

CAREL

Environmental & occupational safety and health policy

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1. Foreword

CAREL Industries S.p.A. (hereinafter also denoted “Company” or “CAREL”) recognises the importance of minimising one’s environmental impact, and ensuring workplace safety. With that in mind, it has made a commitment to continually improve its processes, to abide by all provisions of law and internal regulations, and to implement a prevention system for these issues.

This document, hereinafter also denoted “Policy”, establishes those principles and commitments made by CAREL, and by its direct and indirect subsidiaries (hereinafter jointly denoted “Group” or “CAREL Group”) in order to reduce its impact on the environment and the surrounding community, as well as to ensure occupational safety and health by preventing workplace injuries and illnesses.

Establishing and maintaining a safe and salubrious workplace is made possible thanks to proper investments, and the work of experts and departments tasked with the same, both from a centralised position, as well as with respect to each subsidiary and operational headquarters, with the full support of company leadership and management.

Through this Policy, the CAREL Group invites all Recipients to conduct themselves in a responsible and ethical manner both on and off the job, in accordance with the standards set forth below. This will ensure proper awareness of our commitment to the environment, to workplace safety and health, and to sustainable development.

2. Definitions

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

“Collaborators”

- means those individuals who are in an economic or financial course of dealing with the CAREL Group or other persons employed under coordinated and ongoing 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;

“Recipients”

- persons to whom the provisions of this Policy apply, to wit, Employees, Directors, Collaborators (e.g. consultants, agents), Corporate Officers, as well as the leadership, employees, and collaborators of companies within the CAREL Group, in addition to the Key Stakeholders;

“Employees”

- 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”

- 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 are serving in a particular office from time to time, 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 organisational 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;

“Key Stakeholder”

- includes but shall not be limited to all parties acting in the name of and on behalf of any affiliate, subsidiary, or equity interest in any geographic area where the Company has operations, as well as major suppliers;

“Managers”

- each employee responsible for one or more CAREL Group departments, in accordance with the organisation chart as in force from time to time.

3. Scope and Recipients

This Policy shall be binding on all companies within the CAREL Group in all geographic areas where they have operations, and shall apply to the conduct of all Recipients, as identified supra, including the Group's key stakeholders within the scope of their independent business operations, and especially in their interactions with the CAREL Group, during which course of dealing such parties are requested to abide by the general tenets of this Policy, without prejudice to the religious, cultural, and social norms applicable to such entity.

To wit, the CAREL Group shares the commitment, objectives, and standards set forth herein with its own suppliers and customers, who are an integral part of the Company and the CAREL Group's development.

This shall be without prejudice to any other provision of this Policy, and the application of any non-waivable provisions of law or contract as may, from time to time, apply to their course of dealing with the CAREL Group.

4. External and Internal References

Inspiration for this CAREL Group Policy came from:

- UNI EN ISO 14001 international standard for Environmental Management Systems;
- OHSAS 18001 international standard on Management Systems for Occupational Safety and Health;
- applicable laws, rules, and guidelines for each country where CAREL has operations;
- Legislative Decree no. 231/2001.

The provisions set forth in this Policy shall supplement other procedures and guidelines currently in force, and which handle similar topics, including but not limited to:

- Environmental management system (ISO 14001:2015) for CAREL Industries S.p.A. – Headquarters, CAREL Electronic Suzhou CO. LTD.;
- Occupational safety and health management system (OHSAS 18001:2007) for CAREL Industries S.p.A. – Headquarters;
- CAREL Values;
- Organisational, Management, and Control Model (pursuant to Legislative Decree no. 231/01) of CAREL Industries S.p.A. – Headquarters;
- CAREL Group Code of Ethics.

5. Standards

The following are the key standards established by the CAREL Group to minimise its environmental impact, and to ensure occupational safety and health:

- Effectively implement, monitor, and periodically evaluate all implemented environmental and workplace safety **management systems** in order to safeguard the environment, and to ensure a safe workplace for everyone.
- **Set, on a routine basis, safety and environmental protection goals** through company-wide plans, as well as the specific strategies needed to pursue the same.
- **Seek buy-in** from all stakeholders, shareholders, the community, and local government entities. This can be done through collaboration, initiatives, and partnerships with those holding a stake in environmental protection, and workplace safety and health.
- **Protect the environment and conserve natural resources** as priority objectives.
- **Minimise environmental impact** by making a commitment to continually improve company processes for the purpose of mitigating the company's impact on the surrounding environment and community.
- Ensure the quality of one's work by **identifying potential risks in advance** through a system designed to prevent pollution, environmental accidents and catastrophes, and to minimise potential effects on the environment.

- **Act in accordance with applicable laws and regulations**, abiding by all laws applicable to the geographic area in question, as well as by all other commitments made, and company rules and regulations, in order to protect the environment and to reduce **pollution**.
- Become an **industry leader** on environmental issues through company operations and activities.
- In the appropriate settings, and as part of one's own industrial activities, contribute to **sustainable scientific and technological development**, aimed at protecting the environment, conserving resources, and lowering the consumption of water, energy, and combustibles, to mitigate the risks linked to climate change.
- Focus company and collaborator efforts on:
 - optimising the management of all **waste** produced, especially hazardous waste;
 - improving the management of company greenhouse gas and other pollutant **emissions**;
 - preventing the risk of **hazardous substances** and agents being released into the environment;
 - rationing the use of **water resources**, especially in areas with scarce access to the same;
 - limiting company impact on the area and its **biodiversity** for reasons including natural-resource conservation;
 - optimising the use of **raw materials**: reduce waste and refuse, and incentivise the use of recyclable materials.
- In designing and managing systems, products, and processes, consider the environmental aspect, and assess the **potential environmental impact throughout the entire lifecycle**, especially during use, and at the end of its useful life.
- Ration **energy consumption** by way of sustainable production systems, and incentivise the use of renewably sourced energy, and logistical solutions that make the most out of the company's transportation capacity.
- **Ensure safety** by continually improving processes, with a view toward reducing occupational safety and health risks, including accidents, near misses, and occupational diseases.
- Implement a workplace **accident- and occupational-disease prevention system**.
- Ensure **technical scheduling of all work sites, equipment, and processes**, geared toward the utmost compliance with all applicable occupational safety and health regulations, as well as any other commitments made, and with all company rules and regulations.
- Behave responsibly with all collaborators and colleagues, and require that proper care be taken to prevent risks by seeking buy-in from the same, and by **enfranchising workers and worker representatives** in accordance with applicable laws and regulations.
- Pay the utmost attention in carrying out one's activities, strictly observing all **safety and prevention measures** in place, to avoid any possible risk for oneself and one's colleagues and collaborators.
- Improve **ergonomics at all work stations**, the intrinsic safety of all work equipment, as well as in the areas of vehicle transit, and make a commitment to mitigate the **risk of electric shock**.

6. Training and Information

The Company views training its employees, and keeping them properly informed, as fundamental tools for implementing this Policy. CAREL undertakes to disseminate this document to all Recipients in order to ensure that all interested parties are properly advised of the same. The Company further undertakes to provide periodic training on this Policy and the issues presented herein.

7. Reporting

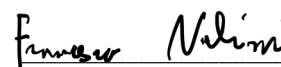
CAREL will be taking a proactive approach to the issues presented in this Policy, in order to safeguard and protect Recipients' freedom of expression, and their ability to report concerns about non-compliance, urgent / undesirable situations, or other human-rights-related issues.

Reports of suspected non-compliance by any Recipient shall be made in writing, and be reported to one's supervisor. If the report involves the Group's Code of Ethics, reports should be made directly to the Supervisory Board via email (odv@carel.com) or inter-office 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.

Brugine (PD), 10.2019



Chief Executive Officer



Headquarters ITALY

CAREL INDUSTRIES Hqs.
Via dell'Industria, 11
35020 Brugine - Padova (Italy)
Tel. (+39) 0499 716611
Fax (+39) 0499 716600
carel@carel.com