

# CAREL

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Human rights policy



# Contents

1. Foreword .....	5
2. Definitions .....	5
3. Scope and Recipients .....	6
4. External and Internal References .....	6
5. Standards.....	7
6. Training and Information.....	9
7. Reporting.....	9



## 1. Foreword

CAREL Industries S.p.A. (hereinafter also denoted “Company” or CAREL) recognises the importance of setting a company-wide tone and strategy in terms of universally recognised human rights, and to manage the risks associated with the same.

This document, hereinafter also denoted “Policy”, establishes the standards and commitments for purposes of adherence to fundamental human rights, and basic working conditions, implemented by CAREL and its direct and indirect subsidiaries (hereinafter jointly denoted “Group” or “CAREL Group”) in order to contribute toward the creation of sustainable value, through professionalism, adherence to the law, morality, dignity, and equality.

## 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.

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:

- the UN's International Bill of Human Rights, including the UN's Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights;
- the International Labour Organisation's (ILO) Declaration on the Fundamental Rights and Principles of Work and related Conventions;
- the European Convention on the Rights of Man;
- Legislative Decree no. 231/2001.

The provisions set forth in this Policy shall supplement other procedures and guidelines currently in force, and which govern 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;
- Data Protection Protocol;
- 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

Below are the key standards adopted by the CAREL Group regarding respect for fundamental human rights and basic working conditions:

**Child labour:** the CAREL Group does not use any kind of child labour, and does not hire any person under the minimum age set by applicable labour laws in the country where the person is to work. The Group has further made a commitment to refrain from engaging and/or terminating (once on notice of the issue) any entity along its supply chain employing child labour in violation of local law.

**Forced labour:** the Group rejects all form of forced, mandatory, or indentured labour, as well as the use of any physical or psychological force, and undertakes to refrain from its use, in any form, both with respect of its own employees, as well as with respect to any workers engaged along its supply chain.

**Harassment:** the CAREL Group does not tolerate sexual, personal, or any other type of harassment or mistreatment. Each Recipient shall respect the personal dignity, private life, and rights of personhood of every individual in their work with men and women of different nationalities, cultures, religions, and races.

**Discrimination:** No form of discrimination, defined as any distinction, exclusion, or preference which has the effect of negating or altering equal opportunities and treatment in hiring or on the job, shall be tolerated by the CAREL Group. The Group aims to build a solid work environment that is free from racial, cultural, ideological, sexual, physical, moral, religious or other discriminations. All recipients are required to work together to achieve this goal.

**Work Relationship:** the CAREL Group encourages the professional development and growth of each employee by respecting the physical safety and moral integrity of each person. Furthermore, taking its cue from standards of fairness and equal opportunity, the Group has made a commitment to non-discrimination in all areas of the work relationship (hiring, termination, training, compensation, advancement, transfers). The Group is committed to instituting work relationships based on the skills, abilities, and expertise of prospective employees as required by the particular job description; the Group respects the needs of each employee, including those relating to maternity leave, and re-entering the workforce following parental leave.

**Freedom of association:** the CAREL Group recognises the right of its employees to form organisations of their choosing, as well as to bargain collectively. No distinction shall be made amongst associations, and no prior authorisation shall be required. The Group furthermore encourages constructive dialogue with all union representatives.

**Occupational safety and health:** the CAREL Group promotes and safeguards the health and safety of its workers. It implements accident-prevention procedures, and disseminates a company culture geared toward the utmost adherence to applicable law, and all other commitments made with respect to workplace safety and health, in order to ensure the maximum care for the prevention of risks, and the ongoing improvement of processes, for the purpose of minimising the risk of accidents and occupational diseases. Through the commitment made by its collaborators, who are duly informed, trained, and educated, the Group has focussed efforts on improving the ergonomics of all workstations, as well as the intrinsic safety of work equipment, and the areas wherein vehicles transit, as well as to mitigate the risk of electric shock. The CAREL Group likewise demands that all interested parties along with supply chain abide by the highest occupational safety and health standards and regulations within their own country of operations.

**Local community:** the CAREL Group, cognisant of the direct and indirect impact its business operations have on the local community, has made a commitment to taking community expectations into account, and to contributing towards the development of the same, all whilst respecting the local culture and landscape, as part of the Group's commitment to creating sustainable value, predicated on respect for persons, relationships, and the environment.

**Privacy:** the CAREL Group undertakes to respect the privacy of personal information, and the rights of each individual, by defending the values of confidentiality, and the safeguarding of the personal data of all Policy Recipients, including by strict adherence to applicable law.

**Suitable Working Conditions:** the CAREL Group recognises and respects personal dignity, private life, and the rights of personhood of all individuals, and is committed to promoting a work environment based on values such as trust, dialogue, mutual respect, worker wellbeing, and work-life balance. The Group pledges to pay a living wage at or above any minimum wage set nationally, and undertakes to ensure a reasonable work week, which shall not exceed the maximum work hours permitted under local law.



**Trade partners and suppliers:** the CAREL Group demands that its trade partners undertake to act in accordance with the principles of fairness, integrity, respect for human rights, and to comply with the law in their country of operations. The Group encourages the introduction of those standards set forth in this Policy by its trade partners and suppliers along the entire supply chain. Moreover, the Group reserves the right to terminate any contract with those trade partners / suppliers who fail to abide by those standards.

## 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), \_\_\_\_\_

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Chief Executive Officer





## Headquarters ITALY

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