

# CAREL

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Code of ethics





## Code of Ethics of CAREL Industries S.p.A.

### Introduction

This Code reflects the ethic commitments and responsibilities undertaken by the directors, employees and other collaborators of CAREL Industries S.p.A. (hereinafter also the “Company” or “CAREL”), in the conduct of business and corporate affairs.

The Company believes that ethics in the conduct of its business is an indispensable condition for success, a tool for promoting its image and a key asset of the Company. For this purpose, CAREL has decided to adopt a Code of Ethics in line with the principles of fairness, loyalty and honesty already endorsed by the company in order to regulate its activities through rules of conduct.

This code must be considered binding on the Company and on all its employees and collaborators whose conduct must abide by it. CAREL also requires that all its key stakeholders (i.e. associated companies, subsidiaries, key suppliers, ...) adopt a conduct that is in line with the general principles of the code, while abiding by their respective religious, cultural and social values.

This Code is also an integral part of the Company’s organizational, management and control system, pursuant to Legislative Decree 231 of 8 June 2001 on “the administrative liability of legal entities, companies and associations, including those without legal personality, in accordance with Article 11 of Law 300 of 29 September 2000”.

This Code of Ethics consists of:

- The general principles that govern relations with the stakeholders and which abstractly define the reference values inspiring CAREL activities;
- the criteria of conduct towards each class of stakeholders, which provide specific guidelines and rules which CAREL’s employees and collaborators and directors are required to abide by to ensure compliance with the general principles and prevent the risk of unethical conduct;
- the implementation mechanisms describing the control system in place to ensure compliance with the Code of Ethics and its continuous improvement.

In order to ensure its effectiveness and binding force, the Code of Ethics will be published on the Company’s website (<http://www.carel.it>); it will be delivered to all new employees and collaborators of the Company as of the selection phase and distributed to all those who entertain relations with the Company.



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## I. PRELIMINARY PROVISIONS

### 1.1 Definitions

In this Code, the following expressions shall have the meanings set out below:

**“Code”**

- means this Code and any attachments thereto, as from time to time supplemented or amended;

**“Collaborators”**

- means the individuals who entertain economic - financial relations with the Company or other persons employed under coordinated and continuous collaboration agreements and contract staff, mainly based on a personal, freelance basis (including, without limitation, project-based work, leased staff; combined work and training contracts; summer orientation internships), or any other relationship envisaged by art. 409 of the Italian Code of Civil Procedure, occasional work, as well as any other person under the direction or supervision of any senior manager of CAREL as per Legislative Decree no. 231 of 8 June 2001;

**“Recipients”**

- means the persons to whom the provisions of this Code apply and, specifically, Employees, Managers, Collaborators (e.g. consultants, agents) and Corporate Officers;

**“Employees”**

- means the persons who are employed by the company under an employer-employee relationship, including those with a fixed-time or part-time employment contract;

**“Corporate Officers”**

- means, as from time to time in office, the Chairman, the Chief Executive Officer, the members of the Board of Directors and of the Board of Statutory Auditors, the General Manager and the members of other CAREL corporate bodies, if any, set up pursuant to art. 2380 of the Italian Civil Code (as amended by Legislative Decree no. 6 of 17 January 2003) or pursuant to special laws, as well as any other person in a senior position, i.e. any person who performs representation, administration or management functions within CAREL or within an organizational unit with financial and functional autonomy as per Legislative Decree no. 231 of 8 June 2001;

**“Supervisory Board”**

- means the supervisory body with independent powers of initiative and control pursuant to Legislative Decree no. 231 of 8 June 2001;
- means the body appointed to ensure the implementation of the principles contained in the Code of Ethics (hereinafter the Watchdog);

### “Managers”

- means each employee responsible for one or more CAREL departments, in accordance with the company’s organization chart as in force from time to time.

## 1.2 CAREL activities and values

CAREL Industries S.p.A. is a world leader in control solutions for air conditioning, refrigeration and heating and systems for humidification and evaporative cooling. The Company’s customers are both companies, business to business channel (B2B) and end users and distributors.

The Company is a provider of testing instruments for the air conditioning, commercial and industrial refrigeration markets, in the production of air humidification systems. The solutions developed by the company are used in commercial, industrial and residential applications.

The following values constitute the backbone of CAREL activities:

- C** - Customer first (care of needs understanding of the wishes guaranteed quality)
- A** - Achievement (of personal commitment of results)
- R** - Respect (of people and each other as trust in relationship with partners of the environment)
- E** – Evolution (as innovation, as technology, as ergonomics)
- L** – Learning (as personal growth, as professional improvement, as company enhancement).

## 1.3 Scope and effectiveness of the Code

The provisions of this Code shall apply to the Recipients, unless otherwise provided by the Code and subject, in any case, to the application of the mandatory legal and contractual rules (including the national, local and company collective bargaining), from time to time applicable to their relationships with CAREL.

This Code shall also apply to third parties CAREL has relations with, in accordance with law and with the agreements entered into with them, and within the limits established by this Code.

## 1.4 Effectiveness of the Code vis à vis Employees, Collaborators, Company Managers and Officers

The observance of this Code is an integral part of Employees’ contractual obligations, including pursuant to Art. 2104 of the Italian Civil Code.

Any violation of this Code may constitute a contractual breach and/or a disciplinary offence and, where appropriate, it may require compensation for any damage caused to the Company, in accordance with the applicable laws and regulations in force and the collective agreements, as applicable from time to time.

Recipients are required to comply with the provisions of this Code, both in relations with each other (internal relations) and with third parties (i.e. external relations). Specifically:



- (i) in the performance of their duties of administration and control, Corporate Officers are inspired by the principles of this Code;
- ii) the Managers conform their conduct to the principles set forth in this Code and require Employees and Collaborators to comply with them. To this end, the Managers set an example through their conduct. For the purposes of this Code, each Manager shall be directly responsible for the coordination and/or control of collaborators under their direction and shall supervise them to prevent any violations of this Code. More specifically, each Manager is required to:
  - 1** inform collaborators and employees under their supervision, in a clear, precise and comprehensive manner, of the obligations they have to fulfil and, specifically, their obligation to comply with the law and this Code;
  - 2** unequivocally inform collaborators and employees under their supervision, that, in addition to disapproving any violations of this Code, such violations may constitute a contractual breach and/or a disciplinary offence, in accordance with the applicable laws and regulations, and may thus be sanctioned;
  - 3** promptly report their findings and any information about potential or actual violations of this Code by any Employee or Collaborator reported to them by collaborators and employees under their supervision, to their superiors or the Watchdog;
  - 4** as part of the functions attributed to them, implement or promote the adoption of suitable measures to avoid the protraction of violations and prevent retaliation against collaborators and employees under their supervision, or any other Employee or Collaborator;
- (iii) Employees and Collaborators conform their conduct to the principles set forth in this Code and the notifications received from their Managers.

Without prejudice to the functions assigned to the Watchdog in respect of Employees, Collaborators and Company Officers, each Manager shall fulfil their duties and obligations in accordance with the provisions of this Code, and the consequent recommendations or instructions issued by the Watchdog, and the implementation and control procedures from time to time adopted by the Company.

To the extent necessary, the Company shall promote the application of this Code to the Recipients through the inclusion, in the relevant contracts, of specific clauses that establish an obligation to comply with the provisions of this Code.

The Watchdog shall monitor the implementation of the foregoing.

Furthermore, the Watchdog shall monitor to ensure that in selecting candidates for the position of Employee, Collaborator and Company Officer, the consistency of candidates' personal and professional qualities with the provisions of this Code be also assessed.

## 1.5 Effectiveness of the Code vis à vis third parties

When coming into contact with third parties while performing their duties, Recipients shall:

- (i) to the extent necessary, inform such third parties of the obligations under the Code;
- (ii) require compliance with the obligations arising from this Code that directly pertain to such third party's activities;
- (iii) in the case of Employees or Collaborators, report to their Manager, and, in the case of the Manager or Corporate Officer, report to the Watchdog, any third party's conduct in breach of this Code or otherwise likely to induce Recipients to commit violations of this Code.

CAREL promotes the application of the fundamental principles set out in this Code and, taking into account the legislative, social, economic and cultural framework, of the provisions of this Code by third parties with whom the company entertains relationships; to this end, CAREL may include specific clauses in contract models and templates between them and the Company, that establish the obligation of such third parties to observe the provisions of this Code within their activities and organization.

The Watchdog shall monitor the implementation of the foregoing.

## II. GENERAL PRINCIPLES

### 2.1 Legality

Respecting the law and the provisions set out in its Articles of Association, is a fundamental principle for CAREL.

In the performance of their duties, Recipients are required to comply with the (national, supranational or foreign) law applicable to them and, in any case, to refrain from committing violations of laws, regardless of whether they are subject to penalties of imprisonment, fines, administrative or other types of sanctions.

To this end, each Recipient undertakes to diligently familiarize with the legal provisions applicable to the performance of their functions, as from time to time in force.

In addition to the general principles of diligence and loyalty set out in art. 2104 of the Italian Civil Code, Recipients shall also observe behavioural prescriptions contained in the collective agreements applicable to them.

## 2.2 Integrity

The quality and efficiency of the corporate organization and the Company's reputation are a priceless asset and, to a substantial extent, they depend on each Recipient's conduct. Therefore, through their conduct, Recipients are required to contribute to the preservation of such asset and, especially to the Company's reputation, both in the workplace and outside of it.

More specifically, in performing their functions, Recipients should adopt a conduct that is inspired by moral integrity, taking into account the various social, economic, political and cultural frameworks and, especially, by the following values:

- (i) honesty, fairness and good faith, being accountable for their actions within the sphere of their respective duties;
- (ii) transparency, treating the information in their possession promptly and implementing communication and information processes inspired by clarity, completeness, accuracy and sharing;

## 2.3 Dignity and equality

Recipients acknowledge and respect the personal dignity, privacy and personal rights of each individual.

Each Recipient works with men and women of different nationalities, cultures, religions and races. Discrimination, harassment or sexual, personal, or other types of offences shall not be tolerated.

## 2.4 Professionalism

Recipients shall carry out their activities with the professionalism required by the nature of their tasks and functions, using maximum effort in the achievement of the objectives set and diligently performing the necessary activities for further analysis and update.

# III. EXTERNAL RELATIONS

## 3.1 Gifts, benefits or other advantages

In the performance of their duties, Recipients are forbidden from offering or giving to third parties, as well as accepting or receiving from third parties, directly or indirectly, including during holiday occasions, gifts, benefits or other advantages (including in the form of sums of money, goods or services of various kinds), that could influence, or appear to influence, the business decisions of any person with whom the company engages in business relationships, except for gifts of small value (i.e. of amounts not exceeding Euro 150 or equivalent amount in other currencies), that can be considered as directly falling within normal business courtesy, and in any case such as not to induce the other party, or a third and impartial outsider, to believe that they are intended to obtain or grant undue advantages, or anyway such as to give the impression of illegality or immorality.

Recipients who receive gifts, or offers of gifts, that do not comply with the above, must immediately inform in writing, their Manager, in the case of Employees or Collaborators, or the Guarantor, in the case of Managers or Corporate Officers, for the adoption of appropriate measures.

In any case, it is prohibited for Recipients to solicit the offer or granting, or the acceptance or receipt of gifts of any kind, including those of modest value.

Recipients who, as part of their duties, enter into contracts with third parties, must ensure that those contracts do not provide for, or involve gifts in violation of this Code.

### 3.2 Relations with customers

Trade relations with customers are an integral part of CAREL's assets.

The Company engages in transactions with customers who respect the fundamental principles, and, taking into account their legal, social, economic and cultural environment, the rules of this Code.

To consolidate customers' appreciation of the company, and, therefore, their loyalty, Recipients are required to engage in relationships with them that are based on legality and ethical conduct, in accordance with the principles of professionalism and integrity.

To this end, Recipients are required to carry out their activities with customers with expertise, accuracy, prudence, wisdom, dedication and efficiency, as well as with honesty, loyalty, helpfulness and transparency.

More specifically, Recipients shall:

- observe the procedures established by CAREL for relations with customers;
- provide accurate, precise and comprehensive information to customers in relation to the goods and services provided by CAREL;
- not use false or misleading statements in the sale or marketing of their products and services.

In promoting the Company's products and services, fairness, accuracy and compliance with applicable laws must be ensured. Objective statements must be based on facts. The information disclosed through advertising and statements must be accurate and truthful. Any comparisons with products and services of competitors must be fair, accurate and verifiable.

### 3.3 Relations with suppliers and external contractors (e.g. consultants, agents)

CAREL engages in transactions with suppliers who respect the fundamental principles, and, taking into account their legal, social, economic and cultural environment, the rules of this Code.

The Company pursues a fair and impartial selection of its suppliers and external contractors.

Recipients shall observe the procedures for supplier selection and contract awarding established by the company's guidelines, as well as public tender procedures (if implemented) applicable under the legislation in force.

Without prejudice to the engagements characterized by their strictly personal nature, to be assessed in practice in the relevant contracts, periodic or ongoing supply of goods, procurement or provision of goods or services to CAREL, Recipients, within their respective functions, must observe the following rules:

- (i) each Employee or Collaborator must inform their Manager, and each Manager and Company Officer must inform the Watchdog, of any personal interest in performing their functions, which might lead to a conflict of interest;
- (ii) in the case of competing offers, suppliers must not be favoured or hindered and, in any case, they must be compared fairly and properly, through objective evaluation and selection criteria and in a transparent manner. Accordingly, Recipients must not preclude candidate suppliers, who meet the qualification requirements from time to time required, the chance to win the contract in question;
- (iii) invitations from third parties may only be accepted if their reason and scope are appropriate and a refusal would infringe the duty of courtesy.

When CAREL purchases semi-finished and/or finished products from third parties to use them in its production process or to sell them on the final market, falsifying the origin of the material used or modifying any third-party trademark on the materials/products used is prohibited.

### 3.4 Relations with Partners

When participating in joint initiatives with other entities, either by establishing joint ventures with one or more partners, or by acquiring stakes in companies with other shareholders, the Recipients shall:

- only establish relationships with partners or other shareholders that have a good commercial reputation, are guided by ethical principles comparable to those of the Company and conduct business in line with the Code;
- ensure the transparency of agreements and refrain from entering into secret covenants or agreements in conflict with the law;
- promptly report to the corporate department in charge any conduct on the part of the investee, joint venture, partner or shareholder that appears to be in conflict with the Code.

### 3.5 Relations with governments and public institutions

Relations with public institutions are managed by authorized Corporate Officers, or by those delegated by them, in accordance with the provisions of this Code and

the Company's Articles of Association and special laws, with specific regard to the principles of transparency and efficiency.

In relations entertained by the Recipients of the Code, including through third parties, with the Public Administration, the following principles must be complied with:

- they must always act in compliance with the law and proper business practices, with the express prohibition to engage in conduct that, in the attempt of benefiting, or pursuing an interest of the Company, is such as to constitute an offence.
- during business negotiations, applications or relations with the Public Administration, employees, collaborators and those working on behalf of the Company must not attempt to improperly influence the decisions of, or induce the commission of acts contrary to the duties of office by Public Administration directors, officers (including officials acting or making decisions on behalf of the Public Administration) or employees, or their relatives or co-habitants, although carried out for the benefit or in the interest of the Company,

By way of example, and without limitation, the Recipients of the Code must not, directly or indirectly:

- examine or propose employment and/or commercial opportunities that can personally benefit Public Administration employees;
- offer, or in any way provide money, gifts or giveaways;
- exert unlawful pressure or promise any good, service or benefit;
- present false statements to national or EU public bodies, in order to obtain public funds, grants or subsidized loans, or to obtain concessions, authorizations, licenses or other administrative acts;
- alter the functioning of a computer or telecommunication system, or tamper the data contained in it, in order to gain an unfair advantage while causing damage to the Public Administration;
- use any amounts received from public bodies by way of grants or funding for purposes other than those for which they have been granted;
- solicit or obtain confidential information that may compromise the integrity or reputation of both parties.

### 3.6 Relations with political organizations and trade unions

Relations with political organizations and trade unions are managed by authorized Corporate Officers, or by those delegated by them, in accordance with the provisions of this Code and the Company's Articles of Association and special laws, with specific regard to the principles of impartiality and independence, at the national and international level.

### 3.7 Relations with the media

Relations with the press, television and in general with the mass media, both domestic and foreign, are exclusively managed by authorized Corporate Officers, or by those delegated by them.

All external communications must be previously authorized in accordance with company procedures in force from time to time.

### 3.8 Competition

Each Recipient must comply with fair competition and antitrust rules.

Article 81 of the EC Treaty states that “The following shall be prohibited as incompatible with the common market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market[...]”. In addition, if the abuse or concerted practice affects free competition within Italy, such agreement is also punishable under the Italian Antitrust law and, specifically, by Article 2.

In order not to infringe competition regulations, CAREL exclusively carries on business according to its own strategic and commercial decisions, defining its policy autonomously and independently from that of competitors.

More specifically, it is forbidden to:

- i. establish relationships with CAREL’s competitors to reach agreements on purchase or selling prices, quantities or other contractual terms and conditions;
- ii. enter into non-competition agreements or arrangements, including verbal, with CAREL’s competitors;
- iii. prevent or limit production, markets or market access, capital expenditures, technical development, or technological advancement;
- iv. allocate markets or supply sources, including through agreements for participation in tenders;
- v. in business relations with other contractors, apply objectively different conditions for equivalent services, thereby placing them at an unjustifiable competitive disadvantage;
- vi. making the signing of contracts subject to acceptance by counterparties of supplementary services which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

In order to prevent any infringements of the above legislation, Employees and Collaborators are required to report to their Manager, and Managers and Corporate Officers are required to report to the relevant Watchdog, all conduct that is contrary to the prohibitions listed above.

The sale of the Company’s products and services shall be made solely on the basis of their merits and the advantages they offer. This Code prohibits to falsely disparage competitors or their products and services.

The Company recognizes that competition is an essential element for Italian economic development and social progress. To this end, in carrying out its activities, the Company shall make sure that the general conditions for freedom of enterprise are satisfied, enabling economic operators to enter the market and compete on a level playing field, and shall protect its customers, by helping contain prices and

improve the quality of services which result from the free play of competition. The Company shall not deny disclosure of, hide or delay any information requested by the Antitrust Authority and the regulatory bodies in their inspection activities and shall actively cooperate during investigation procedures.

### 3.9 Fighting corruption

In keeping with the values of honesty and transparency, the Company is committed to implement all necessary measures to prevent and avoid corruption. Paying or accepting sums of money, or carrying out other forms of corruption in order to provide direct or indirect benefits to the Company is prohibited.

## IV. HUMAN RESOURCES

### 4.1 Selection, development and professional training

Human resources are the central element underpinning the Company's pursuit of its objectives.

#### **CAREL:**

- is an innovative and technological company that offers opportunities for professional development and growth, both nationally and internationally."
- It is characterized by a dynamic and collaborative environment, informal and open relationships based on trust and mutual responsibility. CAREL believes that good working relations and team spirit contribute to achieving goals faster and to more confidently look to a bright future.
- CAREL has always invested in people. People are at the centre of the organization, from the selection process until the definition of a career path that best suits individual aptitudes and the desire to grow within the Group."

In personnel selection and management, the Company adopts merit- and competence-based criteria, assessing each person's skills and potential. CAREL promotes and enhances the development of each Recipient's skills and abilities, including by organizing training and refresher courses. Recipients shall diligently carry out these activities and shall report any need for additional or specific activities to enable the adoption of the necessary initiatives by the Company.

### 4.2 Equal opportunities

The Company aims to build a solid work environment that is free from racial, cultural, ideological, sexual, physical, moral, religious or other discriminations, and to offer Recipients equal opportunities and equal treatment.

All Recipients are required to work together to achieve this goal.

### 4.3 Workplace

Recipients shall cooperate to achieve common results and undertake to create a serene, challenging and rewarding working environment.



At work, Recipients shall maintain a conduct characterized by professional integrity, neatness and propriety.  
Harassment or are not allowed.

#### 4.4 Incidental activities

Recipients are permitted to carry out incidental activities to the extent that they do not compromise the performance of their work activities for the Company.

In any case, Recipients must refrain from carrying out incidental activities (including unpaid) that are in contrast with the specific obligations they have assumed with CAREL.

#### 4.5 Use of corporate equipment and facilities

Company assets, especially plant and equipment located in the workplace, are used to perform company activities, in accordance with current legislation.

Under no circumstances, are the Recipients authorized to use the company assets and, especially, computer and network resources for purposes contrary to law, public order or morality, or to commit or induce others to commit crimes or otherwise to instigate racial hatred, glorification of violence and violation of human rights.

No Recipient is authorized to make audio or video recordings of, or to reproduce business documents in electronic, paper or photographic format, except where such activities fall within their ordinary duties.

#### 4.6 Alcohol and drugs; smoking

The use of drugs or alcoholic substances in the workplace is prohibited.

Subject to the legal provisions in force regarding smoking in the workplace, the Company shall take into special consideration the needs of those who request to be protected from “passive smoking” at work.

### V. CONFLICT OF INTEREST

In performing their duties, Recipients shall avoid any conflict of interest situations. By way of example, conflicts of interest can arise from the following situations:

- (i) holding company positions or carrying out work activities of any kind at customers or suppliers;
- (ii) acquisition by the Recipient or their families of economic and financial interests in suppliers' or customers' businesses (such as, for example, direct or indirect holdings in the share capital of such entities).

Each situation that may give rise to a conflict of interest, or otherwise affect the Recipient's ability to make decisions in the best interest of the Company, must be

immediately reported by the Employee or Collaborator to their Manager, or by the Manager or the Corporate Officer to the Watchdog, and shall result in the obligation for the Recipient in question to refrain from carrying out any acts connected with or related to such situation.

The above is without prejudice to the rules on conflicts of interest involving members of management and control bodies, pursuant to law.

## VI. ACCOUNTING AND INTERNAL CONTROL

### 6.1 Accounting records

Accounting transparency and the keeping of accounting records according to principles of truthfulness, completeness, clarity, precision, accuracy and compliance with the laws and regulations in force, are the fundamental prerequisite for effective control.

For each transaction, adequate supporting documentation must be kept in the records, to facilitate accounting entries, traceability of the transaction and the identification of liability, where applicable.

Each Recipient must contribute to the correct and timely booking of all company activities.

Recipients are also required to submit adequate supporting documentation when compiling expense reports, for which they request a refund.

### 6.2 Internal control

The functionality and efficiency of a complex structure requires that it functions properly at all levels; to ensure such operation, an internal control system is in place, designed to monitor and guide CAREL's organization.

Each Recipient, to the extent of their duties and tasks, is responsible for the definition and proper functioning of the control system.

### 6.3 Reporting

The flow of information must be managed according to truthfulness, accuracy and timeliness criteria. To this end, both internal reports (intended for colleagues, collaborators, shareholders) and external reports (intended for customers, suppliers, institutional partners), shall be drafted scrupulously and in accordance with these principles.

CAREL also fulfils its legal obligations, including disclosure obligations, towards the relevant authorities, with specific reference to supervisory and control authorities, and cooperates with them in the performance of their functions, in accordance with the law and regulations in force.

## VII. BUSINESS POLICIES

### 7.1 Environmental protection

Environmental protection and the preservation of natural resources are priority objectives of the Company.

The Company and all its employees act in accordance with the laws and regulations in force in order to protect the environment and reduce pollution.

In performing their functions and activities, Recipients must contribute to the achievement of exemplary results in this field.

In the appropriate fora and in the conduct of its industrial activities, the Company contributes to the promotion of scientific and technological development aimed at protecting the environment and safeguarding resources.

### 7.2 Protection of health and safety at work

Each Recipient's responsibility with respect to their colleagues and collaborators requires the utmost care in risk prevention. To this end, the technical planning of workplaces, equipment and processes must be based on the highest level of compliance with the regulations in force on health and safety at work. Each Recipient must pay the utmost attention in carrying out their activities, strictly observing all safety and prevention measures in place, to avoid any possible risk for themselves and their colleagues and collaborators.

### 7.3 Intellectual property and development of new products

The protection of the Company's intellectual property, including patents, trade secrets, trademarks, distinctive signs, technical and scientific knowledge, know-how and skills acquired in the course of business activities, is essential to keep the Company's competitive edge.

Employees are required to define, protect, maintain and defend the Company's rights in all intellectual property and commercially relevant areas and to exercise those rights in a responsible manner.

In addition to protecting the Company's intellectual property rights, also the intellectual property rights of other parties must be respected.

### 7.4 Copyright

Many materials used by managers, employees and sales representatives in the performance of their work are protected by copyright. Reproducing, distributing or altering copyrighted materials without the consent of the copyright holder is illegal and is prohibited under this Code, except for any legal exemptions such as the "fair use" exception. The unauthorized duplication of copyrighted material may result in violations that are punished with civil and/or criminal penalties. Although copyright infringement usually involves the unauthorized copying of publications or other printed materials, it can also cover the unauthorized use of photos and graphics display or design. Normally, computer software is protected by copyright and is sold subject to license agreements that may restrict its use. Managers, employees

or sales representatives are forbidden from copying software or using it on different computers, unless such use is permitted by the applicable license agreements, or where a legal exemption applies.

## 7.5 Social responsibility

The social responsibility of companies engaged both in Italy and abroad is a value recognized and shared within CAREL.

The Company carries out its business activities in compliance with social and moral obligations and, through them, it aims to contribute to the development of the economic, intellectual and social assets of each country and community in which it is engaged.

## VIII. INFORMATION AND CONFIDENTIALITY

### 8.1 Information regarding CAREL

Under no circumstances may any confidential information relating to CAREL and acquired or processed by the Recipients in the performance of, or during their activities in relations with the Company, be used, disclosed to third parties or disseminated for purposes other than the institutional ones. The notion of confidential information includes all data, knowledge, deeds, documents, reports, notes, studies, drawings, photographs and any other material related to the organization, its assets, production methods, commercial and financial operations, research and development, and to court and administrative proceedings involving the Company.

The obligation of confidentiality shall remain in force after termination of the relationship with the Company, in accordance with the laws and regulations in force.

Any confidential information must be kept in places that cannot be accessed by unauthorized persons.

### 8.2 Personal data protection

In carrying out its activities, the Company processes the personal data of the Recipients and of third parties.

The Company requires that, in the performance of their respective functions, Recipients undertake to ensure that the data to be processed, is processed in compliance with the legislation from time to time in force.

To this end, the processing of personal data is restricted to authorized personnel and must be performed in compliance with CAREL internal rules and procedures which are established in accordance with the laws and regulations in force.

## IX. IMPLEMENTING PROVISIONS

### 9.1 General principles

In order to achieve compliance with the principles set out in this Code, CAREL ensures:

- (i) the widest possible dissemination of, and familiarization with this Code;
- (ii) the uniform interpretation and implementation of this Code;
- (iii) the conduct of investigations regarding any reported infringement of this Code and the application of penalties in case of violations of the Code, in accordance with the laws and regulations in force;
- (iv) the prevention and repression of any form of retaliation against those who contribute to the implementation of this Code;
- (v) the periodic updating of this Code, on the basis of requirements that from time to time arise, also in the light of the above-mentioned activities.

Without prejudice to the powers and responsibilities that pertain to the governing bodies, in accordance with law, and the Supervisory Board, all Employees are required to implement and collaborate in the implementation of the Code, within the limits of their responsibilities and functions.

### 9.2 Supervisory board pursuant to art. 6 of Legislative Decree no. 231/2001

All the Company's stakeholders can report, in writing and not anonymously, through the appropriate confidential information channels, any violation or suspected violation of the Code of Conduct to the Company's Supervisory Board, which shall investigate the report, and, where applicable, shall interview the author and the person responsible for the alleged violation.

The Supervisory Board has, inter alia, the following duties:

- to periodically check the implementation and compliance with the Code;
- to check the content of the Code, in order to report any need for adjustments to changes in legislation;
- to undertake activities for the dissemination of the Code;
- to propose amendments and additions to the Code to the management body;
- to receive reports of breaches of the Code and to investigate in such regard;
- to reassure and assist those who report any non-compliances with the Code, protecting them from pressure, interference, intimidation and retaliation;
- to prepare a half-year report on the activity carried out to be submitted to the management body.

The revision of the Code is approved by the Board of Directors, upon proposal of the Chairman and/or the Chief Executive Officer, after consultation with the Board

of Statutory Auditors. In formulating the proposal, the stakeholders' assessment with regard to the principles and contents of the Code is taken into account, also promoting their active contribution and the reporting of any deficiencies.

### 9.3 Clarification, complaints and reports

All employees and collaborators of the Company are required to cooperate with the Supervisory Board, and to provide any corporate documentation as may be necessary for the performance of its activities.

If Recipients have any concern on the lawfulness, lack of ethics or conflict with the Code of any specific conduct, they may contact their superior and/or the Supervisory Board.

To report any breach by the recipients, a written report must be sent to either the line manager or the Supervisory Board, via electronic mail ([odv@carel.com](mailto:odv@carel.com)) or by internal mail.

To report any breach by the Supervisory Board, a report may be addressed to the Board of Directors, which shall delegate one of its members to carry out the investigations deemed necessary and/or appropriate.

The reports received shall be kept strictly confidential.



**CAREL INDUSTRIES S.p.A.**  
Il Presidente  
**Luigi Rossi Luciani**



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