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Indesit Company

**code
of conduct**



code of conduct

ex Legislative Decree N° 231/2001

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introduction: why this code?

1

In 2001, the piece of Italian legislation called the “Decreto Legislativo 231/2001” (hereinafter referred to as “D. Lgs 231/2001” or “Decree”) implemented in Italy an OECD (Organisation for Economic Cooperation and Development) convention which stated that for some offences, the criminal courts should not only punish the individuals committing the offence, but also the legal entities (if any) benefiting from illegal acts of the individual acting on their behalf.

The list of offences currently in the Decree includes not only those in the above mentioned convention, but also other offences to which the Italian state has decided to extend the same principle. The main categories of offences listed in the D Lgs 231/2001 are as follows:

A. Offences against public bodies and their assets:

- Undue receipt of public funds
- Fraud against public bodies in order to obtain public funds
- Solicited or un-solicited corruption of public officials
- Fraud against the IT systems of public bodies
- Fraud of public bodies
- Misuse of public funds

B. Company law offences:

- Misrepresentation in the financial statements and any other form of communication to actual or potential shareholders (including information contained in a prospectus)
- Preventing the work of the control bodies
- Stock price manipulation, insider trading and market abuse
- Omitted communications or deposits of documents as required by the law
- Un-lawful distribution of share capital and reserves; un-

lawful transactions in shares of the controlling company;
any transactions which could damage creditors or shareholders

- Undue distribution of assets on the part of the liquidator
- Undue influence at the shareholder’s meeting
- Preventing the work of public control bodies

C. Other offences:

- Falsifying moneys, papers of public credit and stamp values
- Committing crimes with terrorist aims or with the aim of overthrowing a legitimate government
- Offences against human rights

The objective of this Code of Conduct (hereinafter referred to as “Code”) is to remind all employees, directors and members of the statutory boards¹ of auditors of the legal entity Indesit Company SpA, of its Italian subsidiaries who have approved a formal “Organisational Model”² and of all the other subsidiaries of Indesit Company SpA both in Italy and abroad (hereinafter referred to as “relevant Indesit persons” or “Indesit companies”) of the strong commitment of Indesit Company Spa and of all of its subsidiaries to the full compliance with the law, and especially in regards to committing any actions which could lead to any Indesit company being prosecuted for the offences listed in the D Lgs 231/2001.

This Code is only one of the many existing internal policies, which, directly or indirectly, are aimed at reducing the risk of any of the above-mentioned offences being committed. Examples of other such existing policies include: the powers of attorney, accounting principles, purchasing authorization policies, travel expense policies, and market communication policies.

¹ The term “statutory board of auditors” covers the Italian “Collegio Sindacale” and all other equivalent control bodies nominated by the shareholders of each legal entity of the group in those countries in which such bodies are mandatory.

² The term “Organisational Model” is the translation of the Italian term “Modello Organizzativo”, which is the document formally approved by their Board of Directors by which Italian legal entities formalise all the steps they have taken to prevent all the offences listed in D. Lgs 231/2001 from being committed.

general principles

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2.1. People to whom the Code applies

This Code is aimed at and is binding for all relevant Indesit persons who contribute to the functioning of any of the Indesit Group companies.

The present Code also applies, where relevant, to:

- anyone acting in the name and/or on behalf of any Indesit company, and
- all of Indesit suppliers

Both categories are from now on referred to as “relevant third parties”.

2.2. Control body in charge of monitoring the compliance with the Code

For all the Italian legal entities whose Board has approved a formal “Organisational Model”, monitoring compliance with the Code is the responsibility of a specific control body called “Organismo di Vigilanza” (hereinafter referred to as “OdV”), whose tasks include:

- ensuring that the Code is properly communicated to all relevant Indesit persons and anyone else to whom it might be of interest
- review the Code in order to suggest modifications so as to make it compliant with any changes in the legislation
- help interpret the content of the Code
- review, investigate and assess all cases of non-compliance

with the Code, passing on the information to the relevant departments in order to ensure that all the appropriate sanctions are imposed, in full compliance with the law and any national labour contracts

- support anyone who, through whistle blowing, informs the OdV of cases of non-compliance with the Code, by protecting them from pressure, intimidation or retaliation and keeping their identity and the information given, totally confidential
- writing an annual report to the Board of Directors to inform it of the level of implementation of the Code, listing the actions taken to ensure the objectives of the Code are complied with.

For all other Indesit companies, monitoring compliance with the Code and all of the tasks listed above is the responsibility of a specific “Compliance Officers”.

The names of the members of the OdVs and other Compliance Officers can be found on the Internet, at the following address: www.indesitcompany.com

2.3. Communication of the Code

A copy of this Code can be found on the Internet site of Indesit Group, on the Intranet, and in each building in which there are relevant Indesit persons.

The OdVs and the Compliance Officers will be organising appropriate training sessions.

All relevant Indesit persons commit themselves to communicate the Code to all consultants and suppliers.

2.4. Contractual value of the Code for employees

The observance of the Code must be considered an essential part of the obligations of the working relationship with the Indesit Group⁴.

All employees are therefore required to read the Code and to behave in accordance with the principles and prescriptions contained within it.

2.5. Contractual value of the Code for directors⁵, board members and members of the statutory board of auditors

Complying with the Code is part of the duties of directors, board members and members of the statutory board of auditors.

2.6. Contractual value of the Code for consultants and suppliers

All Indesit Group companies reserve the right to terminate their contracts with any consultant or supplier who does not comply with this Code.

⁴ In Italy, these obligations are summarised in article n.2104 of the Civil Code according to which “an employee has to use the diligence required by the task to be performed, in the best interest of the company and of the national production. Moreover, he/she has to comply with the rules given by the employer for the execution of his tasks.”

⁵ The word “Director” should be read as the equivalent of the Italian word “Dirigente”



general rules of conduct

3

3.1. General principle: full compliance with all legislation

While carrying out their professional duties on behalf of any Indesit company, every relevant Indesit person and third party must comply with the law of the country in which they live and normally work and those of all the countries in which they occasionally work.

No relevant Indesit person or third party can force or instigate their colleagues or third parties to violate the laws enforced in the countries in which Indesit companies are present or in which Indesit companies have, directly or indirectly, any relevant interests.

Any relevant Indesit person who is forced or instigated into not complying with the law, must immediately report this issue to their manager, or if this is not feasible because the manager is either not available or because he is himself the person pushing for non-compliance, then the person must immediately report the fact to the OdV or the Compliance Officer.

Even relevant third parties who, in their dealings with Indesit, are forced or instigated into breaking the law, must immediately report the fact to the OdV or the Compliance Officer.

All relevant Indesit persons must be aware of the laws and regulations that apply to their specific tasks.

All Indesit companies condemn and forbid any form of direct or indirect financing of terrorism or activities against the state.

3.2. Working with business partners in general

3.2.1. General principle

Every transaction which is carried out in the interest of any Indesit company must comply with the following principles: it must be correctly managed, all the information must be complete and transparent, it must be fully compliant with the law both in substance and in form; the matching accounting entries must be truthful and clear; it must be in line with both local legislation and internal policies; it must be auditable.

3.2.2. Gifts

It is strictly forbidden to offer any form of gift which could be regarded as having a value higher than could be expected out of normal courtesy, or with a view to obtaining a favourable treatment for any Indesit company.

3.2.3. Conflict of interest

When conducting any business activity, any relevant Indesit person must always avoid situations where the people involved in the transaction are, or could be, in conflict of interest.

Anyone finding himself or herself operating in conflict of interest must communicate it immediately to his or her manager. The manager is under obligation to tell the OdV or the Compliance Officer of the conflict of interest and to list the measures that he or she intends to put in place to ensure that, regardless of the conflict, the transaction is carried out with conditions in line with those of the market.

If it is not possible to adopt actions to guarantee that transactions are carried out in those terms, then the manager should interrupt the commercial relationship with such counterpart and inform the OdV or the Compliance Officer.

3.2.4. Safeguarding of company's assets

Every relevant Indesit person must behave with the appropriate level of diligence to safeguard the assets of every Indesit company, by using all of the resources with which they have been entrusted in a scrupulous and responsible manner, avoiding any improper use.

3.3. Working with public bodies

3.3.1. Influencing government officials with gift or other means

It is strictly forbidden to offer cash, gifts or any form of remuneration which could reasonably be viewed as exceeding normal courtesy standards, and it is also strictly forbidden to make any illegal pressure or to promise any goods or service to any public official or employees of a public body, or to their relatives and their partners, both in Italy and abroad.

3.3.2. Use of consultants when dealing with public bodies

Should any Indesit company decide to use a consultant or any third party to represent it in front of a public body, it should obtain in writing from the third party, its full commitment to abide by the rules included in this Code

No Indesit company should ever use consultants who have a conflict of interest with the public body with which they are dealing on behalf of an Indesit company.

3.3.3. Obtaining confidential information

When dealing or negotiating with a public body, no relevant Indesit person can ask for or obtain confidential information that could compromise the integrity or the reputation of any Indesit company or of the public body itself.

3.3.4. Financing of political parties and other public organizations

Any Indesit company can finance political parties, public organizations or political candidates as long as it is done in full compliance with the law.

3.3.5. Public funds and authorisations

It is strictly forbidden to give false information to any public bodies, national or international, in order to obtain public funds, loans or grant or to obtain licenses, authorisations or any compliance certificates.

It is also strictly forbidden to use any public funds, loans or grants received for a different scope than that agreed with the public bodies that have granted the funds.

3.3.6. IT system of public bodies

It is strictly forbidden to try to tamper with the functioning of any IT or communication system of a public body or to try to manipulate the data contained within them, with a view to obtaining an illegitimate profit.

3.4. Working with suppliers

When dealing with suppliers of either goods or services, every relevant Indesit person must ensure that:

- They select suppliers only on the basis of objective criteria such as price and the quality of the service. More specifically, there should not be any new or ongoing working relationships with suppliers who do not follow the rules contained in this Code, especially in terms of:
 - Rules to follow when working with public bodies (see paragraph 3.3)
 - Confidentiality (see paragraph 7.1)
 - Rules to follow on HR matters in compliance with the International Labour Organisation pronouncements (see paragraph 6.2)
- They comply with the conditions contained in the contract and with any relevant legislation
- They keep working relationships in line with good commercial practice
- They ask suppliers to sign a form confirming that they have read this Code of Conduct and that they agree to be bound by the rules contained in it.

3.5. Dealing with false banknotes, coins, papers of public credit, stamp values and watermarked paper

It is strictly forbidden to produce, to buy or to sell falsified banknotes, coins, and papers of public credit, stamp values and watermarked paper.

Anyone who receives false or stolen banknotes/coins/papers of credit, is to inform their manager and the OdV or the Compliance Officer, so that they can take appropriate action.

compliance with company law

4

All employees, board members, members of the statutory board of auditors and suppliers have to comply with the rules listed below in order to avoid breaching the law, from committing any actions in breach of company law.

4.1. Information to the financial markets and to the authorities

- All financial statements and any other mandatory corporate information must be written clearly and give a true and fair view of the economic and financial situation of the Indesit company to which it relates
- It is strictly forbidden when giving information to public control bodies, to give any false, incomplete or misleading information on the financial or economical situation of the relevant Indesit company
- All the information given to the financial market must be truthful and verifiable
- Any information that has to be given to or registered with public authorities needs to be timely, accurate, made by the appropriate persons and in compliance with the law.

4.2. Transactions involving shareholder's funds

- It is forbidden to free any shareholder from the obligation of paying any un-paid shares and it is forbidden to return to any shareholder any capital paid, unless there is a legally approved reduction in the overall share capital of the company

- It is forbidden to pay dividends from profits which have not been achieved or which are have been allocated reserves or to distributed undistributable reserves.
- It is forbidden to reduce shareholders' funds, including through mergers or demergers, if this is against the local legislation which protects creditors
- It is forbidden to form or fictitiously increase the share capital of a company, by distributing shares with a value lower than their nominal value, or through a cross-shareholding agreement or by over-valuing assets which are being given as payment for shares or assets which are being purchased;
- It is forbidden to make any illegal transaction on shares of the company itself or of its parent company
- Any transaction which can cause damage to creditors is strictly forbidden;
- Company liquidators are forbidden to make any unlawful distribution of the company's assets

4.3. Voting at the shareholder's meetings

It is strictly forbidden to create, through fraud or deceit, fictitious majorities at the shareholders meetings

recording of transactions and general control framework

5

5.1. Authorization and back-up documentation of transactions

All transactions must be properly recorded in the accounting system.

For every transaction, there should be an adequate back-up documentation, which could be used, at any time, to confirm the nature and the rationale of the transaction and to identify the individuals, who have authorised, carried out, recorded and checked the transaction.

5.2. Fictitious transactions and misleading accounting

It is strictly prohibited to behave, take actions or omit to do/say things that could lead to the recording of fictitious transactions or of misleading transactions.

5.3. Cooperation with control bodies

All the information given to anyone with a role in the internal control system of any of the Indesit companies (i.e. shareholders; members of the board of statutory auditors and local equivalents; external auditors, internal auditors and OdVs or Compliance Officers) must be accurate and true.

It is strictly forbidden to prevent or in hinder any of the control activities of the above listed bodies and individuals.

human resources

6

6.1. General principle

All Indesit companies offer all employees the same opportunities.

6.2. The International Labour Organization regulation

In 2001, Indesit Company SpA and the major Italian and International Unions⁶ signed an agreement in which the company committed itself to:

- Respecting all fundamental human rights
- Preventing the exploitation of under-age children
- Not using forced labour or slavery
- Not allowing the employment of children younger than the higher between 15 years of age and the minimum school attendance age as per local regulation

These same rules apply to all Indesit companies that have approved this Code.

⁶ Italian Unions: FIM, FIOM UILM; IMF (International Metalworkers Federation)

confidentiality

7

7.1. General principle

The IT systems and the paper records held within each and every Indesit company may contain information protected by the local Data Protection Legislation, data which is covered by a confidentiality agreement or data that could cause damage to an Indesit company if they were to be disclosed to third parties.

All relevant Indesit persons have an obligation to make sure that all the sensitive information with which they come across while performing their duties is treated with the appropriate level of confidentiality, both within and outside the working environment.

All Indesit companies are committed to protecting the information regarding to their employees or third parties, in compliance with the applicable Data Protection legislation.

7.2. Communication with the media, financial analysts and investors

Any relevant Indesit person receiving a request of confidential information from third parties (e.g. private individuals, universities, press, financial analysts, investors, etc) should never, directly or indirectly, give that information but should instead forward the request to the relevant departments i.e. the Communication and External Relations department or the Head of Investor Relations.

sanctions for non-compliance with the Code

8

8.1. Sanctions against employees

If employees do not comply with any prescription of this Code they will be subject to a sanction that vary according to the degree of non-compliance and which will be consistent with the relevant local labour legislation and local labour contract (if any)⁷.

More specifically, if the non-compliance is not very significant, then the relevant sanction applied will either be a verbal or a written warning.

For a more significant non-compliance that still does not jeopardise the activities of any Indesit company, or for a recurring minor non-compliance within a year of the previous non-compliance, the relevant sanction (if allowed by the local labour legislation) is a fine⁸.

The above listed sanctions are decided by the Head of HR of the legal entity, the director to which the employee reports to and the OdV or Compliance Officer.

If the violation is more significant and has a material impact on the assets of the company, then the employee will be given unpaid leave for up to three days (or less, if that is not permitted by the local legislation). This sanction is also applied in all those cases which are not significant enough to lead to dismissal but which still have a relevant impact on the company.

If the violations are such as to irreparably damage the trust between the employee and the company therefore making

it impossible for the working relationship to carry on even for a limited period of time, the sanction is dismissal. The above sanction is decided by the Head of HR of the legal entity, the director to which the employee reports to and the OdV or Compliance Officer, and the decision are communicated to the Head of the Legal entity.

8.2. Sanctions against directors⁹

In case of non-significant violation of one or more prescriptions of the Code, directors will receive a written warning to comply with the Code. The decision about the warning will be taken by the Head of HR of the legal entity to which they belong, together with the OdV or the Compliance Officer, depending on the country.

If the violation is such as to be regarded as a significant non-compliance with the Code, the corresponding sanction is a dismissal with prior notice.

If the violation is so significant that it damages beyond repair the trust with the company and therefore does not allow for the working relationship to carry on even for a short length of time, then the sanction is immediate dismissal, without notice period. These decisions are taken by the appropriate department together with the OdV or the Compliance Officer, depending on the country.

All these sanctions will be decided in full compliance with the local labour legislation¹⁰.

⁷ In Italy, this means compliance with art 7 f the law n.300 of 20 May 1970 and compliance with the National Metalworkers contract (“CCNL”)

⁸ In Italy, the fine cannot be higher than the equivalent of the salary of three working hours.

⁹ The word Director should be interpreted as the equivalent of the Italian word “dirigente”

¹⁰ In Italy, this means compliance with art 7 of the law n.300 of 20 May 1970.

8.3. Sanctions against board members and members of the statutory board of auditors

In case of violation of one or more prescriptions of the Code, which could be regarded as a significant non-compliance, or in case of violations that could be regarded as a breach of trust with any of the Indesit companies, then the shareholders of the company will adopt all the sanctions that they regard as most appropriate.

contact details of OdVs and Compliance Officers

For Indesit Company SpA:

Organismo di Vigilanza
Indesit Company SpA
Viale Aristide Merloni, 47
60044 Fabriano (AN)
Italy

e-mail: *codice.comportamento@indesitcompany.com*

For the other Italian legal entities all queries or “whistle-blowing” information should be sent to:

Organismo di Vigilanza
Name of the company
Address of the company
Italy

e-mail: *[name of the company].codice.comportamento@indesitcompany.com*

The same is true for the foreign companies, for which correspondence and “whistle-blowing” information should be sent to the company’s address, to the attention of the Compliance Officer or via e-mail to:

[name of country in English].code.conduct@indesitcompany.com

All information requested or given to the OdVs or the Compliance Officers will be treated with the upmost confidentiality.

