



CAREL INDUSTRIES S.P.A.

**BOARD OF DIRECTORS' INFORMATION REPORT  
ON ITEMS 1, 2 and 3 ON THE AGENDA**

*Drawn up under Article 125-ter of Legislative Decree No. 58 of 24 February 1998- (Italian Consolidated Law on Finance, "TUF") and Article 84-ter of the Regulation adopted by Consob with resolution No. 11971/99 ("Issuers' Regulation"), as subsequently amended, for the ordinary Shareholders' Meeting of Carel Industries S.p.A. ("Carel" or the "Company") scheduled, in a single call, for 15 April 2019.*

**Information report by the Board of Directors of Carel Industries S.p.A., drawn up under Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as amended (“TUF”), and Article 84-ter of the Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999 as amended (“Issuers’ Regulation”).**

Dear Shareholders,

This report describes the proposals the Board of Directors of Carel Industries S.p.A. (“**Carel**” or the “**Company**”) intends submitting for your approval as regards items 1, 2 and 3 on the agenda of the ordinary Shareholders’ Meeting that will be held, in a single call, on 15 April 2019, at 11.00 am, at the Company’s registered office in Brugine (PD), Via dell’Industria, 11.

**Item No. 1 on the agenda – Approval of the Financial Statements as at 31 December 2018 and presentation of the Consolidated Financial Statements as at 31 December 2018. Allocation of the profit for the financial year. Related and ensuing resolutions.**

Dear Shareholders,

With regard to the first item on the agenda of the Shareholders’ Meeting convened for 15 April 2019, we invite you to study the Annual Financial Report of CAREL INDUSTRIES S.p.A. (“**Carel**” or the “**Company**”) as at 31 December 2018, approved by the Board of Directors of Carel on 7 March 2019 and setting out the Company’s draft Financial Statements and Consolidated Financial Statements, together with the Board of Directors’ Management Report and the certification referred to in Article 154-bis, paragraph 5 of Legislative Decree No. 58 of 24 February 1998 as amended.

The Board of Directors on 7 March 2019 has furthermore approved, through a separate report from the Board of Directors’ Management Report, the non-financial consolidated statement drawn up in accordance with Legislative Decree No. 254/2016.

The management report will be made available to the public, along with the draft Financial Statements of Carel as at 31 December 2018, the Consolidated Financial Statements of the Carel Group as at 31 December 2018, the certification by the manager tasked with drawing up the company’s accounting documents, the report by the Board of Statutory Auditors, and the report by the auditing firm, at the company’s registered office and at the premises of Borsa Italiana S.p.A. (“**Borsa**

Italiana”), as well as on the Company’s website (www.carel.com) and through the other methods stipulated by Consob regulations, within the timeframes laid down by the legislation in force.

The Company’s Consolidated Financial Statements as at 31 December 2018, as well as the non-financial consolidated statement drawn up in accordance with Legislative Decree No. 254/2016, are not subject to the approval by the Shareholders’ Meeting of the Company.

Referring to these documents, we accordingly invite you to approve Carel’s Financial Statements as at 31 December 2018, which ended with a net profit of approximately EUR 23,987,058, and to allocate part of it to the distribution to the shareholders of a dividend in compliance with the dividend distribution policy adopted by the Company’s Board of Directors on 11 May 2018 and communicated to the market within the scope of the Prospectus relating to the listing.

To that end, the Board of Directors submits to you the proposal to resolve on the allocation of the net profit for the 2018 financial year as follows:

- distribution to the shareholders of a dividend, for the 2018 financial year, of EUR 0.1 per share, gross of withholdings required by law, with ex-dividend date on 24 June 2019, date of record, in accordance with Article 83-terdecies of the TUF set for 25 June 2019, and date of payment for 26 June 2019;
- allocation of the balance to an extraordinary reserve.

For a thorough information on the matter in question, you are referred to the Annual Financial Report, to the Board of Directors’ Management Report, and to the additional documentation that will be made available to the public, within the timeframes prescribed by law, at the company’s registered office and at the premises of Borsa Italiana S.p.A., as well as on the Company’s website (www.carel.com) and through the other methods stipulated by Consob regulations.

\*\*\*

Based on the foregoing, we accordingly invite you, should you agree with the proposal illustrated to you as per the above, to adopt the following resolution:

*“The ordinary shareholders’ meeting of CAREL INDUSTRIES S.p.A.:*

- *having reviewed the Board of Directors’ Management Report;*
- *having acknowledged the Board of Statutory Auditors’ Report and the Report by the Auditing Firm;*

- *having acknowledged the consolidated non-financial statement drawn up in accordance with Legislative Decree No. 254/2016;*
- *having reviewed the Draft Financial Statements of CAREL INDUSTRIES S.p.A. as at 31 December 2018, which show a profit for the period of EUR 23,987,058;*

***resolves***

1. *to approve the Financial Statements of CAREL INDUSTRIES S.p.A. as at 31 December 2018;*
2. *to allocate the net profit for the 2018 financial year, amounting to EUR 23,987,058, as follows:*
  - *distribution to the shareholders of a dividend, for the 2018 financial year, of EUR 0.1 per share, gross of withholdings required by law, with ex-dividend date on 24 June 2019, date of record, in accordance with Article 83-terdecies of the TUF set for 25 June 2019, and date of payment for 26 June 2019;*
  - *allocation of the balance to an extraordinary reserve.*
3. *to confer on the Chairman of the Board of Directors and on the Chief Executive Officer, severally and with the right of sub-delegating to other parties, a mandate for the performance of all the activities pertaining to, resulting from or associated with implementation of the resolutions referred to under points 1) and 2) above”.*

**Item No. 2 on the agenda – Consultation on the first section of the Remuneration Report under Article 123-ter, paragraph 6 of Legislative Decree No. 58 of 24 February 1998. Related and ensuing resolutions.**

Dear Shareholders,

With regard to the second item on the agenda, the Board of Directors intends submitting to the Shareholders' Meeting the remuneration report of the members of the governing bodies, the general managers and the other managers with strategic responsibilities, in accordance with Article 123-ter of the TUF and Article 84-quater of the Issuers' Regulation, as well as Article 6 of the Code of Corporate Governance in the July 2018 version (the "**Remuneration Report**").

The Remuneration Report has been drawn up in compliance with Annex 3A, Models 7-bis and 7-ter, of the Issuers' Regulation and consists of two sections. The first section of the Remuneration Report sets out (i) the Company's policy on remuneration for the members of the governing bodies, the general managers and the other managers with strategic responsibilities, with regard at least to the 2019 financial year and (ii) the procedures used for the adoption and implementation of such policy. The second section of the Remuneration Report : (i) provides an adequate description of each of the items making up the remuneration, including payments envisaged in the event of termination of the office or of the employment relationship, highlighting their consistency with the Company's policy on remuneration approved in the 2018 financial year; and (ii) sets out in detail the remuneration paid in the reference financial year. Lastly, the Remuneration Report sets out any equity stakes held by the aforementioned persons.

In accordance with Article 123-ter, paragraph 6 of the TUF, the Shareholders' Meeting is called upon to express itself in favour or against, by means of a non-binding resolution, as regards the first section of the Remuneration Report.

For a thorough information on the matter in question, you are referred to the Remuneration Report drawn up by the Board of Directors in accordance with Article 123-ter of the TUF and Article 84-quater of the issuers' Regulation, as well as Article 6 of the Code of Corporate Governance in the July 2018 version, which will be made available to the public, within the timeframes prescribed by law, at the company's registered office and at the premises of Borsa Italiana S.p.A., as well as on the Company's website ([www.carel.com](http://www.carel.com)) and through the other methods stipulated by Consob regulations,

\*\*\*

Based on the foregoing, we accordingly invite you, should you agree with the proposal submitted to you as per the above, to adopt the following resolution:

*The ordinary general shareholders' meeting of CAREL INDUSTRIES S.p.A.:*

- *given Article 123-ter of Legislative Decree No. 58 of 24 February 1998 and Article 84-quater of CONSOB Regulation No. 11971/1999; and*
- *having acknowledged the Remuneration Report drawn up by the Board of Directors;*

***resolves***

*to express a favourable opinion on the policy of remuneration for the directors, the general managers and the other managers with strategic responsibilities and on the procedures resorted to for the adoption and implementation of such policy, each one being set out in the first section of the Remuneration Report drawn up by the Board of Directors."*

**Item No. 3 on the agenda – Appointment of a Director under Article 2386, first paragraph, of the Italian Civil Code, and Article 17 of the Company’s Articles of Association. Related and ensuing resolutions.**

Dear Shareholders,

The Board of Directors has called you to an ordinary general Shareholders’ Meeting to resolve on the appointment of a Director, following the resignation by Director Corrado Sciolla.

As a result of the resignation by Corrado Sciolla from the office of Lead Independent Director, as well as member of the Remuneration Committee and the Control and Risks Committee, submitted on 15 January 2019, on 25 January 2019 the Board of Directors had co-opted, in accordance with the applicable provisions laid down by law and the Articles of Association, Giovanni Costa, who, as replacement for the resigned director, as from said date, had taken on the role of non-executive director and lead independent director, as well as member of the Remuneration Committee and the Control and Risks Committee.

In accordance with the law, Giovanni Costa terminated his office as Director within the Shareholders’ Meeting convened for 15 April 2019.

The Board of Directors proposes to confirm him in the office of Company Director until expiry of the term of the other Directors currently in office and, accordingly, until the date of the Shareholders’ Meeting convened to approve the financial statements relating to the financial year ending on 31 December 2020.

In compliance with the provisions of the legislation in force and consistently with the recommendations of the Code of Corporate Governance, the Board of Directors invites you to review the CV of the candidate and the statements by which he accepted to stand as candidate and certified the lack of grounds for ineligibility or incompatibility, as well as fulfilment of the requirements laid down by the Articles of Association, by law and by regulations, for the office of member of the Board of Directors, as made available to the public on the Company’s website.

In accordance with Articles 2386 of the Italian Civil Code and Article 17 of the Company’s Articles of Association, the appointment shall have to be resolved upon according to the majorities established by law, without applying the list vote mechanism, subject to the minimum number of directors fulfilling the requirements of independence and due compliance with the gender-related provisions laid down by the Articles of Association.

\*\*\*

Based on the foregoing, we accordingly invite you, should you agree with the proposal submitted to you as per the above, to adopt the following resolution:

*“The ordinary general shareholders’ meeting of CAREL INDUSTRIES S.p.A.:*

- having acknowledged that, on the current date, Director Giovanni Costa, co-opted under Article 2386, first paragraph, of the Italian Civil Code and Article 17 of the Company’s Articles of Association, at the Board of Directors’ meeting of 25 January 2019 to replace Director Corrado Sciolla, ceases to hold office as Director;*
- having reviewed and discussed the information report drawn up by the Board of Directors;*
- having acknowledged the proposed resolutions and the applications for appointment submitted;*

***resolves***

- 1. to appoint as Company Director, in accordance with Article 2386, first paragraph, of the Italian Civil Code and Article 17 of the Company’s Articles of Association, Giovanni Costa, stipulating that he will hold office until expiry of the term of the other Directors currently in office and, accordingly, until the date of the Shareholders’ Meeting convened to approve the financial statements relating to the financial year ending on 31 December 2020;*
- 2. to stipulate that the remuneration of Mr Giovanni Costa as Company Director be set by the Board of Directors in compliance with the overall remuneration under Article 2389, paragraph 3 of the Italian Civil Code resolved upon by the Shareholders’ Meeting on 29 March 2018”*

\*\*\*

Brugine, 7 March 2019

-----  
The Chairman of the Board of Directors  
Luigi Rossi Luciani