fair Value
Luigi Rossi Luciani	Executive chairperson												
(I) Remuneration from the company preparing the financial statements		07/09/2018			8,446	81,276	three-year	1/10/18	8.88		9,364.92	174,544	
		11/11/2019			5,536	75,192	three-year	1/12/19	13.55		6,643.00	149,002	
		06/11/2020			4,366	75,997	three-year	19/11/20	17.18				36,479
(II) Remuneration from subsidiaries and associates													
(III) Total					18,348	232,465					16,007.92	323.547	36,479
Luigi Nalini	Deputy chairperson (with acting role)												
(I) Remuneration from the company preparing the financial statements		07/09/2018			6,081	58,517	three-year	1/10/18	8.88		6,743	125,669	
		11/11/2019			3,986	54,139	three-year	1/12/19	13.55		4,783	107,283	
		06/11/2020			3,144	54,726	three-year	19/11/20	17.18				26,269
(II) Remuneration from subsidiaries and associates													
(III) Total					10,067	112,656							26,269
Francesco Nalini	Chief executive officer												
(I) Remuneration from the company preparing the financial statements		07/09/2018			15,068	144,999	three-year	1/10/18	8.88		16,708	311,405	
		11/11/2019			13,285	180,441	three-year	1/12/19	13.55		15,942	357,579	
		06/11/2020			12,224	212,778	three-year	19/11/20	17.18				102,134
(II) Remuneration from subsidiaries and associates													

			Financial instruments assigned in previous years not vested during the year		Financial instruments granted during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assigned		Financial instruments for the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12
Name	Position	Plan	Number and type of financial instrument	Vesting period	Number and type of financial instrument	Fair value at the grant date	Vesting period	Grant date	Market price at the grant date	Number and type of financial instrument	Number and type of financial instrument	Value at the maturity date	Fair Value
(III) Total					40,577	538,218							102,134
Carlotta Rossi Luciani	Executive director												
(I) Remuneration from the company preparing the financial statements		07/09/2018			2,027	19,506	three-year	1/10/18	8.88		2,248	41,898	
		11/11/2019			2,790	37,895	three-year	1/12/19	13.55		3,348	75,095	
		06/11/2020			1,048	18,242	three-year	19/11/20	17.18				8,756
(II) Remuneration from subsidiaries and associates													
(III) Total					5,865	75,643							8,756
Giandomenico Lombello	General manager												
(I) Remuneration from the company preparing the financial statements		07/09/2018			7,975	76,743	three-year	1/10/18	8.88		8,843	164,817	
		11/11/2019			6,851	93,052	three-year	1/12/19	13.55		8,221		
		06/11/2020			6,101	106,198	three-year	19/11/20	17.18				50,975
(II) Remuneration from subsidiaries and associates													
(III) Total					20,927	275,993							50,975
Dirigenti con Responsabilità strategiche	Key management personnel (4)												
(I) Remuneration from the company preparing the financial statements		07/09/2018			24,017	231,116	three-year	1/10/18	8.88		18,034	336,111	
		11/11/2019			18,663	253,486	three-year	1/12/19	13.55		15,767	353,654	
		06/11/2020			15,718	273,597	three-year	19/11/20	17.18				131,327
(II) Remuneration from subsidiaries and associates													
(III) Total					58,398	758,199					33,801	689,764	131,327

Table 3B: Cash-settled incentive plans for the directors, general managers and other key management personnel

A	B	1	2A	2B	2C	3A	3B	3C	4
Name and Surname	Position	Plan	Award for the year			Previous year award			Other bonuses
			To be paid/ paid	Deferred	Deferral period	No longer available	To be paid/ paid (1)	Still deferred	
Luigi Rossi Luciani	Chairperson								
(I) Remuneration from the company preparing the financial statement		LTI 04/11/2021	61.058	40.705	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total			61.058	40.705					
(I) Remuneration from the company preparing the financial statement		LTI 09/11/2022		87.500	2025				
(II) Compensi da controllate e collegate									
(III) Totale			-	87.500					
(I) Remuneration from the company preparing the financial statement		LTI 16/11/2023		87.500	2026				

A	B	1	2A	2B	2C	3A	3B	3C	4
Name and Surname	**Position**	**Plan**	**Award for the year**			**Previous year award**			**Other bonuses**
			To be paid/ paid	**Deferred**	**Deferral period**	**No longer available**	**To be paid/ paid (1)**	**Still deferred**	
(II) Compensi da controllate e collegate									
(III) Total			-	87.500					
(III) Total			**61.058**	**215.705**					
Luigi Nalini	Deputy Chairperson								
(I) Remuneration from the company preparing the financial statement									
		LTI 04/11/2021	43.961	29.308	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total			43.961	29.308					
(I) Remuneration from the company preparing the financial statement		LTI 09/11/2022		63.000	2025				
(II) Remuneration from subsidiaries and associates									
(III) Total				63.000					
(I) Remuneration from the company preparing the financial statement		LTI 16/11/2023		63.000	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total				63.000					
(III) Total			**43.961**	**155.308**					
Francesco Nalini	Chief Executive Officer								
(I) Remuneration from the company preparing the financial statement		MBO 2023	281.644						
		LTI 04/11/2021	188.406	125.604	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total			470.050	125.604					
(I) Remuneration from the company preparing the financial statement		LTI 09/11/2022		276.000	2025				
(II) Remuneration from subsidiaries and associates									
(III) Total			-	276.000					
(I) Remuneration from the company preparing the financial statement		LTI 16/11/2023		294.000	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total			-	294.000					
(III) Total			**470.050**	**695.604**					
Carlotta Rossi Luciani	Executive Director								
(I) Remuneration from the company preparing the financial statement									
			-						
		LTI 04/11/2021	24.423	16.282	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total			24.423	16.282					
(I) Remuneration from the company preparing the financial statement		LTI 09/11/2022		35.000	2025				
(II) Remuneration from subsidiaries and associates			-	35.000					
(III) Total				70.000					
(I) Remuneration from the company preparing the financial statement		LTI 16/11/2023		35.000	2026				

A	B	1	2A	2B	2C	3A	3B	3C	4
Name and Surname	Position	Plan	Award for the year			Previous year award			Other bonuses
			To be paid/ paid	Deferred	Deferral period	No longer available	To be paid/ paid (1)	Still deferred	
(II) Remuneration from subsidiaries and associates			-	35.000					
(III) Total			**24.423**	**86.282**					
Giandomenico Lombello	General Manager								
(I) Remuneration from the company preparing the financial statement		MBO 2023	150.374						
		LTI 04/11/2021	118.068	29.517	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total			268.442	29.517					
(I) Remuneration from the company preparing the financial statement		LTI 09/11/2022		126.900	2025				
(II) Remuneration from subsidiaries and associates									
(III) Total			-	126.900					
(I) Remuneration from the company preparing the financial statement		LTI 16/11/2023		139.050	2026				
(II) Remuneration from subsidiaries and associates			-	139.050					
(III) Total			**268.442**	**295.467**					
Key Management Personnel	Key Management Personnel (4)								
(I) Remuneration from the company preparing the financial statement		MBO 2023	322.764						
		LTI 0289.7274/11/2021	72.432	310.500	2026				
(II) Remuneration from subsidiaries and associates									
(III) Total			612.490	72.432					
(I) Remuneration from the company preparing the financial statement		LTI 09/11/2022		326.250	2025				
(II) Remuneration from subsidiaries and associates									
(III) Total			-	326.250					
(I) Remuneration from the company preparing the financial statement		LTI 16/11/2023		355.050	2026				
(II) Remuneration from subsidiaries and associates			-	355.050					
(III) Total			**612.490**	**753.732**					

Table 7: Equity investments held by the directors, statutory auditors, general managers and other key management personnel

Equity investments held by the directors, statutory auditors, general managers and other key management personnel.

Name	Position	Investee	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the year end
Luigi Nalini	Deputy Chairperson	CAREL Industries S.p.A.	11.526	5.628	0	17.154
Luigi Rossi Luciani	Chairperson	CAREL Industries S.p.A.	16.008	6.147	13.351	8.804
Francesco Nalini	Chief Executive Officer	CAREL Industries S.p.A.	13.149	17.512	3.303	27.358

Name	Position	Investee	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the year end
Carlotta Rossi Luciani	Directorship	CAREL Industries S.p.A.	2.239	1.676	0	3.915
Giandomenico Lombello	General Manager	CAREL Industries S.p.A.	10.000	8.349	8.224	10.125
Key Management Personnel		CAREL Industries S.p.A.	10.082	21.868	16.215	14.575

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