



Procedure for Protecting Those Who Report Offences or Other
Irregularities of CAREL Industries S.p.A.

(Adopted by the Board of Directors on December 14, 2023)

1. Foreword - Reference best practices and regulation

Legislative Decree no. 24 of 10 March 2023 (so-called Whistleblowing Decree), issued in implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council, of 23 October 2019, transposes in Italy the new European discipline oriented towards the protection of persons who report violations of Union law and national regulatory provisions, and in this regard it implements the principles contained within the Organisational Model (hereinafter, “231 Model”) on the subject of the management of reports that are relevant for the purposes of Legislative Decree no. 231/2001 for Companies that have it in place (so-called whistleblowing).

Bearing in mind that the virtuous management of whistleblowing contributes not only to identifying and combating possible offences, but also to spreading a culture of ethics and legality within organisations, to creating a climate of transparency and a sense of participation and belonging, and with the awareness of the importance of ensuring maximum protection for those who report unlawful conduct within the entity, CAREL Industries S.p.A. (“CAREL” or “Company”) promptly updated and supplemented its 231 Model with the new whistleblowing provisions.

This ***Procedure for Protecting Those Who Report Offences or Irregularities of Carel Industries S.p.A.*** (hereinafter also “Procedure”) therefore constitutes, with regard to the subject of whistleblowing, the operational side of the Company 231 Model and is consequently an integral part of it.

For the purposes of drafting this Procedure, also in the light of the importance for the Company of maximum protection for those who report offences or irregularities, CAREL has also - but not exclusively - drawn inspiration from industry best practices.

2. Purpose

By adopting and publishing this Procedure, the Company intends first of all to ensure **full protection** and the **utmost confidentiality** for whistleblowers.

It is also CAREL intention to remove any factor that may hinder or otherwise discourage the reporting of offences or irregularities, such as doubts and uncertainties about the methods and channels to be used, or fears of any kind of retaliation or discrimination.

At the same time, the Company, also by means of this Procedure, condemns the behaviour of those who make false, misleading or otherwise unfounded reports.

For this reason, the purpose of this Procedure is also to provide whistleblowers with clear indications on the subject, contents and methods of sending reports, as well as to highlight the forms of protection for them offered by national law.

3. Recipients of the Procedure

It is CAREL wish to address this Procedure to the widest possible number of persons who, for various reasons, come into contact with the Company activities.

For this reason, the Procedure is addressed to the following persons:

- CAREL employees, both with permanent and fixed-term employment contracts;
- self-employed persons working at CAREL;
- workers or collaborators in any capacity whatsoever of companies providing goods or services or carrying out works for CAREL;
- freelancers and consultants working at CAREL;
- paid and unpaid volunteers and trainees working at CAREL;
- CAREL persons with administration, management, control, supervision or representation functions, even if such functions are exercised on a de facto basis, at CAREL.

4. Subject of the report

The persons identified in the paragraph above may report the following types of situations and overt or suspicious conduct (*so-called reports*):

- conduct that may constitute administrative, accounting and civil offences;
- criminally relevant conduct, which may constitute offences (crimes and misdemeanours);
- conduct that may constitute irregularities or in any case in violation of laws, regulations or provisions of the Authorities;
- violation of the principles contained in the 231 Model or of implementation tools (e.g. procedures);
- actions likely to cause financial damage (fraud, embezzlement, conflicts of interest) or damage to the image of CAREL or to one of its Subsidiaries;
- conduct that violates the rules on product safety and conformity or consumer protection;
- conduct contrary to the protection of personal data, as well as network and information system security;
- actions or omissions that violate corporate tax rules;
- conduct likely to cause damage to the health or safety of employees, users and citizens or to cause damage to the environment;
- offers, receipts or requests for money, goods or other benefits from and to third parties or employees of the Company;
- conduct capable of causing harm to the public interest;
- actions taken in violation of the Code of Ethics and of the Company internal procedures.

In order to facilitate any subsequent investigations, the Company encourages the use of reports with the following minimum features and content:

- reports must be substantiated and based on precise and consistent facts;
- reports must provide useful elements to enable the persons in charge to carry out the due and appropriate checks and assessments.

Conversely, CAREL *does not consider* the following as worthy of reporting:

- mere rumours or “hearsay” (such as, for instance, inaccurate information and in relation to circumstances not directly known); or
- grievances of a personal nature of the whistleblower or his/her claims or demands that fall within the discipline of the employment relationship.

5. Content of the report

To be worthy of consideration, reports must be **substantiated** and **based on precise and consistent facts**, and in particular the following must be clear:

- the circumstances of time and place in which the reported event occurred;
- a clear and complete description of the facts being reported;
- if known, the details or other elements that make it possible to identify the person who committed the reported acts.

6. Anonymous reports

Reports may be made anonymously, provided they are sufficiently substantiated and rendered in such detail as to bring out facts and situations by relating them to specific contexts that can be investigated and verified.

Where the report is made anonymously – as no identity is provided – the Company will treat it, if substantiated, as an ordinary report, unless the report is subsequently supplemented with the personal details of the whistleblower for the purposes of acquiring the possible protections referred to in the Whistleblowing Decree.

In particular, the Receiving party (*see below*) takes charge of the substantiated anonymous report and verifies whether or not it is well-founded and relevant on the basis of the elements and circumstances covered by the report that are useful for the reconstruction and assessment of offences of various kinds.

In the case of an anonymous report, CAREL shall record it and store the relevant documentation for no more than five years from the date of receipt of that report, thus making it possible to retrieve it in the event that the whistleblower, or the person who made the report, informs ANAC that he/she has suffered retaliatory measures as a result of that report or anonymous claim.

In the case of an anonymous report, it will not be possible to apply the legal protection provided by the Whistleblowing Decree against retaliation to a specific person.

7. Methods, channels and recipient of reports

The body entrusted with receiving and assessing reports is the **Supervisory Board (so-called Recipient)**.

The Whistleblower may, at any time, supplement, rectify or complete the report made or add further evidence, including documentary evidence, through the same channel through which he/she sent the report.

The Recipient of the report is responsible for ensuring that the reporting channel is maintained, guaranteeing adequate publicity, also through the Company website.

In view of the purposes of the Procedure, CAREL has activated a specific reporting channel, through a web-based electronic platform called “Convercent” (accessible via the following link: <https://www.carel.it/whistleblowing>).

In compliance with the requirements contained in the Italian regulation (Law no. 179 of 2017, Law 53/2021, Legislative Decree. 24/2023) and with European Directive 2019/1937, the reporting channel indicated above protects the confidentiality of the whistleblower and of the data and information shared, ensuring that the person who wishes to disclose his/her identity receives adequate protection and is exempt from retaliatory and/or discriminatory acts.

All employees who may receive reports in person must immediately, and in any case within seven days from receipt, forward them to the Recipient, guaranteeing the confidentiality of the contents and of the persons who may be identified by the report, and simultaneously notifying the whistleblower of the transmission. Any failure to comply with this obligation could lead to disciplinary sanctions (based on the indications and assessments provided by the governance bodies and by the HR function).

Reports can be made using one of the following channels:

- by postal service to be addressed to “Organismo di Vigilanza di CAREL Industries S.p.A. - Via dell'Industria, 11, 35020, Brugine PD”; in this case, in order to ensure confidentiality, the report must be placed in two sealed envelopes: the first with the identification data of the whistleblower together with a photocopy of the identity document; the second with the report, so as to separate the identification data of the whistleblower from the report. Both must then be placed in a third sealed envelope marked “Confidential” on the outside, for the attention of the manager of the report;
- sent via the electronic web platform called “Convercent”;

- verbally, at the request of the whistleblower, by means of a face-to-face meeting set within a reasonable period of time or by confidential telephone reporting via the Convercent platform.

8. Report management activities

The operational steps followed in managing reports are summarised below.

8.1 Preliminary analysis

The Recipient shall ensure the necessary and appropriate checks to guide the subsequent stages of the process, guaranteeing the utmost timeliness and compliance with the principles of objectivity, competence and professional diligence.

Upon receiving each report, this is automatically registered within the platform, regardless of its content and features. Where the whistleblower contact details are available, the Recipient shall also acknowledge receipt of the report within seven days from its receipt.

After registration, the Recipient starts the preliminary analysis of the report.

During this phase, in compliance with the principles of confidentiality and without disclosing the identity of the whistleblower, the Recipient may consider involving other competent corporate functions/bodies in view of the nature of the report, such as, by way of example but not limited to:

- HR function, if the report is potentially relevant in terms of violation of applicable labour regulations or relating to personnel management and/or organisational aspects;
- Legal function, if the report contains elements requiring specific legal expertise to ensure the proper assessment of the reported fact;
- HSE function for the purpose of Workers' Health and Safety, if the report concerns situations that may harm the health or safety of employees, users and citizens or the environment;
- Data Protection Officer (DPO), if the report is potentially relevant in terms of violation of privacy regulation;
- Other functions in case of specific requirements.

The Recipient will carry out an initial eligibility screening that will consist of assessing:

- the completeness of the report;
- the satisfaction of the legal and de facto prerequisites in accordance with the provisions of the Decree and with the rules contained in the Model and corporate policies;
- the severity of the facts reported and whether the report is urgent.

If the Recipient, having assessed the report, considers it to be unfounded or unverifiable, he/she shall close the report, informing the whistleblower (when known) accordingly in writing.

8.2 Investigation activities

In the case of verifiable reports, the Recipient may have to contact the whistleblower - if known - if he/she considers the report to be too general, in order to ask him/her to provide elements that may be useful for the investigation.

Conversely, in the event that the Recipient deems a verification activity to be necessary, he/she shall initiate an investigation of the facts that are the subject of the verification activity itself, in order to ascertain whether it is justified. In this case, the whistleblower - if known - will be informed that the report has been taken into account and assessed.

While carrying out investigative activities, the Recipient may call upon the cooperation of other corporate functions, for instance by requesting specific information and/or documents to be shared.

Anyone involved in the investigation phase is subject to the same confidentiality constraints and responsibilities of the Supervisory Board.

8.3 Investigation reports

At the end of the investigation activities, the Recipient shall prepare a report summarising the checks carried out and the conclusions reached, and shall also file all the relevant documentation in such a way as to prevent third parties from having access to the information gathered.

The Recipient must provide a reply to the report within three months from the date of the acknowledgement of receipt or, in the absence of such an acknowledgement, within three months from the expiry of the seven-day period from submitting the report.

9. Protecting the whistleblower

The Company and the Supervisory Board take all the necessary measures to protect the confidentiality of the whistleblower, in accordance with the relevant legal provisions. Furthermore, CAREL condemns all possible retaliation or discriminatory behaviours against the whistleblower.

Please refer to the relevant provisions of the 231 Model.

10. Protecting the reported party

CAREL and the Supervisory Board then take all the necessary measures to protect the confidentiality of the reported party identity. Similarly, the Company condemns violations, committed with malice or gross negligence, of the prohibition against making unfounded reports.

Specifically:

- reports should not contain allegations that the whistleblower knows to be false and, in general, they should not be used as a tool to resolve purely personal issues;
- CAREL undertakes to protect the whistleblower only against possible retaliatory or discriminatory conduct arising from the report;
- the criminal and civil liability of the whistleblower in the event of a slanderous or defamatory report and/or of a report made for the sole purpose of damaging the reported party, as well as any other case of intentional abuse or exploitation of the whistleblowing procedure, shall remain unaffected.

Also in this case, reference is made to the provisions of the 231 Model.

11. Public disclosure of the report

The whistleblower may make a public disclosure of the report and benefit from the protection provided for in the Procedure if, at the time of the public disclosure, at least one of the following conditions is met:

- the whistleblower has previously made a report through an internal channel, or directly through an external channel, and no reply has been received within the deadline;
- the whistleblower has a well-founded reason to believe that the violation may constitute an imminent and obvious danger to the public interest;
- there is a well-founded reason to believe that the external report may entail a risk of retaliation or may not be adequately followed up.

12. External reports

The whistleblower may make an external report if, at the time of submission:

1. the internal channel, though mandatory, is not active or, even if activated, does not comply with the provisions of the decree with regard to the persons and methods for submitting internal reports, which must be able to guarantee the confidentiality of the identity of the whistleblower and of the other protected persons;
2. the whistleblower has already made an internal report and this has not been followed up by the designated person or office. Reference

- is made to cases where the internal channel has been used but the person entrusted with managing the channel has not undertaken, within the deadlines provided for by the decree, any activity concerning the admissibility of the report, the verification of the existence of the facts reported or the communication of the outcome of the investigation carried out;
3. the whistleblower has reasonable reasons to believe, based on the actual circumstances attached and on the information effectively acquired and, therefore, not based on mere allegations, that if he/she made an internal report:
 - it would not be actually followed up due to the specific circumstances of the case. For example, in cases where there is a well-founded fear that no action would be taken because of an agreement between the recipient of the report and the person involved in the violation; or as a result of concealing or destroying evidence of wrongful conduct of which the whistleblower is aware; in such cases, it will be possible to access the external channel in order to prevent the report from being effectively followed up;
 - this could lead to the risk of retaliation. For example, in cases where the person has a well-founded fear that he/she may suffer retaliation on account of situations and events that have already occurred in his/her administration/entity (such as where the person has already been made aware of the possibility of suffering damages in the event of a report, or where he/she is aware of previous retaliation or violations of confidentiality);
 4. the whistleblower has a well-founded reason – as set forth in point 3
 - to believe that the violation may constitute an imminent or obvious danger to the public interest. Reference is made, for instance, to the case where the violation clearly requires urgent intervention by a public authority to safeguard a public interest such as health, safety or environmental protection.

To submit an external report of wrongful conduct, it is necessary to fill in the form at the following link <https://whistleblowing.anticorruzione.it/#/>.

13. Filing

Both internal and external reports, and the related documentation are stored for as long as necessary to process the report and in any case for no longer than five years from the date of communication and the final outcome of the reporting procedure.

The Recipient is required to ensure the logging of reports, the traceability and adequate archiving of reports and the related documentation produced during the investigation phase, ensuring the highest security standards.

14. Confidentiality

The whistleblower identity and any other information from which that identity may be inferred, directly or indirectly, may not be disclosed, without the whistleblower express consent, to persons other than those competent to receive or follow up the report and expressly authorised to process such data.

In disciplinary proceedings, the whistleblower identity:

- cannot be disclosed if the objection of the disciplinary charge is based on assessments that are separate from and additional to the report, even if consequent to it;
- may be disclosed, subject to the express consent of the whistleblower, if the challenge is based in whole or in part on the report and knowledge of the whistleblower identity is indispensable to defend him/her.

The provisions protecting the whistleblower are not guaranteed if criminal liability for offences of defamation or slander, or in any case for such offences committed by reporting to the Judicial or Accounting Authorities, is assessed (even in a court of first instance), or if civil liability in cases of wilful misconduct or gross negligence is assessed.

15. Retaliatory and/or discriminatory acts

A whistleblower who thinks to have suffered a retaliatory and/or discriminatory act as a consequence of the report made may inform the Head of the competent HR Function, so that he/she may assess:

- The need/appropriateness of restoring the situation and/or remedying the negative effects of discrimination;
- The existence of grounds for initiating disciplinary proceedings against the perpetrator of retaliation and/or discrimination.

The whistleblower may also inform the trade union to which he/she belongs or the representative trade union within the company, or the Judicial or Administrative Authorities and ANAC accordingly.

In particular, the following cases, which in any event do not constitute an exhaustive list, shall be regarded as retaliatory actions where they are carried out by reason of or as a consequence of the report:

- a. dismissal, suspension or equivalent measures;
- b. change of duties, change of workplace, demotion, reduction of salary, change of working hours;
- c. suspension from participation in training events or any restriction of access thereto;
- d. negative remarks or negative references;

- e. adoption of disciplinary measures or of other sanctions, including fines;
- f. coercion, intimidation, harassment of any kind or ostracism within the corporate organisation;
- g. discrimination or unfavourable treatment compared to other persons covering the same role within the corporate organisation;
- h. failure to convert a fixed-term employment contract into a permanent employment contract, where the whistleblower had the right or at least a legitimate expectation of conversion;
- i. non-renewal or termination (in whatever form) of a fixed-term employment contract;
- j. causing economic or financial damage as a result of the dissemination - including via social media - of information likely to bring discredit to the reputation of the whistleblower;
- k. the inclusion of the whistleblower in formal or informal lists drawn up also on the basis of legitimate business sector agreements, which may result in the whistleblower being unable to find employment in the same industrial sector in which the Company operates;
- l. the early conclusion, in whatever form, of contracts to provide services or to supply goods;
- m. requiring the whistleblower to undergo a medical investigation of any kind or a psychiatric assessments.

16. Disciplinary actions

Without prejudice to the sanctions imposed by the Judicial and Administrative Authorities and by ANAC, in compliance with the principles defined in this Procedure and in accordance with the provisions of the applicable labour regulation, CAREL reserves the right to apply appropriate disciplinary measures aimed at the:

- **Reported party found responsible for the facts reported:** employees who, upon investigation, are found to be responsible for serious irregularities and violations of internal regulations or procedures. In the event that the reported party is a third party, the Company reserves the right to apply penalties or even to terminate the contract immediately, in accordance with the defined contractual clauses.
- **Person who violates the whistleblower protection measures:** employees or persons with executive and representative functions who threaten, intimidate or in any way engage in retaliatory behaviours or otherwise violate the whistleblower protection measures in good faith.
- **Whistleblower in bad faith:** anyone who knowingly and in bad faith makes false and/or unfounded reports for the sole purpose of defamation, slander or harming the reported party or the other persons named in the report (unfounded reports made with malice or gross negligence).

Any disciplinary sanctions pursuant to Legislative Decree no. 231/01 are referred to in the Organisation, Management and Control Model.

Disciplinary measures are applied to persons who have violated the principles of this Procedure.

17. Processing of Personal Data

The Company guarantees full compliance with the provisions in force concerning the processing of personal data and, in particular, the Company, the Recipient and the Supervisory Board define their own model for the receipt and management of reports by identifying technical and organisational measures suitable for ensuring a level of security appropriate to the specific risks connected with and arising from the processing of personal data carried out on the basis of a data protection impact assessment carried out in accordance with article 35 of EU Regulation 2016/679.

In any case, any processing of personal data resulting from the report and, more generally, from this Procedure, as well as any internal (by the Recipient and/or to the management functions of the Company) or external (to the competent Judicial or Administrative Authorities) communication shall be carried out in full compliance with the provisions of the privacy regulation. In particular, CAREL:

- carried out a **data protection impact assessment** with regard to the processing of personal data relating to the report;
- provided appropriate **information** to Whistleblowers and to persons involved pursuant to articles 13 and 14 of the GDPR;
- ensured that **access** to the data concerning the identity of the whistleblower is only granted to the recipient of the reports;

- instructed the personnel supporting the recipient of the reports and in charge of managing the reports to process personal data in accordance with the provisions of article 29 of EU Regulation 2016/679;
- kept up-to-date the **processing register** of each data controller with regard to the processing of personal data related to the handling of whistleblowing reports;
- identified appropriate **technical and organisational measures** to ensure a level of security appropriate to the specific risks arising from the processing carried out, thus adopting appropriate measures to protect the rights and freedoms of data subjects as provided for in article 13 of Legislative Decree no. 24/2023;
- **regulated the relationship with the IT platform provider** pursuant to article 28 of the GDPR by determining the respective responsibilities for compliance with data protection obligations;
- provided **training sessions** both to the Recipient and to any personnel supporting the latter on the issues set out in the Whistleblowing Decree, as well as on the protection of the personal data rights of the data subjects;
- ensured the separation of the subject of the report from the information enabling the identification of the whistleblower (e.g. the possibility of blacking out personal data, especially those relating to the identity of

the whistleblower, if, for investigative reasons, other persons need to know the content of the report and/or of the documents attached to it);

- implemented a system enabling the **collection** of the whistleblower **consent** to disclose his/her identity - both through the platform channel and through the other internal channels - in the cases provided for by the Whistleblowing Decree;
- ensured the proper **handling of requests to exercise rights** under articles from 15 to 22 of the GDPR within the limits and according to the provisions of article 2-*undecies* of Legislative Decree no. 196/2023.

With regard to storing the documents relating to reports, CAREL:

- stores the reports and the relevant documentation on the IT platform for the time necessary to process the report and in any case for no longer than 5 years from the date of communication of the final outcome of the reporting procedure - in compliance with the confidentiality obligations set out in European and national regulation on the protection of personal data (article 12 of the Whistleblowing Decree and article 5, paragraph 1, letter e) of the GDPR);
- stores the reports issued by using the dedicated voice messaging function in the platform, subject to the consent of the whistleblower, having the Recipient documenting them through recording on a device suitable for storage and listening or by transcribing them in full. In the case of a transcript, the whistleblower may check, correct or confirm the content of the transcript by signing it;
- stores the report made verbally during a meeting with the Recipient, subject to the consent of the whistleblower, having the Recipient documenting it through recording on a device suitable for storage, listening and the protection of confidentiality or by means of minutes that will be filed in compliance with confidentiality and protection of personal data. In the case of minutes, the whistleblower may check, correct and confirm the minutes of the meeting by signing it;
- stores any anonymous reports and related documentation no longer than five years from the date of receiving the anonymous report.



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