

DRIVEN BY
THE FUTURE

Sustainability in action



We've got a new idea of future
and we want to contribute to fulfilling
it with real action, to meet a demand
for sustainable development
that can wait no longer.



WHAT IS DRIVEN BY THE FUTURE

Trust

We believe that a better future
for people and the planet
is possible

Awareness

We know that acting now
and quickly is essential
for making our future
really possible

Commitment

We want to develop a path,
day by day, to achieve real,
measurable sustainability objectives
for the current
and future generations

A project to transform our way of being a company
and make sustainability our core business.

CAREL IS

Leader in the evolution of control technologies for the air conditioning and refrigeration sectors, and for indoor air quality.

GLOBALLY



37 companies*
15 production plants
in **7** countries



50 years of history



MORE THAN 2,000
employees



12%
of Group
employees
work in R&D*



AROUND € 545 MILLION
in revenues in 2022

€ 480 MILLION
economic value
distribution

€ 20 MILLION**
investment in R&D
3.7% of sales

OUR VALUES

BE OPEN

EXPERIMENT

CARE

THINK CUSTOMER FIRST

MAKE THE DIFFERENCE

OUR MISSION

We lead the evolution of control technology for air conditioning & refrigeration and of indoor air quality.

Our products & services support customers with the most efficient & sustainable solutions.

Data processing provided by our analytics platform enables valuable customer services throughout the system's life cycle.

OUR PURPOSE - VISION

Being the innovation our planet needs through solutions for the Climate Control Industry.

Driven by knowledge.
Inspired by human well-being.

Now and for future generations.

8 GOALS FOR THE WORLD WE WANT TO LIVE IN

We share eight Sustainable Development Goals indicated by the United Nations.



**CLEAN,
ACCESSIBLE
ENERGY**



**RESPONSIBLE
CONSUMPTION
AND
PRODUCTION**



**GOOD HEALTH
AND
WELL-BEING**



**FIGHT AGAINST
CLIMATE
CHANGE**



**DIGNIFIED
WORK
AND ECONOMIC
GROWTH**



**BUSINESS,
INNOVATION
AND
INFRASTRUCTURE**



**GENDER
EQUALITY**



**PEACE, JUSTICE
AND SOUND
INSTITUTIONS**

ESG: FROM “DOING SUSTAINABILITY” TO “BEING SUSTAINABLE”

We have an ambitious aim:
not just “doing things more
sustainably” but “making
sustainability our new
business model”.



55 SUSTAINABILITY AIMS TOWARDS 2024

ACT FOR THE PLANET

22 GOALS DIVIDED INTO:

ENVIRONMENTAL POLICIES

- Environmental pollution and climate change
- Energy-efficient IAQ and sustainable products
- Reduction of waste and use of responsible disposal methods

INNOVATION AND TECHNOLOGY

- R&D and product innovation
- Quality and safety of products and services

ACT FOR PEOPLE

22 GOALS DIVIDED INTO:

PEOPLE

- Respect for human rights
- Diversity, equal opportunities and inclusion
- Professional training & development
- Occupational health and safety
- Attraction, development and retention of talents
- Engagement, listening to & satisfaction of employees
- Well-being, work-life balance and protection of employment

COMMUNICATION

- Engagement, listening to & satisfaction of customers

SUSTAINABLE DEVELOPMENT OF LOCAL COMMUNITIES

- Local communities and relationships with the local area

ACT TO SHARE THE VALUE

11 GOALS DIVIDED INTO:

SUSTAINABLE STRATEGY AND GOVERNANCE

- Governance and business integrity
- Privacy, data security and protection
- Responsible supply chain management
- Prevention of and fight against corruption

ACT FOR THE PLANET



ENERGY



CLIMATE CHANGE



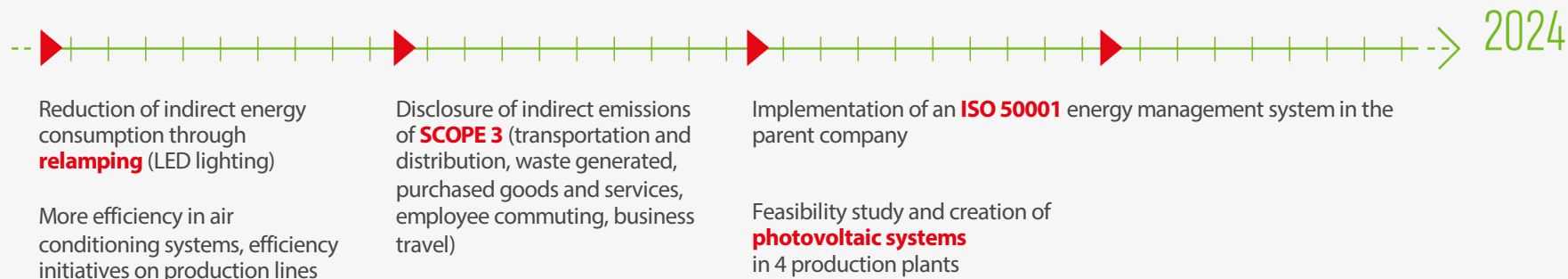
INNOVATION, TECHNOLOGY,
PRODUCTS & MATERIALS



ENERGY

GOAL

Reduce consumption and implement the use of renewable energy.



RESULTS ACHIEVED

-5%

Reduction in energy intensity per unit of surface area despite a **+5%** increase in hours worked compared to 2021.

-52%

Reduction in emissions intensity per unit of surface area compared to 2021.

ISO 14001

Environmental Certification for the Recuperator plant in Italy.

-46%

Reduction in emissions from direct and indirect energy consumption (SCOPE 1+2) compared to 2021 and **60%** compared to the reference year 2019.

85%

Electricity from 100% renewal sources as a percentage of total Group power consumption, an increase of over **500%** compared to the reference year 2019.



CLIMATE CHANGE

GOAL

Contribute to the reduction of the effects due to climate change.



Update company management system policies of Group plants including the main subjects of sustainability with special reference to **QHSE**

Assessment of the definition of a Group decarbonisation path also through the possible introduction of **Science Based Target (SBT)**

Indicate the potential risks and opportunities for the core business linked to climate change, also in respect for the recommendations defined by the **TCFD**



INNOVATION, TECHNOLOGY, PRODUCTS & MATERIALS

GOAL

Reduce the environmental impact of the production chain of our products and improve the energy savings performance of our customers' products through the evolution of control technologies.



Activation of periodic and proactive monitoring of the **Ecodesign** regulations to intercept possible business opportunities

Search for **printable plastic compounds from sustainable chains** through annual monitoring of developments in the field of plastic raw materials

Lay the foundations for creating an all-encompassing analysis of the environmental impact of CAREL products through **life cycle assessment**

Strengthen governance of the sales process to increase the focus on products that can be considered **"eco-friendly"** in accordance with the "European Circular Economy Policy" and the "European Taxonomy"

Process for the disclosure of the **substances of very high concern** identification process integrating the phase-out policy

RESULTS ACHIEVED

6220 GWh

Energy savings achieved by our customers using CAREL control technologies (+6% compared to 2021).

1,710,441 tonnes

Reduction in CO₂ emissions, corresponding to the total emissions produced by Rwanda in 1 year.

LCA for inverters

Rapid life cycle assessment (LCA) on a CAREL product family (inverters), whose impact is 0.8t CO₂ eq, 70% of which is accounted for by electricity consumption.

ACT FOR PEOPLE



RIGHTS,
DIVERSITY, SAFETY,
HEALTH, WELFARE



TRAINING
AND OPPORTUNITIES
FOR GROWTH



COMMUNICATION



RELATIONS WITH
LOCAL COMMUNITIES



RIGHTS, DIVERSITY, SAFETY, HEALTH, WELFARE

GOAL

Spread the culture of respect for rights, valorise differences, guarantee safety, promote the health and well-being of the people working with us.



Promote the health and well-being of employees encouraging a healthy lifestyle

Gradually increase the number of **female employees** (25% of new hirings in 2021 in HQs and increase of 5% in the following years). Extend Group awareness on **diversity and inclusion**

RESULTS ACHIEVED

LTIF

Reduced the injury frequency rate for direct & temporary workers: (number of injuries/total number of hours worked) x 1,000,000.
2.87 (2022) **against 3.29** (2021)

ISO 45001

Health & Safety Certification for the Recuperator plant in Italy.

FLEXIBLE WORKING GUIDELINES

Flexible working guidelines defined for the Group, thus supporting a better work-life balance for employees.

% EMPLOYEES BY GENDER

37.5% women (+0.5%*)
62.5% men (-0.5%*)

*compared to 2021.

% EMPLOYEES BY AGE

21.9% <30 (+0.5%*)
15.3% >50 (-0.2%*)
62.8% 30-50 (-0.3%*)

*compared to 2021.



TRAINING AND OPPORTUNITIES FOR GROWTH

GOAL

Promote training to ensure constant updating in market contexts of increasingly rapid evolution.



Create **work spaces** designed to favour the new relationship dynamics and the alternation between smart working and “live” work

Guarantee adequate skills and updating keeping the average number of **training hours** per employee over 12 hours a year

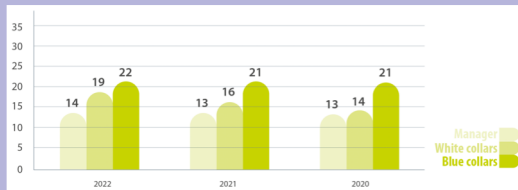
Improve the level of employee engagement and extend the cohesion around **company culture**, also through the definition of an employee **engagement** measurement and improvement process

RESULTS ACHIEVED

2022

Two new buildings opened, with work spaces designed to facilitate communication between teams and colleagues, and a hybrid model that alternates in-person and remote working.

Average number of training hours by professional category





COMMUNICATION

GOAL

Develop relations with customers through engagement, listening and satisfaction improvement initiatives.



Integrate sustainability topics into talks with stakeholders through the drafting and adoption of a **Stakeholder engagement** policy

Promote the **culture of quality** collecting the feedback from customers through an additional implementation of the **Net Promoter Score** with the aim of improving the offer profile

RESULTS ACHIEVED

2022

Geographic scope of NPS extended



RELATIONS WITH LOCAL COMMUNITIES

GOAL

Favour the sustainable development of the communities we're part of through the valorisation of the areas and the creation of shared well-being.



Define and create a **communication program** to ensure extensive and sufficient dissemination of the CAREL Group's commitments and goals regarding ESG, as described in the Sustainability Plan

Increase awareness of environmental issues in local communities, foster social inclusion and develop the local territory, creating a healthier environment

Contribute to the spread of knowledge on local artistic and cultural heritage, including through initiatives on the protection and preservation of **works of art**

RESULTS ACHIEVED

Multi-year communication plan defined for **DRIVEN BY THE FUTURE.**

2022

Clean up initiative aimed at removing waste from aquatic ecosystems and bringing out a return to circular processes.

ACT TO SHARE THE VALUE



GOVERNANCE
& BUSINESS
INTEGRITY

RESPONSIBLE
SUPPLY CHAIN
MANAGEMENT

PRIVACY,
SECURITY &
PROTECTION OF DATA

PREVENTION
& FIGHT AGAINST
CORRUPTION



GOVERNANCE AND BUSINESS INTEGRITY

GOAL

Integrate ESG strategies into the governance model for environmental safeguards, interpersonal relations, transparency and business integrity.



Implementation of a **digital reporting** system for the data and non-financial information for the periodic monitoring of the **sustainability KPIs** and their assessment on a perspective basis

Ensure the integration of **ESG** subjects into the management models, the strategy and company purpose

Implement a **training path** for members of the BoD and top management on sustainability to ensure the integration of ESG subjects into the management models, the strategy and company purpose

Draft a responsible investment policy that takes ESG subjects into consideration and aspires to the **United Nations Responsible Investment Principles**

RESULTS ACHIEVED

2022

CAREL joined the UN Global Compact.



RESPONSIBLE SUPPLY CHAIN MANAGEMENT



Bring the policy on the so-called conflict minerals even closer to the OECD recommendations, implementing the process on the **check and assessment of the risk of the so-called conflict minerals** defined in 2021 with reference to the raw materials indicated as potentially containing them and activating the **Executive Committee for the management of critical situations**

Extend the ESG **supplier assessment** survey perimeter through the involvement of the self-assessment of an additional 20 suppliers each year

From 2023, performance of periodic **sustainability audits** at 30 suppliers each year to monitor the consistency of the ESG self-assessment

RESULTS ACHIEVED

2022

Adoption of a Suppliers' Code of Conduct, encouraging Group stakeholders to act sustainably in their areas of action.



PRIVACY, SECURITY AND PROTECTION OF DATA



Digitalise the privacy
management process



PREVENTION OF AND FIGHT AGAINST CORRUPTION



Promote a culture of integrity,
transparency and compliance
through an **ISO 37001** certificated
anti-corruption system



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