

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



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



50 years of history



ABOUT 2,500
employees



13%
of Group
employees
work in R&D*



MORE THAN € 650 MILLION
in revenues in 2023

€ 570 MILLION
economic value
distribution

€ 26 MILLION**
investment in R&D
3.98% of sales

OUR VALUES

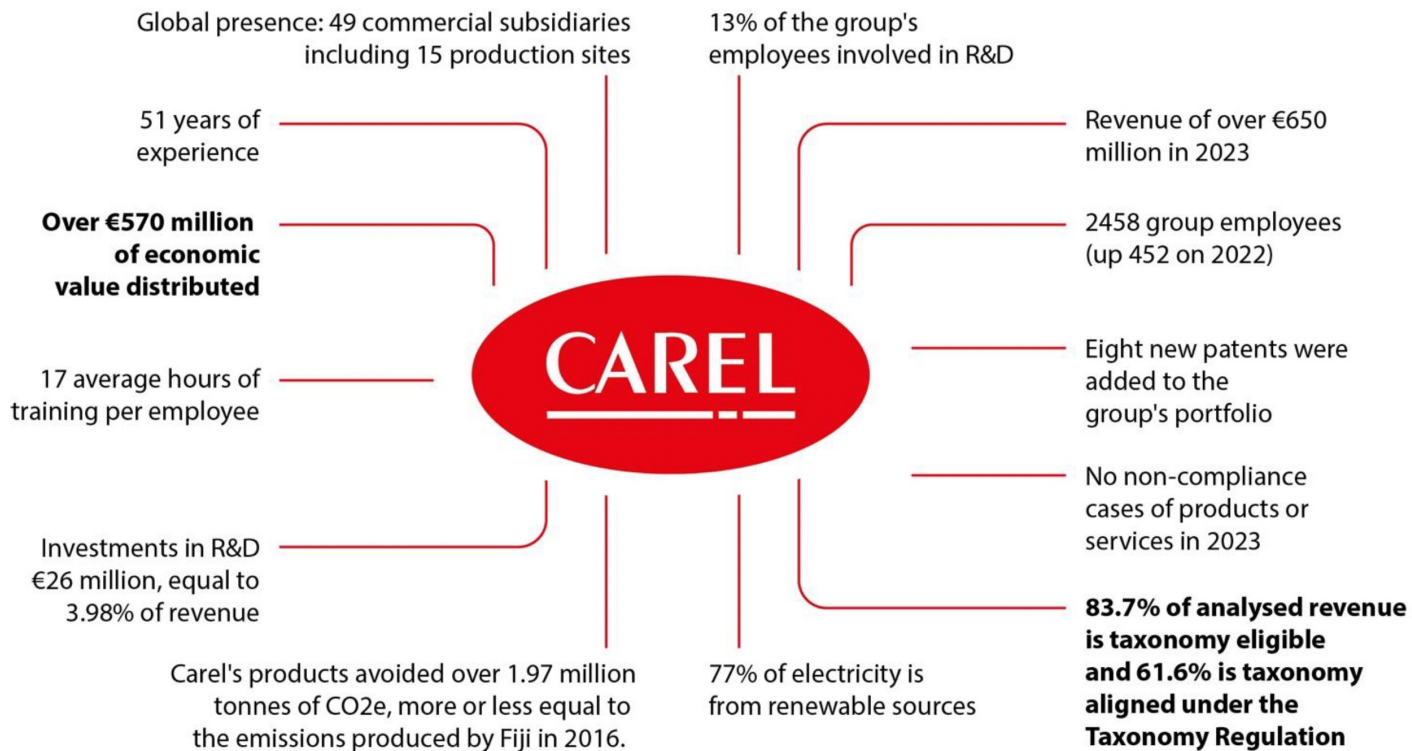
BE OPEN

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



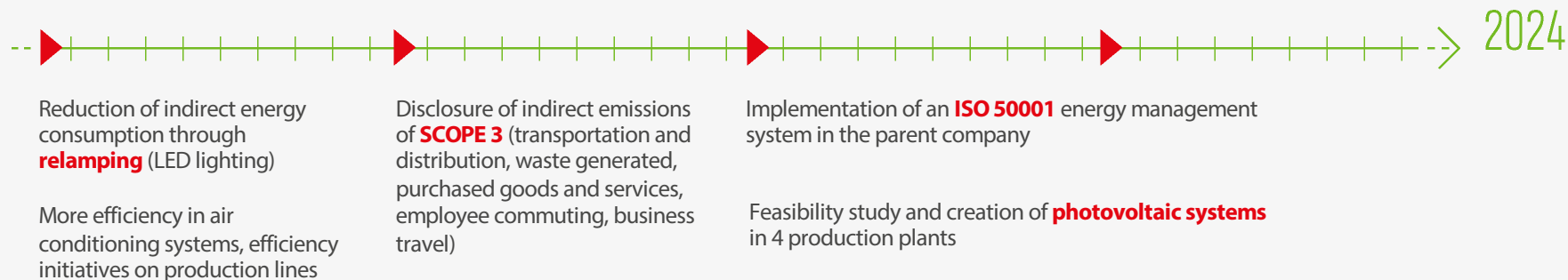
INNOVATION, TECHNOLOGY,
PRODUCTS & MATERIALS



ENERGY

GOAL

Reduce consumption and implement the use of renewable energy.



RESULTS ACHIEVED

Renewable Energy

- Completed the installation of photovoltaic systems at HQs, enabling the group to achieve a peak power of 1270 kWp.
- More than doubled (513 MWh vs. 221 MWh) the amount of energy savings from external sources thanks to the replacement of LED lights, rationalisation in the use of production lines, and self-generation from photovoltaic panels.

-9% and -12%

Reduction in emission intensity per m² and per employee despite a 3.5% increase in occupied m² and a 6.5% increase in employees.

-6%

Reduction compared to the previous year in direct and indirect emissions (Scope 1-2), with the same reporting perimeter as in 2022.

Certifications

- ISO 14001 environmental certification obtained for Recuperator as well (the environmental certification covers 52% of the area occupied by production sites and 60% of the personnel present at these sites).

- Achievement of ISO 50001 energy certification for HQs and the production site in China.

-27%

Reduction in waste sent to landfill compared to 2022, despite a 25% increase in the reporting perimeter.

92%

of waste sent for recovery through recycling.

77%

Share of green energy in total consumption for 2023, despite a 25% increase in the operational perimeter.



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**

RESULTS ACHIEVED

GHG Protocol Analysis

Completed the analysis and reporting for the entire group of 9 out of the 15 applicable and relevant categories of the GHG protocol for indirect emissions not directly controllable by the company (Scope 3), with a total value of 7,552,021 tCO₂eq, 98% of which is derived from category 11 «Use of sold products».

Decarbonisation Plan

The Board of CAREL approved the mid-term (2023-2033) decarbonisation plan, constructed according to the SBTi methodology, to reduce direct and indirect emissions (Scope 1+2) by 54.6% and indirect Scope 3 emissions by 32.5%.

Risk Analysis of Physical Phenomena

Completed the quantitative analysis for the identification and evaluation of risks arising from physical phenomena (acute and chronic) associated with climate change according to various forecast scenarios for short, medium, and long-term timeframes.

Transactional Risk Analysis

Added transactional risks due to new/updated legislative/regulatory changes, climate-related legal aspects, market orientation aspects, reputational reasons, or technological innovations. These risks pertain to the European, North American, and Asian markets.



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 proactive and periodic monitoring of "Eco-friendly" legislation (e.g., **Ecodesign and similar**) to identify potential business opportunities

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

Lay the groundwork for constructing a 360° assessment of the environmental impact of CAREL products through an **SLCA (Strategic Life-Cycle Assessment)** analysis, leading to progressive product innovation

Strengthen product and solution design as well as the governance of the sales process to increase focus on products that can be considered **"Eco-friendly"** based on the decarbonisation of the economy in line 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

7,162 GWh

The energy savings achieved by our customers thanks to CAREL control technologies (**+15%** vs. 2022).

1,969,507 tonnes

The reduction in CO₂ emissions equivalent to the total emissions produced by Luxembourg in 2019.

Obiettivi su prodotti Eco-friendly

In 2023, specific sales targets were defined for product platforms considered Eco-friendly based on the European Circular Economy Policy and the European Taxonomy.

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

-12%

The reduction in the frequency index of all recordable injury events in the group despite a 24% increase in hours worked. This reduction is 50% when considering the same operational perimeter as 2022.

ISO 45001

Completed ISO 45001 certification for health and safety in the workplace for the Recuperator site as well. This certification now matches the spread of the environmental certification.

+39%

Increase in prevention reports (near-misses and unsafe conditions) aimed at mitigating risks and introducing a continuous improvement approach in work areas.

% EMPLOYEES BY GENDER

35% women (-1,1%)
65% men

Increased presence of female White Collars at HQs: 24% in 2023 compared to 21% in 2021.

% EMPLOYEES BY AGE

16,2% <30 (-5,7%*)
24,9% >50 (+9,6%*)
59% 30-50 (-3,8%*)

*compared to 2022.



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

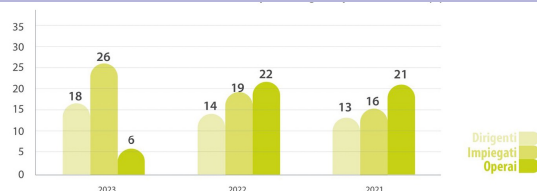
Improve the level of employee engagement and extend the cohesion around **company culture**, also through the definition of an employee **engagement** measurement and improvement process

RESULTS ACHIEVED

2023

Renovation work carried out on the main building, with workspaces designed to facilitate communication between teams and colleagues, and to support the alternation between in-person and remote work as per the adopted hybrid model.

Average number of training hours by professional category



2023

- Participation in employer branding events
- Welfare initiatives and support for parenthood



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

2023

Further expansion of the geographical scope of NPS:

2021-> Europa

2022-> Asia

2023-> Nord America



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 initiatives on the protection and preservation of **works of art**

RESULTS ACHIEVED

A multi-year communication plan for the **DRIVEN BY THE FUTURE** project has been defined.

2023

- Promotion and dissemination of clean-up activities across the Group to remove waste from green areas and reintegrate it into circular processes.
- Solidarity lunches for social inclusion.

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 in assessment processes into consideration and aspires to the **United Nations Responsible Investment Principles**

RESULTS ACHIEVED

2023

Mandatory training programme for all Group employees on ESG topics.

2023

Training events for Top and Middle Management at HQs on Diversity & Inclusion topics.

2023

At the group level, 6,079 hours of training on ESG topics were delivered, involving 762 employees.



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

2023

Implemented the process of verification and evaluation of conflict minerals and activated the Management Committee for handling critical issues, which meets regularly.

2023

Expanded the scope of the ESG survey to include all new suppliers added to the approved supplier pool in 2023.



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

RESULTS ACHIEVED

2023

Mandatory training programme for all
Group employees on the Code of Ethics
and Human Rights Policy.

2023

Updated the Whistleblowing procedure.



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