

## Conflict Minerals Policy

“Conflict Minerals” refers to minerals or other derivatives mined in the eastern provinces of the Democratic Republic of Congo (DRC) and in the adjoining countries (“Conflict Region”) where revenues may be, directly or indirectly, financing armed groups engaged in civil war resulting in serious social and environmental abuses. In July 2010, the United States passes HR4173, the Dodd-Frank Financial Reform Bill section 1502(b), requiring all US stock listed companies and their suppliers to disclose the chain of custody usage of conflict minerals (Tin, Tantalum, Tungsten, and Gold also called in short as 3TG).

While Carel industries S.p.A. (Carel) is not required by law to report on conflict mineral sources, conversely it is committed to implement a socially responsible sourcing policy respecting human rights and avoiding contributions to any conflicts through its mineral indirect purchasing decisions and practices within its supply chain.

Carel is committed not to procure knowingly any components that contain any of the conflict minerals originating from facilities in the “Conflict Region” that are not certified as “conflict -free”.

Carel asked all its suppliers of components which may contain one or more 3TGs to undertake reasonable due diligence to ensure the same compliance within the complete supply chain.

Carel expects all its suppliers of components containing 3TGs will put reasonable effort to report the conflict minerals status and their policy on the topic. In support of this, Carel asked and will continue to ask for declarations from sourced and managed suppliers in order to ensure transparency in its supply chain.

All suppliers must pass this requirement up the supply chain and determine the source of specified minerals. Where a source is declared as coming from the “Conflict Region”, Carel will request those relevant suppliers to change their source. In case, for somewhat different reasons, there is no immediate alternative source found, as part of our contract manufacturing responsibility, Carel will work in collaboration with relevant suppliers to identify, qualify and source for alternative part or solutions.

Data regarding conflict minerals status of the entire supply chain are annually reported in Group Carel’s annual consolidated non-financial report.

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