

DIVERSITY POLICIES
FOR THE MEMBERS OF THE CORPORATE BODIES
OF DE' LONGHI S.P.A.

(Approved by the Board of Directors on 26 February 2019)

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GLOSSARY AND DEFINITIONS

Director or **Directors**: means the members of the board of directors of De' Longhi S.p.A.

Code or **Corporate Governance Code**: means the Corporate Governance Code for Listed Companies approved in July 2018 by the Corporate Governance Committee set up by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Civil Code or **c.c.**: means the Italian Civil Code.

Board of Statutory Auditors or **Control Body**: means the Board of Statutory Auditors of De' Longhi.

Board or **Board of Directors** or **Administrative Body**: means the Board of Directors of De' Longhi.

Remuneration and Appointments Committee or **RAC**: means the De' Longhi board committee that has been attributed functions related to the appointment and remuneration of Directors, referred to in Articles 5 and 6 of the Corporate Governance Code.

De' Longhi, Issuer or **Company**: means De' Longhi S.p.A. with registered office in Via Lodovico Seitz 47, Treviso (Italy), tax code 11570840154 and VAT Reg. No. 03162730265.

Directive 2014/95/EU: means Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 “*amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.*”

Corporate Bodies: means the Board of Directors and the Board of Statutory Auditors of De' Longhi.

Policies: means these “*Diversity policies for members of the corporate bodies of De' Longhi S.p.A.*”

Auditor or **Auditors**: means the members of the board of statutory auditors of De' Longhi.

Articles of Association: the articles of association of De' Longhi.

Consolidated Law on Finance (TUF): means the Consolidated Law on the Regulations concerning Financial Intermediation, contained in Legislative Decree No. 58 of 24 February 1998 and subsequent amendments and additions.

1. PREAMBLE

These Policies have been adopted by the Company in compliance with the provisions of law and regulations concerning sustainability and the provisions of the Corporate Governance Code with which the Company complies.

In particular, these Policies are adopted in application of: (i) the provision of Art. 123-*bis*(2)(d-*bis*) of the Consolidated Law on Finance pursuant to which companies that issue securities are required to provide in their report on corporate governance and shareholding structure a “*description of the diversity policies, applied in relation to the composition of the administration, management and control bodies, regarding aspects such as age, gender composition and the training and career path, as well as a description of objectives, the implementation methods and the results of such policies*”; and (ii) the recommendations on diversity, including gender, contained in Articles 2 and 8 of the Corporate Governance Code.

As indicated in Directive 2014/95/EU, a diversity of expertise and perspectives among the members of the Corporate Bodies: (i) promotes a good understanding of the organisation and the activities of an issuer, guaranteeing, for example, the effective engagement of Directors in the preparation of strategies that support the Group’s strategic operating plan; (ii) enables the members of the Corporate Bodies to constructively assess the decisions of management and to be more open to innovative ideas, thus countering the risk of group thinking by these members.

The Company intends to apply diversity criteria, including gender diversity, in the composition of the Board of Directors and of the Board of Statutory Auditors, in compliance with the priority objective of ensuring that its members have the appropriate expertise and professionalism, also in accordance with the Corporate Governance Code, which recommends that at least one third of the Board of Directors and of the Board of Statutory Auditors is made up of the least represented gender, both at the moment of appointment and during its term of office.

2. SCOPE OF APPLICATION AND PURPOSE

These Policies refer to the composition of the Board of Directors and the Board of Statutory Auditors of De' Longhi.

These Policies define and formalise the criteria and implementing methods through which De' Longhi intends to ensure an appropriate level of diversity among the members of the Corporate Bodies, with the aim of guaranteeing the optimum composition of such bodies, in order to:

- enrich the discussion - a distinctive condition of reasoned and informed decision-making - thanks to the diverse expertise of its members which allow them to make decisions with the contribution of multiple qualified and diverse points of view able to examine the issues under discussion from different perspectives;
- allow a better understanding of the needs and demands of stakeholders;
- reduce the risk of group thinking in the bodies themselves;
- make the decision-making process more effective and more in-depth;
- enable the members of the Corporate Bodies to discuss the decisions of management constructively.

3. GENERAL PRINCIPLES

The Company is aware of the fact that diversity and a sense of belonging are two key elements in the corporate culture of a multinational group such as the De' Longhi Group. In particular, enhancing diversities, as a key aspect of sustainability in the medium to long term for the business, represents a reference paradigm for both the employees of the De' Longhi Group and the members of the Company's Board of Directors and Board of Statutory Auditors.

The Board of Directors, together with the Board of Statutory Auditors, in compliance with the shareholders' prerogatives when designating and appointing its members, consider it advisable that:

• *in the composition of the Board of Directors*

(i) a goal to integrate diverse managerial and professional profiles is pursued, particularly with regard to the segment in which the De' Longhi Group operates and economic, legal, financial, accounting, risk management, remuneration policies, social sustainability and e-commerce matters;

(ii) account is also taken of a balanced presence of independent members and balanced gender representation (at least one third of the members are the least represented gender) in compliance with the provisions of law, the Articles of Association and the recommendations of the Corporate Governance Code, as well as of the benefits that may arise from the presence of different age ranges, including in terms of multiple perspectives and managerial and professional experiences;

• *in the composition of the Board of Statutory Auditors*

(i) a goal to integrate diverse professional and/or academic profiles is pursued, particularly with regard to economic, accounting, legal, financial and risk management matters, and that, by their characteristics, they can enable optimum discharging of the oversight functions required of the Board of Statutory Auditors;

(ii) account is also taken – in addition to possession of the necessary requirements of integrity, professionalism and independence required by the law – of the importance of balanced gender representation (at least one third of the members are the least represented gender) in compliance with the provisions of law and of the Articles of Association in force at the time and the recommendations of the Corporate Governance Code, as well as of the benefits that may arise from the presence of different age ranges, including in terms of multiple perspectives and experiences.

De' Longhi's Corporate Bodies take the view that maintaining and consolidating a cooperative, loyal and synergistic climate within the bodies is a priority, in this way each Director and Auditor is able to better express their professionalism and maximise their contribution.

4. DIVERSITY CRITERIA AND OBJECTIVES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company's Board of Directors, also based on the results of the periodic self-assessment process, set up by the Remuneration and Appointments Committee, believes that its optimal composition must meet the following requirements:

- (i)* the Board of Directors must be composed of a majority of non-executive Directors, pursuant to criterion 2.C.1 of the Corporate Governance Code, who must fulfil an important dialogue function and contribute to monitoring the choices made by the executive Directors;
- (ii)* the number of Company Directors possessing the requirements of independence provided for by the law, by the Articles of Association and by the Corporate Governance Code must be such as to ensure compliance with the provisions of law and the Articles of Association in force in order to permit a diverse composition of board committees (which, based on the recommendations of the Corporate Governance Code, must be composed entirely, or by a majority, of independent Directors);
- (iii)* the composition of the Board of Directors must in any case ensure a gender balance that complies with the provisions of the law and the Articles of Association in force at the time, as well as compliance with the recommendations laid down on this point by the Corporate Governance Code, both from the moment of appointment and during office;
- (iv)* a balanced combination of different age ranges should be ensured within the Board of Directors, which would bring diverse sensibilities and skills, enabling – taking in to account, for example, the significant changes that characterise the macro-economic and competitive scenario – a balanced plurality of diverse perspectives and experiences;

- (v) Directors should be persons with a managerial and/or professional and/or academic and/or institutional profile in order to have a mix of expertise and experiences that are diverse and complementary. In particular:
- managerial profiles should have acquired expertise and experience in positions of responsibility in segments connected to the one in which the De' Longhi Group operates or in any case in companies of a significant size and/or complexity with pronounced international vocation, and should possess specific skills related to general management, finance, sales marketing (including digital/e-commerce) and/or technological innovation, or other management and corporate organisation functions.
 - professional profiles should have acquired expertise and experience in positions of responsibility within accredited professional firms, consultancy firms or other organisations and have performed their work, particularly involving business, in one of the following fields: economics, accounting, law (with particular reference to business law, company law, tax law, M&A and financial markets), finance as well as risk management and/or control, internal audit, compliance and remuneration policies;
 - academic and/or institutional profiles should possess expertise that may be useful for developing and enhancing the De' Longhi Group's business;
- (vi) the Chairman should be a person with the experience and authority to ensure the proper, efficient and effective management of the functioning of the Board of Directors, within which the Chairman has the task of creating a strong spirit of cohesion, and at the same time representing a figure of assurance for all De' Longhi's shareholders and all the stakeholders. The Chairman should encourage equal participation of all the Directors in the board debate and possess appropriate experience in managing, within the board, issues of strategic importance, in addition to specific managerial and business skills in segments related to the one in which the De' Longhi Group operates;

- (vii) the Chief Executive Officer should be a person with established leadership skills and authority and acknowledged strategic vision. The CEO should have acquired significant experience and success in top management positions in companies of a significant size and/or complexity operating in the international context, and have appropriate skills and/or experience with regard to economics and finance. The CEO should also have a management style that is guided by the ability to create a team spirit among collaborators.

So that the Board of Directors can discharge its duties more effectively, in addition to the diversity requirements listed above, it is considered essential that all the members of the Administrative Body guarantee that they can dedicate enough time to carry out their tasks diligently and responsibly.

5. DIVERSITY CRITERIA AND OBJECTIVES IN THE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

The composition of the Board of Statutory Auditors must comply with the applicable laws and regulations in force at the time. In addition to the requirements laid down by the law and by the Company's Articles of Association, also based on the experience acquired by the Board of Statutory Auditors currently in office, as regards the composition of the Board of Statutory Auditors, for the optimal composition of the Control Body:

- (i) the majority of Standing Auditors must be statutory auditors registered in the appropriate register of independent statutory auditors;
- (ii) a balanced combination of different age ranges within the Board of Statutory Auditors is advisable, enabling a balanced plurality of diverse perspectives and experiences;
- (iii) the composition of the Board of Statutory Auditors must in any case ensure a gender balance that complies with the provisions of the law and the Articles of Association in force at the time, as well as compliance with the

recommendations laid down on this point by the Corporate Governance Code, both from the moment of appointment and during office;

- (iv) at least one Standing Auditor must have acquired adequate experience in listed companies, in complex and/or international contexts;
- (v) the presence of auditors who, on the whole, are competent in sectors related to the one in which the Company and the De' Longhi Group operate should be ensured;
- (vi) the presence of figures with a managerial and/or professional and/or academic and/or institutional profile should be ensured so as to have a combination of expertise and experiences that are diverse and complementary;
- (vii) the Chairman should be a person with the authority to ensure that the work of the Board of Statutory Auditors is conducted and coordinated appropriately with any further activities carried out by other persons involved in the internal control and risk management system.

So that the Board of Statutory Auditors can discharge its duties more effectively, in addition to the diversity requirements listed above, it is considered of key importance that all the Auditors guarantee that they can dedicate enough time to carry out their tasks properly and conscientiously, taking into account the number of other offices held in the administrative and control bodies of other companies (in compliance with the law) and the commitment required of them by any other work and professional activities.

6. METHODS FOR IMPLEMENTING THE POLICIES

These Policies intend to guide the candidatures presented by Shareholders when renewing the entire Board of Directors (or supplementing its composition) and when renewing the Board of Statutory Auditors, ensuring - on such occasions - that adequate consideration is taken of the benefits arising from a harmonious composition of the

Administrative Body and of the Control Body, in line with the various diversity criteria indicated in the previous paragraphs.

Taking into account the experience acquired over its term of office, after the periodic self-assessment process, the Board of Directors, upon the proposal of the RAC, will express its guidance on the composition of the Administrative Body, in line with the diversity criteria and objectives referred to in section 4 of these Policies. This guidance is described in the report prepared for shareholders on the appointment of the Board of Directors.

The Board of Directors, upon the proposal of the Remuneration and Appointments Committee, will also take into account the composition criteria laid down by paragraph 4 of these Policies when replacing one or more Directors who have left during office, without prejudice to compliance with the composition requirements provided by the law and by the Articles of Association.

During the renewal of the Control Body, the Board of Statutory Auditors may, if necessary, express its guidance on its composition, in line with the diversity criteria and objectives referred to in section 5 of these Policies. This guidance is described in the report prepared for shareholders on the appointment of the Board of Statutory Auditors.

7. MONITORING IMPLEMENTATION OF THE POLICIES

The Company's Board of Directors, with the support of the RAC and having consulted the Board of Statutory Auditors as regards the part related to diversity policies in the composition of the Control Body, is responsible for verifying the results arising from the application of these Policies.

A description of the results arising from the implementation of these Policies is given in the Report on Corporate Governance and Shareholding Structure, provided for by Art. 123-*bis* of the Consolidated Law on Finance, starting from the year following the application of the policies described in this document.

8. APPROVAL, ENTRY INTO FORCE AND UPDATING OF THE POLICIES

These Policies have been approved by the Board of Directors of De' Longhi, upon the proposal of the Remuneration and Appointments Committee, which has prepared the contents taking into account: *(i)* for the part regarding diversity in the composition of the Administrative Body, the outcome of the periodic self-assessment procedure carried out by the Board of Directors each year, in accordance with Art. 1.C.1(g) of the Corporate Governance Code that the Company adopts, and instituted by the same committee; *(ii)* for the part regarding diversity in the composition of the Control Body, the indications provided by the members of the Board of Statutory Auditors on this subject during the meetings of the Committee itself, during which the text for these Policies was drafted and then later submitted to the Board of Directors for approval.

These Policies come into effect on 26 February 2019, the date of their approval by the Board of Directors.

The Company's Board of Directors, with the support of the RAC and having consulted the Board of Statutory Auditors as regards the part related to diversity policies in the composition of the Control Body, is responsible for updating these Policies.