

EXTRACT

M.O.De'L. 231

De' Longhi Organisational Model

Pursuant to D.Lgs. n. 231/2001

Rev. 10.05.2024

CONTENTS

Summary

1	INTRODUCING THE M.O.De'L.	4
1.1	PURPOSE OF THE DOCUMENT	4
1.2	ADDRESSEES	4
1.3	LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001: THE LIABILITY OF THE ENTITY, LEGAL PROFILES	5
1.3.1	THE REGULATION OF THE ADMINISTRATIVE LIABILITY OF LEGAL PERSONS, COMPANIES AND ASSOCIATIONS	5
1.3.2	TYPES OF OFFENCES	6
1.3.3	SANCTIONS	7
1.3.4	EXEMPTION FROM LIABILITY: THE ORGANISATION, MANAGEMENT AND CONTROL MODEL	8
1.3.5	GUIDELINES PROVIDED BY TRADE ASSOCIATIONS	9
1.4	METHODOLOGICAL STEPS FOR THE PREPARATION OF THE MODEL	10
1.5	STRUCTURE AND ORGANISATION OF THE MODEL (GENERAL PART AND PROTOCOLS)	12
1.6	PURPOSE, PRINCIPLES AND COMPONENTS OF THE PROTOCOLS	13
1.7	THE COMPANY'S UNDERTAKING	15
1.7.1	DISSEMINATION AND TRAINING	16
1.7.2	ONGOING REVIEW	16
1.7.3	APPLICATION OF THE PRINCIPLE OF ONGOING REVIEW	17
1.7.4	ACTIVITIES AND RESPONSIBILITIES IN THE CONDUCT OF THE M.O.De'L.	17
1.8	DOCUMENTATION OF THE M.O.De'L.	19
2	LIABILITY UNDER LEGISLATIVE DECREE 231/2001 OF ENTITIES WITHIN A GROUP OF COMPANIES	20
2.1	FOREWORD	20
2.2	ADOPTION OF THE MODEL IN THE ENVIRONMENT OF A 'GROUP' OF COMPANIES	20
2.3	IMPLEMENTATION OF THE MODEL BY INDIVIDUAL SUBSIDIARIES AND COORDINATION OF CONTROL SYSTEMS	21
2.4	FUNCTIONS OF THE PARENT COMPANY'S SUPERVISORY BODY	21
3	ORGANS, ACTIVITIES AND CONTROL MECHANISMS OF THE M.O.De'L.	22
3.1	IMPLEMENTATION STRUCTURE	22
3.2	SUPERVISORY BODY (SB)	22
	APPOINTMENT, REVOCATION, REPLACEMENT, FORFEITURE AND WITHDRAWAL OF THE MEMBERS OF THE SUPERVISORY BODY	22
3.2.2	ELIGIBILITY REQUIREMENTS FOR MEMBERS OF THE SUPERVISORY BODY	22
3.3	POWERS OF THE SUPERVISORY BODY IN THE AREA OF IMPLEMENTATION AND CONTROL OF THE M.O.De'L.	24
3.4	DUTIES OF THE SB IN THE MATTER OF COMMUNICATION AND TRAINING	26
3.5	INFORMATION FLOWS AND REPORTS TO THE SUPERVISORY BODY	26

3.6	VIOLATIONS OF THE M.O.De'L.....	28
4	THE CODE OF ETHICS	29
5	DISCIPLINARY SYSTEM	30
5.1	FOREWORD	30
5.2	VIOLATIONS OF THE MODEL	30
5.3	SANCTIONS - APPLICATION CRITERIA	31
5.4	PERSONS SUBJECT TO SANCTIONS	31
5.5	DIRECTORS AND AUDITORS.....	35
5.6	MEASURES AGAINST THIRD PARTIES INVOLVED IN SENSITIVE PROCESSES	35
6	KEY AND ANNEXES	36
6.1	KEY	36
6.1.1	IN-TEXT REFERENCES	36
6.1.2	ANNEXES.....	36

1 INTRODUCING THE M.O.De'L.

1.1 PURPOSE OF THE DOCUMENT

The present document, entitled 'De' Longhi Organisational Model' (hereinafter also "M.O.De'L." or "Model") has been drawn up in implementation of the provisions of articles 6, paragraph 1, letters a. and b. and paragraph 2; art. 7, paragraphs 2 and 3 of Legislative Decree no. 231 of 08.06.2001 as subsequently amended and integrated (hereinafter also the "Decree" or "D.Lgs. 231/2001").

The adoption of the Model by De' Longhi S.p.A. (hereinafter also the "Company" or "De' Longhi") has the aim of improving the internal control and risk management system, significantly limiting the risk of committing the offences envisaged by the Decree.

De' Longhi S.p.A. is sensitive to the need to ensure conditions of fairness and transparency in the conduct of business and corporate activities, in order to protect its own position and image, the expectations of *stakeholders* and the work of its employees, and is aware of the importance of having a suitable internal control and risk management system to prevent the perpetration of unlawful conduct by its directors, employees, consultants and collaborators.

The Model, together with the Code of Ethics, is an instrument for raising awareness of all the Company's *stakeholders* and aims to make these individuals fully cognisant of the seriousness of committing an offence and of the criminally relevant consequences not only for themselves, but also for the Company, enabling the latter to take prompt and effective action in such situations.

The original of this document was approved by the Board of Directors of the Company in the meeting of 27.03.2006; subsequent updates were approved in the meetings of 01.03.2007, 13.11.2008, 11.02.2010, 12.05.2011, 12.11.2012, 9.05.2013, 11.11.2015, 08.11.2018, 10.11.2021, 11.05.23, as well as 10.05.2024.

1.2 ADDRESSEES

According to the provisions of the Decree (Art. 5, para. 1, letters a. and b.) the following are identified as the main 'Addressees' of the M.O.De'L., according to their power to act:

a) Senior Persons: the Persons who hold managerial, administrative and representative positions in the Company or in one of its financially and functionally autonomous organisational units, as well as the Persons who are delegated by the Company to carry out tasks involving the use of the Company's name and who may influence the management and control of the Company.

b) Subordinates: the Persons subject to the management and/or supervision of one of the Persons referred to in letter a) above.

The Company is also committed to ensuring that the principles set out in this M.O.De'L. are effectively disseminated and applied, including in its relationships with third parties.

The following are therefore Addressees of the M.O.De'L. and required to comply with it:

- corporate bodies and their members;
- the employees of the Company (managers included), comprising also those who carry out activities on behalf of the Company abroad and/or hold at the same time formal positions in foreign companies controlled by De' Longhi;
- - collaborators (trainees included), consultants, and independent contractors to the extent that they operate in the areas of activity at potential risk of commission of the offences referred to by Legislative Decree 231/2001 in the name or in the interest of the Company and, more generally, all those third parties (including suppliers) who, for whatever reason, operate in the name or in the interest of the Company within the areas of activity at potential risk of commission of the offences referred to in Legislative Decree 231/2001;
- the members of the Company's Supervisory Body insofar as they are not included in the above categories.

1.3 LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001: THE LIABILITY OF THE ENTITY, LEGAL PROFILES

1.3.1 THE REGULATION OF THE ADMINISTRATIVE LIABILITY OF LEGAL PERSONS, COMPANIES AND ASSOCIATIONS

Legislative Decree No. 231 of 8 June 2001, implementing Delegated Law No. 300 of 29 September 2000, regulates - introducing it for the first time into the Italian legal system - the administrative liability of legal persons, companies and associations, including those without legal personality (entities). Prior to the introduction of this legislative framework, collective entities were not subject, under Italian law, to criminal-administrative liability and only natural persons (directors, managers, etc.) could be prosecuted for the possible commission of offences in the interest of the corporate body.

This regulatory framework was radically altered by the Decree, which marked the adaptation of Italian legislation to a series of international conventions to which Italy had been adhering for some time: in particular, the Convention on the Financial Protection of the European Communities of 26 July 1995, the EU Convention of 26 May 1997 on Combating Bribery, and the OECD Convention of 17 September 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions. With the enactment of the Decree, Italian legislature has met the obligations laid down in these international and EU instruments, which provide for liability paradigms for legal persons and a corresponding system of sanctions aimed at tackling corporate crime in a more direct and effective manner.

This is an "administrative" liability *sui generis*, since, although it entails administrative sanctions, it follows from a criminal offence and has the safeguards of a criminal trial.

In particular, the Decree provides for an articulated system of sanctions starting from the application of financial penalties, followed, according to the scale of seriousness of the offence committed, by interdictory measures such as the suspension or revocation of concessions and licences, the prohibition to contract with the Public Administration, the exclusion or revocation of loans and contributions, the prohibition to advertise goods and services, up to the heaviest interdictory sanctions, which may even go as far as the prohibition to carry out the business activity itself.

The administrative sanction for the company, however, can only be applied by the criminal court, in the context of the safeguarding rules laid down by the criminal justice system, and only where all the objective and subjective requirements laid down by the legislature are met: in particular, the offence committed must be one of the crimes for which the company is subject to administrative liability, and must be committed in the interest or to the advantage of the company itself, by senior persons or persons subordinate to them. The exclusive advantage of the agent (or of a third party with respect to the entity) does not determine any liability on the part of the entity, since it is a matter of clear extra-neousness of the legal person to the offence.

As regards the subjects, the legislator, in Article 5 of the Decree, provides for the liability of the entity when the offence is committed:

- "by persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, also *de facto*, the management and control of the same" (so-called senior persons);
- "by persons subject to the management or supervision of one of the persons referred to in subparagraph a)" (so-called subordinates).

As can be seen, the persons referred to by the provision in question are those who perform functions inherent in the management and control of the entity or of its branches: the legislator, therefore, wished to make a 'functional' rather than a 'nominal' choice i.e. to focus attention on the concrete activity performed rather than on the formally held position.

It should also be emphasised, in this perspective, that persons who perform the same functions in an "organisational unit with financial and functional autonomy" are placed on an equal footing with persons who hold functions of representation, administration or management of the entity.

For the purposes of establishing the entity's liability, in addition to the existence of the requirements mentioned above, which allow an objective connection to be made between the offence committed and

the entity's activity, the legislator also requires the verification of a subjective requirement, consisting in the entity's culpability in relation to the offence committed. This subjective requirement consists in identifying a fault on the part of the organisation, understood as the violation of adequate rules of diligence that the organisation has self-imposed and which are aimed at preventing the specific risks arising from the offence. The aforementioned rules of diligence constitute the core content of this Organisation, Management and Control Model.

1.3.2. TYPES OF OFFENCES

The entity may be held liable only for the offences expressly referred to in the Decree, if committed in its interest or to its advantage by the persons qualified *under* Article 5(1) of the Decree.

Listed below are the "types of offences" currently included in the scope of Legislative Decree 231/2001:

1. Crimes against the Public Administration (Articles 24 and 25 of the Decree as last amended by Decree-Law 105/2023);
2. Computer crimes and unlawful data processing (Article 24-bis of the Decree introduced by Law 48/2008 and subsequently amended, most recently, by Decree-Law 105/2019 converted with amendments by Law 133/2019);
3. Organised crime offences (Article 24-ter of the Decree introduced by Law 94/2009);
4. Crimes relating to counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (Article 25-bis of the Decree introduced by Decree-Law 350/2001 converted with amendments by Law 409/2001 and subsequently amended by Law 99/2009);
5. Crimes against industry and trade (Article 25-bis.1 of the Decree introduced by Law 99/2009);
6. Corporate offences, including the offence of bribery among private individuals and the offence of incitement to bribery among private individuals (Article 25-ter of the Decree introduced by Legislative Decree 61/2002 and subsequently amended, most recently, by Legislative Decree 19/2023);
7. Crimes for the purpose of terrorism or subversion of the democratic order, provided for by the Criminal Code and special laws (Article 25-quater of the Decree introduced by Law 7/2003);
8. Crimes relating to the practice of female genital mutilation, (Article 25-quater.1 of the Decree introduced by Law 7/2006);
9. Crimes against the individual, introduced by Law 228/2003 and amended by Law 199/2016 (Article 25-quinquies of the Decree introduced by Law 228/2003 and subsequently amended by Law 199/2016);
10. Market abuse (Article 25-sexies of the Decree introduced by Law 62/2005);
11. Crimes of culpable homicide, serious and very serious injury committed in violation of the rules protecting health and safety at work (Article 25-septies of the Decree introduced by Law 123/2007 and subsequently amended by Legislative Decree 81/2008);
12. Offences related to the handling of stolen goods, money laundering, use of money, goods or benefits of unlawful origin and self-laundering (Article 25-octies of the Decree introduced by Legislative Decree no. 231/2007 and subsequently amended by Law no. 186/2014);
13. Offences relating to non-cash payment instruments and fraudulent transfer of values (Article 25-octies. 1 of the Decree introduced by Legislative Decree 184/2021 and last amended by Decree-Law 105/2023);
14. Crimes in violation of copyright (Article 25-novies of the Decree introduced by Law 99/2009 and subsequently amended by Legislative Decree 121/2011);
15. Crime of inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies of the Decree introduced by Law 116/2009 and subsequently amended by Legislative Decree 121/2011);

16. Environmental offences (Article 25-undecies of the Decree introduced by Legislative Decree no. 121/2011 and subsequently amended by Law no. 68/2015);
17. Crime of employing third-country nationals with irregular residence status (Article 25-duodecies of the Decree introduced by Legislative Decree no. 109/2012 and subsequently amended by Law no. 161/2017);
18. Crimes of racism and xenophobia (Article 25-terdecies of the Decree introduced by Law 167/2017);
19. Crimes of fraud in sporting competitions, abusive exercise of gaming or betting and games of chance exercised by means of prohibited devices (Article 25-quaterdecies of the Decree introduced by Law 39/2019);
20. Tax Offences (Article 25-quinquiesdecies of the Decree introduced by Decree-Law 124/2019 converted by Law 157/2019 and subsequently amended by Legislative Decree 156/2022);
21. Offences of smuggling (Article 25-sexiesdecies of the Decree introduced by Legislative Decree 75/2020);
22. Crimes against cultural heritage and Laundering of cultural goods and devastation and looting of cultural and landscape heritage (Article 25-septiesdecies and Article 25-duodecies of the Decree introduced by Legislative Decree 22/2022);
23. Transnational offences, provided for in Article 10 of Law 146/2006.

1.3.3 SANCTIONS

The system of sanctions described by Legislative Decree 231/2001 against the commission of the offences listed above, provides for the following administrative sanctions depending on the offences committed:

- monetary sanctions;
- interdictory sanctions;
- confiscation;
- publication of the judgment.

In calculating the monetary sanction, the judge determines:

- the number of quotas, taking into account the seriousness of the act, the extent of the company's liability, and the actions taken to eliminate or mitigate the consequences of the act and to prevent the commission of further offences;
- the amount of the individual quota, on the basis of the company's economic condition and assets.

Interdictory sanctions apply only in relation to offences for which they are expressly provided, and subject to at least one of the following conditions:

- the company has derived a significant profit from the commission of the offence and the offence was committed by senior persons or persons subject to the direction of others when, in the latter case, the commission of the offence was determined or facilitated by gross organisational deficiencies;
- in the event of repeat offences.

The judge determines the type and duration of the interdictory sanctions, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, they may apply them jointly (Article 14(1) and (3) of the Decree).

The sanctions of disqualification from conducting business, prohibition from contracting with the Public Administration (except for obtaining a public service) and prohibition from advertising goods or services

may be applied - in the most serious cases - on a permanent basis. Furthermore, in lieu of the interdictory sanction, the company's activity may be continued by a commissioner appointed by the judge pursuant to and under the conditions laid down in Article 15 of the Decree.

1.3.4 EXEMPTION FROM LIABILITY: THE ORGANISATION, MANAGEMENT AND CONTROL MODEL

Articles 6 and 7 of the Decree provide for exemption from administrative liability if the entity has adopted effective and efficient organisation, management and control models capable of preventing offences of the kind that have occurred.

These provisions of the Decree show a difference in the regulation and evidentiary regime in relation to offences committed by senior persons compared to offences committed by subordinates.

Article 6 introduces an inversion of the burden of proof, and provides that the entity is not liable for offences committed by senior persons if it can be proved that:

- the management body had adopted and effectively implemented, an organisational, management and control model capable of preventing offences of the kind committed, before the offence was committed;
- the task of supervising the operation of and compliance with the aforementioned Model, as well as proposing updates, has been entrusted to a supervisory body of the entity, endowed with autonomous powers of initiative and control;
- the persons who have committed the offence have acted by fraudulently circumventing the aforementioned Model;
- there has been no omission or insufficient supervision by the Supervisory Body.

Pursuant to Article 7, for offences committed by persons subject to the authority of others, the entity is liable only if the commission of the offence was made possible by the failure to comply with management or supervisory obligations; in this case, the burden of proof is on the prosecution. In any case, such obligations are presumed to have been complied with if the entity, before the offence was committed, had adopted and effectively implemented an organisational, management and control model capable of preventing offences of the kind committed.

The adoption of an Organisation, Management and Control Model constitutes an opportunity that the legislator gives to the entity with a view to the possible exclusion of liability.

However, the mere adoption of such a Model by the management body - which is to be identified in the Board of Directors - does not appear to be a sufficient measure to exempt the entity from liability, since the Model must in fact be both effective and functional.

As to the effectiveness of the Model, the legislator, in Article 6(2) of the Decree, states that it must meet the following requirements:

- identify the activities within the scope of which there is a possibility of offences being committed;
- provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the offences to be prevented;
- provide for information obligations to the Supervisory Body;
- provide for one or more channels for reporting unlawful conduct relevant under Legislative Decree No. 231/2001 or violations of the Model, at least one of which must be suitable for guaranteeing the confidentiality of the reporter's identity by computerised means;
- introduce an internal disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model;
- introduce an ethical code of conduct for corporate activities.

The effectiveness of the Model is rather linked to its effective implementation, which, pursuant to Article 7(4) of the Decree, requires:

- a periodic verification and possible amendment of the Model when significant violations of the provisions are discovered, or when changes occur in the organisation or activity (updating of the Model);
- a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model;

The organisational and management models, in accordance with Article 6(3) of the Decree, *may be adopted (...) on the basis of codes of conduct drawn up by the associations representing the entities and communicated to the Ministry of Justice, which may make observations within thirty days on the suitability of the models to prevent offences, in agreement with the competent Ministries*". However, it should be emphasised that the indications contained in the Guidelines drawn up by the trade Associations represent only a reference framework and do not cover all the precautions that may be adopted by individual entities within the scope of their autonomy in selecting the organisational models they consider most suitable.

1.3.5 GUIDELINES PROVIDED BY TRADE ASSOCIATIONS

Confindustria has defined the Guidelines for the preparation of Organisational, Management and Control Models providing, among other things, methodological indications for the identification of risk areas (sectors/activities within which offences may be committed), the design of a control system (the so-called protocols for planning the formation and implementation of the entity's decisions) and the contents of the Organisational, Management and Control Model.

The preparation and updating of this Organisation, Management and Control Model are inspired by the Guidelines issued by Confindustria (General Confederation of Italian Industry) on 7 March 2002, and subsequently updated in March 2014 and June 2021 with approval by the Ministry of Justice on 21 July 2014 and 8 June 2021.

1.4 METHODOLOGICAL STEPS FOR THE PREPARATION OF THE MODEL

Pursuant to Article 6(2)(a) of Legislative Decree No. 231/01, the Company conducts a risk analysis aimed at identifying the activities wherein the offences referred to in the aforementioned decree may be committed, and updates it at various times, due to the introduction of new cases of administrative liability of entities or changes in the organisation.

Consistently with the provisions of the Decree, Confindustria's Guidelines and with the indications inferable from case law, for the purposes of preparing the present model, De' Longhi S.p.A. has carried out this risk analysis according to the *control and risk self assessment* methodology.

Control and risk self-assessment activities are conducted by a Project Team with legal and organisational expertise, and directly involving the Company's Management.

In particular, these activities are divided into the following phases:

- acquisition and analysis of the documentation relevant to the *governance* and internal control system of the company/group (e.g., organisation charts, codes of conduct, structure of proxies and powers of attorney, internal procedures, reports and minutes);
- preliminary identification of the Sensitive Processes falling within the competence of the various organisational structures concerned, with particular reference to those most affected by the scope of the Decree, also considering the identification of potential new risks/offences. For the purposes of the Model, Sensitive Processes are understood as the set of company activities and operations organised in order to pursue a specific purpose or manage a specific area of the Company in areas potentially at risk of offences being committed;
- identification of *key officers* to be interviewed;
- conducting interviews aimed at:
 1. the identification/confirmation of the Sensitive Processes, of the operating methods for conducting them and of the persons involved;
 2. the identification of the potential (inherent) risks of commission of the predicate offences ascribable to the individual Sensitive Processes;
 3. the analysis and assessment of the control measures/systems in place to mitigate the above-mentioned risks and identification of possible areas for improvement;
- sharing with Management the evidence that emerged and formalising it in a summary *report* ("*Control & risk self assessment and Gap analysis* pursuant to Legislative Decree 231/2001") to which this document refers.

This activity leads to the identification of adequate safeguards to be implemented in the control system in order to make it suitable for reducing the risk of offences being committed, as well as to the actual implementation of the aforementioned safeguards in the control system by the individual *key officers* involved each time.

The **Sensitive Processes** identified in the context of *control and risk self-assessment* activities are the following:

- Management of procurement of goods and services
- Professional consulting and services
- Management of financial flows-payments
- Management of intra-group relationships
- Share capital transactions, profit distributions and reserves
- Management of other periodic communications to shareholders or the market
- Taxation management
- Fulfilment of employee taxes and contributions
- Management of sponsorships, events and shows

- Management of gifts, gratuities and entertainment expenses
- Selection, recruitment, and management of human resources
- Fulfilment of requirements related to the recruitment of protected categories
- Management of corporate assets
- Relations with public administration and supervisory authorities as part of inspection visits
- Management of relations with public bodies for obtaining funds and/or concessions
- Management of administrative, civil and criminal litigation
- Managing investments and divestments
- Management of confidential/privileged information
- Information system management
- Management of expense notes and related reimbursements
- Marketing and communication
- Occupational health and safety management

The **offence "families"** considered relevant and applicable to De' Longhi S.p.A. are the following:

- Offences against the Public Administration (Articles 24 and 25 of Legislative Decree 231/2001)
- Computer crimes and unlawful data processing (Art. 24-bis of Legislative Decree 231/2001)
- Organised crime offences (Article 24-ter of Legislative Decree 231/2001)
- Offences relating to the counterfeiting of trademarks, patents and distinctive signs (Article 25-bis of Legislative Decree 231/2001)
- Offences against industry and trade (Article 25-bis.1 of Legislative Decree 231/2001)
- Corporate crimes, including the crime of corruption between individuals (art. 25-ter of Legislative Decree no. 231/2001)
- Market abuse offences (Article 25-sexies of Legislative Decree 231/2001)
- Crimes against the individual, with specific reference to the offence of unlawful intermediation and exploitation of labour (Article 25-quinquies of Legislative Decree 231/2001)
- Crimes relating to health and safety in the workplace (Article 25-septies of Legislative Decree 231/2001)
- Offences related to the handling of stolen goods, money laundering, use of money, goods or benefits of unlawful origin and self-laundering (Article 25-octies of Legislative Decree 231/2001)
- Offences in breach of copyright (Article 25-novies of Legislative Decree 231/2001)
- Inducement not to make statements or to make false statements to the Judicial Authorities (Article 25-decies of Legislative Decree 231/2001)
- Employment of third-country nationals with irregular residence status (Article 25-duodecies of Legislative Decree 231/2001)
- Transnational offences (Article 10, Law 146/2006)
- Offences relating to racism and xenophobia (Article 25-terdecies of Legislative Decree 231/2001)
- Tax Offences (Article 25-quinquiesdecies of the Decree introduced by Decree-Law 124/2019 converted by Law 157/2019 and subsequently amended by Legislative Decree 156/2022);
- Offences of smuggling (Article 25-sexiesdecies of Legislative Decree 231/2001)
- Crimes of fraud in sporting competitions, abusive exercise of gaming or betting and games of chance exercised by means of prohibited devices (Article 25-quaterdecies of Legislative Decree 231/2001)

In particular, with reference to offences relating to "Racism and xenophobia" (Article 25-terdecies of the Decree introduced by Law 167/2017) and offences relating to illegal immigration (introduced to Article 25-duodecies of the Decree by Law 161 /2017), following a preliminary assessment of the Company's business activities and organisational structure, as well as in consideration of the specific characteristics of this type of offence, the Company considered that compliance with the principles already contained in the Code of Ethics constitutes an adequate safeguard for their prevention. In particular, with reference to offences relating to illegal immigration, the Company considered that the Code of Ethics, general rules of conduct and specific control measures contained in the "Human Resources Management" Protocol constitute an adequate safeguard for the prevention of those offences.

Finally, with regard to the hypothesis of "crimes of fraud in sporting competitions", following a preliminary assessment of the Company's business activities and organisational structure, and in consideration of the specific characteristics of this type of offence, the Company considered that compliance with the principles already contained in the Code of Ethics and with the provisions contained in the Protocol for the "Management of marketing and communication, gifts, free gifts and entertainment expenses, sponsorships, events and exhibitions" constitutes an adequate safeguard for the prevention of these types of offence.

1.5 STRUCTURE AND ORGANISATION OF THE MODEL (GENERAL PART AND PROTOCOLS)

The Model consists of:

- **General Section** (this document) - illustrates the function and principles of the Model, identifies and regulates its essential components, i.e. the Supervisory Body, the disciplinary system, personnel training, and the dissemination and application of the Model;
- **Annexes** to the General Section, namely: Group Code of Ethics (ANNEX 1), Sensitive Processes/Protocols/Crimes Matrix (ANNEX 2)
- **Protocols governing Sensitive Processes**, which contain the control measures implemented by the Company with reference to the Processes and activities identified as being at risk of commission of the offences provided for by the Decree (hereinafter "**Protocols**"). The Protocols are as follows:
 - Relations with the public administration, including inspection visits
 - Procurement of goods and services, including the management of consultancy and professional services
 - Financial flows
 - Human resources management
 - Information systems management
 - Litigation management
 - Company assets management
 - Information and communication management
 - Management of intra-group relationships
 - Financial reports and taxation
 - Occupational health and safety management
 - Management of marketing and communication, gifts and entertainment expenses, sponsorships, events and exhibitions

1.6 PURPOSE, PRINCIPLES AND COMPONENTS OF THE PROTOCOLS

The Protocols, which are an integral part of the Model prepared by the Company, are based on and integrated with a structured and organic internal control and risk management system made up of rules, instruments for defining responsibilities, and mechanisms and tools for monitoring corporate processes, including those in place before the Model was issued.

In particular, the **purposes** of the Protocols are:

- to refer to the relevant Sensitive Processes;
- to specify the components that characterise the preventive control system, as well as the general and specific principles of conduct and the specific rules of conduct related to the Sensitive Processes;
- provide the Supervisory Body with the necessary tools to monitor and verify the correct application of the Model in all its parts.

The scope of application of each individual Protocol with reference to the Sensitive Processes and the applicable categories of offences is set out in the Sensitive Processes/Protocols/Offences Matrix (ANNEX 2).

The **principles** that inspire the architecture of the internal control and risk management system of De' Longhi S.p.A., with particular reference to the Sensitive Processes and consistently with the provisions of Confindustria are described below:

- clear identification of the roles, duties and responsibilities of the persons involved in carrying out the company's activities (internal or external to the organisation);
- segregation of duties between those significantly involved in the critical phases of the Sensitive Process/Activity (e.g.: decision, authorisation, execution, control and recording) (where applicable);
- verifiability and documentability of ex-post operations: the relevant activities carried out must be adequately formalised, with particular reference to the documentation prepared during their implementation. The documentation produced and/or available on paper or electronic support must be filed systematically and in an orderly manner by the roles/persons involved;
- identification of preventive controls and ex-post, manual and automatic checks: there must be manual and/or automatic controls suitable to prevent the commission of offences or to detect ex-post any irregularities that might conflict with the purposes of this Model.

The **components** of the preventive control system that must be implemented at corporate level to ensure the effectiveness of the Model can be traced back to the following elements, which are relevant for the prevention of all the offences referred to in the Decree and apply to each Sensitive Process:

- **System of ethical principles**

The Company considers it essential that the Recipients comply with ethical principles and general rules of conduct in the performance of their activities and in the management of relations with colleagues, with third parties acting in the interest or on behalf of De' Longhi S.p.A., and with the Public Administration.

These rules and principles are formulated in the Code of Ethics of the De' Longhi Group.

- **Organisational system**

The Company's organisational system is defined through the company's organisational chart and the issuing of delegation of functions and organisational provisions (e.g.: service orders, internal organisational communications), which provide a clear definition of the role, duties and responsibilities of the most important company roles/figures involved, in particular, in Sensitive Processes.

- **Authorisation system**

The authorisation and decision-making system translates into an articulated and coherent system of delegation of functions and powers of attorney of the Company, based on the following provisions:

- the delegations must associate each management power with its related responsibility and with an appropriate position in the organisational chart, and must be updated in accordance with organisational changes;
- each delegation must specifically and unambiguously define and describe the delegate's management powers and the person to whom the delegate reports hierarchically/functionally;
- the managerial powers assigned with the delegations and their implementation must be consistent with corporate objectives;
- the delegate must have spending powers appropriate to the functions assigned to them;
- proxies may only be granted to persons with an internal functional delegation or a specific assignment, and must provide for an extension of the powers of representation and, if necessary, numerical spending limits;
- all those who have relations with the Public Administration on behalf of De' Longhi S.p.A. must be provided, where necessary, with a proxy/power of attorney to that effect.

- **Management and cash flow control system**

The management control system adopted by De' Longhi S.p.A. is articulated in the various phases of *budget* preparation, analysis of periodic final statements, and preparation of forecasts at Company level.

The system guarantees the:

- plurality of parties involved in terms of adequate segregation of functions for the processing and transmission of information;
- ability to provide timely notification of the existence and emergence of critical situations through an adequate and timely information flow and *reporting* system.

Article 6(2)(c) of the Decree explicitly states, moreover, that the Model must "*identify methods of managing financial resources suitable for preventing the commission of offences*". To this end, the management of financial resources is defined by principles based on a reasonable segregation of functions to ensure that all disbursements are requested, carried out and controlled by independent roles or persons as distinct as possible, who are not assigned other responsibilities that could lead to potential conflicts of interest.

Lastly, cash management is inspired by asset preservation criteria, with the associated restriction on conducting risky financial transactions.

- **Information and training programme**

It is the primary objective of the Company to ensure that the Addressees, as identified, are properly acquainted with the contents of Legislative Decree No. 231/01, the Model and the consequent obligations.

The information and training programme on the subject of Legislative Decree No. 231/2001 is provided for and specifically regulated in the chapters devoted to it in the General Section of the Model.

Traceability

Each operation must be traceable so that the result of each action can be traced back to a business process, each process to a person responsible, and each person responsible to a set of general principles, protocols and procedures governing that business process.

Whether the trace is digital or of another nature, the role originating the activity, as well as the one responsible for ratifying and/or verifying its regularity, must demonstrate completeness of information, support and control capacity at each stage of the operational flow.

The general criterion of 'Traceability' is determined by the need to check and verify - at every level - the safety of operations.

- **Disciplinary system**

The existence of a system of sanctions applicable in the event of non-compliance with the company's rules of conduct and, specifically, with the provisions and Protocols laid down in the Model, is an indispensable component for ensuring the effectiveness of the Model itself. With regard to this aspect, please refer to what is fully described in Chapter 5 of the General Section of the Model.

- **System of operating procedures**

Article 6(2)(b) of the Decree explicitly states that the Model must "*provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the offences to be prevented*".

These documents, which transpose the general principles and the specific principles of conduct described below, are intended, in particular, to regulate in greater detail the activities covered by the Sensitive Processes and to guide and guarantee the practical implementation and application of the principles of conduct and control established in this Model and are, therefore, to be considered an integral part of the organisational protocols defined in the Model itself, useful for preventing the commission of the offences set out in the Decree.

- **Information systems and computer applications**

In order to safeguard the company's documentary and information assets, adequate security measures must be in place to protect against the risk of loss and/or alteration of the documentation relating to Sensitive Processes or undesired access to data/documents.

In order to protect the integrity of data and the effectiveness of the information systems and/or computer applications used for the performance of operational or control activities within the Sensitive Processes, or in support thereof, the presence and operation of:

- systems for profiling users in relation to access to modules or environments;
- rules for the correct use of company computer systems and aids (*hardware* and *software* supports);
- automated system access control mechanisms;
- automated mechanisms for blocking or inhibiting access;
- automated mechanisms for managing authorisation *workflows*.

1.7 THE COMPANY'S UNDERTAKING

In compliance with the provisions of Articles 6 and 7 of the Decree, the Company undertakes to:

- a)** adopt and effectively implement the M.O.De'L. as an organisation and management model that includes:
 1. the areas of activity and operations at risk of commission of the offences provided for in the Decree;
 2. the rules of conduct designed to prevent the commission of said offences;
 3. the rules aimed at ensuring the performance of corporate activities and operations in compliance with the Law.
- b)** entrust a Company Body (Supervisory Body - hereinafter also referred to as the 'SB') - appointed by the Board of Directors under the advice of the Board of Statutory Auditors - with independence and autonomous powers of initiative and control, with the task of supervising compliance with the M.O.De'L. and its operation;

- c) ensure the dissemination of the rules of conduct introduced by the M.O.De'L. and ensure that the Addressees are made aware of the correct application and observation of the related provisions, the violation of which may entail severe disciplinary sanctions;
- d) provide for mechanisms for adapting company procedures and protocols to ensure the formation and implementation of the Company's decisions in relation to the offences to be prevented;
- e) provide for methods of managing financial resources that are capable of preventing the commission of offences;
- f) provide for reporting obligations to the Supervisory Body, in order to support its effective action;
- g) introduce a disciplinary system designed to sanction non-compliance with the measures and devices of the M.O.De'L.;
- h) ascertain the need to amend the M.O.De'L. in relation to the occurrence of:
 1. changes in the organisation and/or activity of the Company;
 2. changes in the relevant regulations;
 3. significant violations of the provisions.

1.7.1 DISSEMINATION AND TRAINING

The Company is committed to disseminating the M.O.De'L. also by means of a company '231 Portal', thereby ensuring it is accessible to all Addressees.

The Company also encourages the training of Addressees, making them aware of the permanent provisions of the M.O.De'L., and takes steps to ensure that the application of the M.O.De'L. is supervised.

Participation in the aforementioned training activities by the subjects identified must be considered mandatory: consequently, non-participation will be sanctioned pursuant to the Disciplinary System contained in the M.O.De'L..

The training must cover at least the following: the regulatory framework (Legislative Decree 231/2001 and Confindustria Guidelines); the M.O.De'L.; the Code of Ethics; company cases of application of the regulations; and the safeguards and protocols introduced following the adoption of the M.O.De'L.

Based also on the indications of the Supervisory Body, the Human Resources Department prepares and implements training activities aimed at fostering awareness of the principles and ethical standards contained in the Model. The training initiatives are differentiated according to the role and responsibility of the Addressees; this includes in particular specific briefing activities for new hires. A detailed record of the training provided must be kept.

The Company shall disseminate the Code of Ethics and the general principles of this M.O.De'L. to third parties through publication on the website www.delonghi.com.

The Company may also:

- provide third parties with adequate explanations on the policies and procedures indicated in the M.O.De'L.;
- include, in contracts with third parties, contractual clauses aimed at ensuring their compliance with the Code of Ethics and providing for suitable sanctioning measures, such as the right for De' Longhi S.p.A. to terminate the contract and the possible compensation for damages in the case of violation.

1.7.2 ONGOING REVIEW

Also with reference to the statements of point 1.7, letters a) and h), the Company's Management is committed to reviewing the content of the M.O.De'L., both in view of the adjustments required

by the possible extension of the scope of effectiveness of the relevant regulations, and in connection with the modification, extension and/or diversification of the company's activities and operations.

1.7.3 APPLICATION OF THE PRINCIPLE OF ONGOING REVIEW

The responsibility for the ongoing review of the M.O.De'L. lies with the Board of Directors (BoD) (Art. 6, paragraph 1, letter a. of the Decree). The BoD entrusts the Supervisory Body (Art. 6, paragraph 1, letter b. of the Decree) with the task of updating the Model, so that it can ascertain any need to adapt the M.O.De'L. and recommend the appropriate measures to the BoD.

The revisions to the M.O.De'L., to be adopted on the recommendation of the Supervisory Body following changes in the Company's operating conditions and/or the possible amendment of the Decree's provisions, after risk analysis, may concern for example:

- a)** the introduction of new M.O.De'L. Protocols governing Sensitive Processes;
- b)** the profile of supervision and control activities specific to the Supervisory Body (e.g. the frequency of survey and/or reporting activities);
- c)** the integration or amendment of the sections of the M.O.De'L. dedicated to information flows to the OdV or the disciplinary system;
- d)** any amendment and/or integration of principles, references and provisions, or whatever is deemed necessary to adapt the M.O.De'L. to the evolution and/or changes in Legislative Decree 231/2001 or in the Company's operating conditions.

Furthermore, the Chief Executive Officer has the power to make changes or additions to this document of an exclusively formal nature, upon the recommendation of the Supervisory Body, such as those set out below:

- Integration of the list of offences relevant to the Decree included in paragraph 1.3.2;
- Change of the name of the corporate functions referred to in the Model;
- Modification of the structure of the Model or of the numbering of its paragraphs, provided that the content remains unchanged.

The Board of Directors must be informed of such changes or additions of a formal nature.

1.7.4 ACTIVITIES AND RESPONSIBILITIES IN THE CONDUCT OF THE M.O.De'L.

The responsibilities concerning the dissemination, application, management and review of the M.O.De'L. are expressly entrusted to the following Persons:

BOARD OF DIRECTORS (BoD)

In charge of:

- arranging the necessary measures, within the scope of its management, administrative and policy-making competencies, for the dissemination and application of the provisions of the M.O.De'L., including those relating to the application of the sanctions apparatus, or for their amendments, additions and revisions;
- receiving, analysing and arranging for the effective management of the M.O.De'L. on the basis of the data contained in the reports issued by the Supervisory Body, in compliance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group;
- accepting and implementing the M.O.De'L.'s amendments, integrations and revisions recommended by the Supervisory Body.

BOARD OF STATUTORY AUDITORS

In charge of:

- accepting the reports made by the Supervisory Body to the Board of Directors, in compliance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group;
- assisting the SB in submitting requests to the BoD to amend, supplement and revise the M.O.De'L.

CHIEF EXECUTIVE OFFICER (CEO)

In charge of:

- accepting the reports made by the Supervisory Body to the Board of Directors, in compliance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group;
- activating the relevant Functions and/or Company Bodies for the application of the disciplinary sanctions provided for by the disciplinary system contained in the M.O.De'L.;
- accepting and implementing the ratifications of the BoD relating to the application, management and conduct of the M.O.De'L.

HUMAN RESOURCES DEPARTMENT

In charge of:

- initiating the application of the disciplinary sanctions provided for non-compliance with the provisions of the M.O.De'L.;
- assisting the Company in the management of any litigation that may arise from the application of the M.O.De'L.'s sanctioning system;
- see to the design, preparation and effective implementation of information and training plans for disseminating the principles of the M.O.De'L., in particular to new hires .

The responsibilities concerning the control and monitoring of the M.O.De'L. are expressly entrusted to:

SUPERVISORY BODY (SB)

In charge of:

- checking the implementation of the operative contents of the M.O.De'L.;
- carrying out inspection activities relating to the application of the M.O.De'L.'s provisions;
- monitoring and controlling the effectiveness of the M.O.De'L.;
- prepare reports addressed to the BoD, including through the Control and Risk, *Corporate Governance* and Sustainability Committee ('Control and Risk Committee') in compliance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group;
- collaborating with the BoD in the implementation of the practice of 'Ongoing Review' of the M.O.De'L. (ref. Paragraph 1.7.3);
- report to the BoD the existence of additional Sensitive Processes at risk of commission of the offences provided for by the Decree, any discrepancies in practice with respect to the contents of the M.O.De'L., and any violations found;
- making recommendations for the amendment, integration and revision of the operative contents of the M.O.De'L. to be submitted to the BoD;
- in the event of non-compliance with the provisions of the M.O.De'L., formulate requests for the application of the disciplinary sanctions provided for by the disciplinary system to be submitted to the Human Resources Department or to the Managing Director.

ADDRESSEES

In charge of:

- complying with and applying the provisions of the M.O.De'L.;

- collaborating with the SB in the process of verifying and monitoring the activities falling within the Sensitive Processes; complying with the general and specific directives issued by the SB in order to obtain the information deemed necessary for the performance of its duties;
- participate in the inspections scheduled by the SB;
- attend training sessions;
- comply with reporting obligations towards the SB.

All the Bodies and Persons mentioned are required to cooperate in the aforementioned activities. Non-compliance or non-application of the provisions of the M.O.De'L. shall be considered by the Company as a breach of employment contractual obligations.

1.8 DOCUMENTATION OF THE M.O.De'L.

The M.O.De'L. documentation is available at the following Locations and Offices:

Head Office of the Board of Directors

1. Updated M.O.De'L. *release*
2. Periodic reports made by the SB to the BoD, in compliance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group;

Seat of the Board of Auditors

1. Updated M.O.De'L. *release*
2. Periodic reports made by the SB to the BoD, in compliance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group.

Seat of the Supervisory Body

1. Updated M.O.De'L. *release*
2. Reports of the activities carried out and documentation archive relating thereto
3. Periodic reports made by the SB to the BoD, in compliance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group.
4. Minutes of Supervisory Body meetings;
5. Extract from the Book of Resolutions and Announcements of the Board of Directors (with reference to the M.O.De'L.)

Office of Role Managers

1. Updated M.O.De'L. *release*

2 LIABILITY UNDER LEGISLATIVE DECREE 231/2001 OF ENTITIES WITHIN A GROUP OF COMPANIES

2.1 FOREWORD

The regulations *under* Legislative Decree No. 231/2001 are applicable to so-called *groups of companies*, which in the simplest scenario involving De'Longhi S.p.A., are characterised by a network of shareholdings. This entails the possibility that administrative liability for an offence committed within a group entity may reverberate *upwards* (from subsidiary/associated company to parent company) or *downwards* (from parent company to subsidiary/associated company) to the other companies.

To claim liability under the Decree on the part of a company belonging to the *group* but different from the company within which the offence was attempted or committed, the following is required:

1. that a natural person within the organisation also participated in the commission of the alleged offence as an accomplice to the persons of the different entity;
2. that the natural person is a 'Senior' or 'Subordinate' Person;
3. that the offence was committed (also) in the interest and/or to the advantage of the Company itself.

As confirmed by well-established jurisprudence of legitimacy, on the other hand, any extension/propagation of liability for offences among several companies must be excluded on the basis of the mere fact that they belong to the same group, or any form of automatic liability deriving from the identification of a general 'group interest'.

In order to exclude the migration of liability pursuant to Legislative Decree No. 231/2001 among several entities belonging to the same group of companies, the parent company, in view of its institutional function, is responsible for promoting the adoption by the other companies or entities of the group of organisational models aimed at preventing offences, and verifying, within the framework of this specific purpose, their concrete and effective implementation.

2.2 ADOPTION OF THE MODEL IN THE ENVIRONMENT OF A 'GROUP' OF COMPANIES

It is the responsibility of the administrative bodies of the individual group companies to assess and adopt their own organisational, management and control model, which must be consistent, even in its specificity, with the parent company's Model, according to the following operational criteria:

1. the parent company prepares and adopts its own Model;
2. the individual subsidiary and/or associated companies in preparing and adopting their own Model may take the parent company's Model as a reference, which must in any case be adapted to the individual realities of each, taking into account their own organisational specificities and the specific risk activities they carry out, and appointing their own Supervisory Bodies (or management bodies entrusted with this task);
3. the Supervisory Bodies set up at each company (or the management bodies of each) have the task of monitoring the implementation of the Model of the individual companies and co-ordinating with that of the parent company, *as below*.

2.3 IMPLEMENTATION OF THE MODEL BY INDIVIDUAL SUBSIDIARIES AND COORDINATION OF CONTROL SYSTEMS

Corrective actions on the organisational models of the subsidiaries are the exclusive competence and responsibility of the subsidiaries themselves.

To date, the De'Longhi Group companies, as individual addressees of the provisions of Legislative Decree No. 231/2001, independently carried out the activity (where deemed necessary) of preparing and revising their own Organisational Model. This activity was conducted on the basis of the parent company's indications and implementation methods with regard to common general aspects such as ethical-behavioural principles, the management and development of human resources, the disciplinary system and other policies. These indications, however, did not in any way limit the autonomy of the subsidiary companies in drafting and adopting the Model. Pursuant to Article 6(1)(b) of Legislative Decree 231/2001, they appointed their own Supervisory Body with autonomous powers of initiative and control.

Subsidiary Companies may request support of a purely advisory nature from the competent roles of the parent company (instead of using external consultants), aimed at facilitating the updating, implementation and monitoring activities of their Model 231.

They may also request the parent company's Internal Auditing function, whose scope of action includes the subsidiaries, to support management in initiatives that are relevant for the purposes of Legislative Decree 231/2001.

2.4 FUNCTIONS OF THE PARENT COMPANY'S SUPERVISORY BODY

The Supervisory Body of the parent company, in compliance with the autonomy of the various group companies and the limits set by specific rules, may drive and perform coordination functions, with regard to verification and control activities as well as the application of the respective Models. In particular, it may share the following for the preparation of the Organisational Model: criteria and methods for carrying out risk assessment; common guidelines on operational approaches; best practices; updating the Model (in consideration of new legislation and jurisprudential orientations, as well as changes in the group's business and organisational structure); training plans and delivery methods; methodology for carrying out verification activities; general issues that have emerged in supervisory activities that have suggested the need to strengthen controls on sensitive activities of common interest.

3.1 IMPLEMENTATION STRUCTURE

The activities of verification regarding the level of implementation of the provisions contained in the M.O.De'L., as well as those concerning the level of their effectiveness, are entrusted to the Supervisory Body (hereinafter referred to as 'SB').

3.2 SUPERVISORY BODY (SB)

APPOINTMENT, REVOCATION, REPLACEMENT, FORFEITURE AND WITHDRAWAL OF THE MEMBERS OF THE SUPERVISORY BODY

The SB is a collegial body appointed by the Board of Directors of the Company, with a resolution stating the reasons for the choice of each member. It performs the functions defined by this Model as well as by Legislative Decree 231/01 in force and observes the regulations approved by it and communicated to the BoD.

The Supervisory Body remains in office for the time indicated in the appointment resolution.

The appointment of the members of the Supervisory Body is finalised upon their declaration of acceptance.

The members of the Supervisory Body may be dismissed for just cause. In this regard, 'just cause' for revocation of the powers connected with the office of member of the Supervisory Body means, but is not limited to:

- serious negligence in the performance of the duties connected with the office;
- in the case of an internal member, the assignment of operational functions and responsibilities within the corporate organisation that are incompatible with the requirements of 'autonomy and independence' and 'continuity of action' of the Supervisory Body and termination of employment;
- in the case of an external member, serious and ascertained grounds of incompatibility that undermine their independence and autonomy;
- the loss of even one of the eligibility requirements.

In the performance of their duties, the members of the Supervisory Body must not find themselves in situations, even potential, of conflict of interest arising from any personal, family or professional reason. In this case, they must immediately inform the other members of the Body and must refrain from taking part in the relevant deliberations.

Upon expiry of its term of office, the Supervisory Body may continue to perform its functions and exercise its powers, as further specified below, until new members are appointed by the Board of Directors.

Any supervening inability or impossibility to carry out the appointment before the expiry of the term, shall constitute grounds for forfeiture of the appointment.

Each member of the Supervisory Body may withdraw from office at any time as well as be re-elected upon expiry of the term.

In the event of forfeiture or withdrawal of one of the members of the SB, the Board of Directors shall promptly replace the member who has become unfit.

3.2.2 ELIGIBILITY REQUIREMENTS FOR MEMBERS OF THE SUPERVISORY BODY

The members of the Supervisory Body must possess the requisites of autonomy, independence, professionalism, continuity of action, as well as honourableness and absence of conflicts of interest, which are required for such a function.

Each member of the Supervisory Body must not have a professional and personal profile that could jeopardise impartial judgement, authoritativeness and ethical conduct. The Board of Directors of the Company, therefore, in choosing the members of the Supervisory Body must take into account the following elements:

a) Autonomy and independence

The requirement of autonomy and independence presupposes that the Supervisory Body reports to the BoD in the performance of its duties. It requires that, following an annual request submitted to the BoD as part of the procedures for the preparation of the corporate budget, by resolution of the same it be provided with adequate financial resources at its disposal for any requirements necessary for the proper performance of its duties (e.g. conducting supervision requiring specialised skills, etc.).

Finally, independence presupposes that the Supervisory Body as a whole does not find itself in a position, not even potential, of conflict of interest with the Company, nor in activities of an operational nature that would undermine its objectivity of judgement when verifying compliance with the Model.

b) Honourability and causes of ineligibility

The following cannot be elected members of the Supervisory Body and, if they are, they necessarily and automatically forfeit their office:

- i. those who find themselves in the conditions laid down in Article 2382 of the Civil Code, that is to say, those who are disqualified, interdicted, bankrupt or sentenced to a punishment entailing disqualification, even temporary, from holding public office or the inability to exercise executive offices;
- ii. those who have been subject to prevention measures ordered by the judicial authorities pursuant to Legislative Decree 159 of 6 September 2011 'Code of anti-mafia laws and prevention measures, as well as new provisions on anti-mafia documentation';
- iii. those who have been convicted following a sentence, even if not yet final, or issued pursuant to Articles 444 ff. of the Code of Criminal Procedure, even if the sentence has been conditionally suspended, with the exception of the effects of rehabilitation:
 - 1) for one of the offences provided for in Title XI of Book V of the Civil Code (Criminal provisions on companies and consortia) and in Royal Decree no. 267 of 16 March 1942, and its subsequent amendments or additions (regulation of bankruptcy, composition with creditors and administrative compulsory liquidation);
 - 2) to a term of imprisonment of no less than one year for one of the offences provided for by the rules governing banking, financial, securities and insurance activities and by the rules governing markets and securities, payment instruments (including, but not limited to, the offences of banking and financial abuse referred to in Articles. 130 ff. Consolidated Banking Law (Legislative Decree no. 385/1993), the offences of counterfeiting money, spending and introducing counterfeit money into the State with intent as set out in Article 453 of the Criminal Code, and the offences of fraudulent damage to insured property and fraudulent mutilation of one's person set out in Article 642 of the Criminal Code);
 - 3) for a crime against the public administration, or to imprisonment for a period of not less than one year for a crime against public faith, against property, against public order, against the public economy or for a crime relating to tax matters;
 - 4) to imprisonment for a term of not less than two years for any offence committed without criminal intent;
 - 5) in any case, and regardless of the severity of the sentence, for one or more offences among those peremptorily provided for by Legislative Decree 231/2001;
- iv. those against whom the accessory administrative sanctions provided for in Article 187-quarter of the Consolidated Law on Finance (Legislative Decree no. 58/1998).

c) Proven professionalism, specific skills in inspection and advisory activities

The Supervisory Body (understood as a whole) must possess, within itself, technical and professional skills appropriate to the functions it is called upon to perform. These characteristics, together with its independence, guarantee its objectivity of judgement; it is therefore necessary that the Supervisory Body includes persons with adequate professionalism in legal matters, control systems and corporate risk management. The Supervisory Body may also equip itself with

resources competent in specific matters, including by availing itself of external professionals. In particular, the SB as a whole must possess adequate specialised skills such as:

- knowledge of the organisation and of the main corporate processes typical of the sector in which the Company operates;
- legal knowledge such as to enable the identification of cases likely to constitute offences;
- ability to identify and assess the impacts, deriving from the regulatory context of reference, on the corporate situation;
- knowledge of the specialised techniques of those who perform 'inspection' activities.

d) Continuity of action

The Supervisory Body continuously carries out the activities necessary for supervising the correct application of the Model with adequate commitment and with the necessary powers of investigation, taking care of its updating.

In this respect:

- the activities carried out by the SB cannot be monitored by any other company body or structure; the SB has free access to all the Company's functions - without the need for any prior consent - in order to obtain any information or data deemed necessary for the performance of its duties under the Model;
- the Supervisory Body can avail itself - under its direct supervision and responsibility - of the assistance of all the Company's structures or, as indicated above, of external consultants.

Before the appointment of the Supervisory Body — and after this appointment through periodic checks — The Board of Directors assesses the existence of the aforementioned professional and personal requisites among its members. In this regard, at the time of appointment, adequate information must be provided - during the relevant meeting of the Board of Directors - concerning the possession of the above-mentioned requirements, including by attaching the curriculum vitae of each member to the relevant minutes, if necessary.

Each member of the Supervisory Body is obliged to inform the Board of Directors, through the Chairman of the Supervisory Body itself, of the loss of the requirements set forth in the preceding paragraphs.

The Supervisory Body shall provide itself with its own Rules of Procedure to ensure its organisation and functioning aspects such as, for example, the frequency of inspections, the operating procedures, the procedures for calling and recording its meetings, the resolution of conflicts of interest and the procedures for amending/revising the Rules of Procedure. The Supervisory Body shall also regulate the operating procedures and the frequency of organisation of said meetings, identifying the persons involved from time to time, as well as their agenda.

3.3 POWERS OF THE SUPERVISORY BODY IN THE AREA OF IMPLEMENTATION AND CONTROL OF THE M.O.De'L.

In order to perform its assigned tasks, the Supervisory Body is vested with all powers of initiative and control over all company activities and staff levels, and reports exclusively to the Board of Directors through its Chairman.

In addition to the provisions of Section 1.7.4, the Supervisory Body is entrusted with the following tasks with regard to the implementation of the M.O.De'L.:

- a) monitoring the Addressees' compliance with the Model;
- b) supervising the effectiveness and adequacy of the Model in relation to the company structure and its effective capacity to prevent the commission of Offences;
- c) recommending and issuing reminders for the updating of the Model when there is a need to adapt it in relation to changed company conditions, regulations or the external context;
- d) preparing drafts for the revision of the M.O.De'L.

For the effective performance of the aforementioned functions, the SB is entrusted with the following tasks and powers:

- periodically check the map of areas at risk in order to ensure that it reflects any changes in the activity and/or corporate structure;
- periodically verify the actual application of the Code of Ethics, the Model's protocols, and company procedures in the at-risk areas of activity and their effectiveness, including by means of specific supervisory/audit activities;
- verify the adoption of actions to solve critical issues in terms of internal control systems identified during *Control & Risk Self Assessment* activities;
- periodically carry out checks on specific transactions or acts performed in the context of activities at risk;
- conduct internal investigations and inspections to ascertain alleged violations of the provisions of the Model;
- monitor the adequacy of the disciplinary system provided for cases of violation of the rules defined by the Model;
- liaise with the other corporate roles and other control bodies, including through dedicated meetings, to improve the monitoring of activities in relation to the procedures established by the Model or to identify new areas at risk, as well as, in general, to assess the various aspects relating to the implementation of the Model;
- liaise and cooperate with the persons in charge of the protection of workers' health and safety, in order to ensure that the control system pursuant to the Decree is integrated with the control system set up in accordance with the special regulations on occupational safety;
- carry out periodic checks on the content and quality of training programmes.

To this end, the Supervisory Body shall define a supervision plan involving individual actions aimed at preventing violations, and examine the outcome of the activities carried out to assess the actual effectiveness of the provisions of the M.O.De'L.

In order to monitor compliance by the Company and the Recipients with the provisions of the M.O.De'L., the SB:

- may be summoned to attend meetings of the Shareholders' Meeting, whether ordinary or extraordinary, in accordance with the procedures set out in the "Shareholders' Meeting Regulations", meetings of the Board of Directors, and meetings of the Board of Statutory Auditors that concern issues pertaining to its specific competences;
- under no circumstances does the SB have the power to intervene in the aforementioned meetings.

3.3.1 REPORTING BY THE SUPERVISORY BODY

The SB reports on the implementation of the Model and any critical issues directly to the Board of Directors, including through the Control and Risk Committee.

In particular, in accordance with the Guidelines of the Internal Control and Risk Management System of the De' Longhi S.p.A. Group, the SB is responsible (generally every six months, or at different times in connection with specific or significant situations) for informing the Board of Directors in writing, directly, or through the Control and Risk Committee, on the application and effectiveness of the Model (indicating in particular the controls carried out and their outcome, as well as on any updates of processes at risk).

3.3.2 TECHNICAL SUPPORT

In the performance of its functions, the OdV shall in any case have the right to call upon the support of collaborators, such as Consultants and/or persons working in any of the Company's corporate roles who may be useful to involve for the pursuit of the specified purposes.

3.4 DUTIES OF THE SB IN THE MATTER OF COMMUNICATION AND TRAINING

The SB verifies that the Model is brought to the attention of the Addressees in compliance with the provisions of paragraph 1.7.1 above.

The SB verifies the quality of the contents of the training courses on the subject of the Decree and the Model, and ensures that these courses are carried out in order to ensure the correct understanding of the Model.

3.5 INFORMATION FLOWS AND REPORTS TO THE SUPERVISORY BODY

In the performance of its activities, the Supervisory Body has the right to access any kind of useful information, with the obligation to keep all the information acquired confidential.

In addition to the right of access to information, and in order to facilitate the supervisory activity on the correct application and effectiveness of the M.O.De'L., the Supervisory Body receives the following:

A. Information flows:

useful and necessary for the performance of the supervisory tasks entrusted to the Supervisory Body itself, hereinafter classified in:

- 1. Information flows on Sensitive Processes;**
- 2. Information flows on Whistleblowing reports;**
- 3. General information flows;**

B. Reports of alleged or actual violations of the Model as well as circumstantiated reports of alleged or actual unlawful conduct relevant under Legislative Decree 231/2001.

A. Information flows:

1. Information flows on Sensitive Processes

In order to allow the Supervisory Body to monitor significant activities carried out in the context of Sensitive Processes, Department Managers must periodically communicate to the SB information relating to the aforementioned Sensitive Processes, which may be relevant pursuant to Legislative Decree 231/2001, in the manner specified in this Article 3.5.

2. Information flows on Whistleblowing reports

The Company has adopted a whistleblowing system for reporting (either anonymously or not) unlawful conduct or conduct that does not comply with the Code of Ethics, internal procedures, laws and regulations in force, the 231 Organisational Model or the internal procedures adopted by the Group, to protect the integrity of the entity. The system adopted by the Company acknowledges also the provisions of Legislative Decree No. 24

of 10 March 2023, transposing Directive (EU) 2019/1937 concerning *'the protection of persons who report breaches of Union law'* (the so-called *'Whistleblowing'* regulations).

The whistleblowing system uses a special platform called the DeLonghi Group Integrity Platform, which ensures the confidentiality of the whistleblower's identity and complies with Whistleblowing legislation in line with security standards (ISO 37001:2016) and the most recent best practices.

The Company has established a Whistleblowing Committee in charge of thoroughly assessing each report, performing specific case investigations where necessary, and taking consistent and appropriate action.

The Committee is composed by a minimum of three to a maximum of five members selected by the Chief Executive Officer from among Group employees with the highest reputation for confidentiality and reliability from the Internal Audit Department, the Human Resources Department and the Group's Legal Department. The appointment is made for a period of three years, with the CEO reserving the right to change the composition of the Committee at any time should the need or even the opportunity arise. The Committee may adopt internal regulations for the management of its members' activities. The activities relating to the Whistleblowing system are detailed in a specific procedure that regulates the operating methods and information flows, including those to the SB. For companies with more than 249 employees, a so-called *'Whistleblowing Focal Point'* shall be appointed, i.e. a local Colleague with the task of guaranteeing and supervising the integrity, independence and effectiveness of the Company's whistleblowing processes and procedures.

The SB shall be the recipient of a periodic flow of information regarding Whistleblowing reports concerning conduct relating to the types of offences covered by the Decree. The SB will also be involved in the investigative activities of Whistleblowing reports when they relate to the violation of the M.O.De'L. and/or the commission of alleged offences.

3. **General information flows**

Finally, the Supervisory Body is the recipient of **general information Flows**, promptly sent by the roles concerned, regarding:

- measures and/or information from judicial police bodies, or from any other authority, from which it can be inferred that investigations are being conducted against the Company for offences under the Decree;
- internal and external communications concerning any case that may be connected with offences under the Decree (e.g. disciplinary measures initiated/implemented against employees);
- requests for legal assistance made by employees in the event of legal proceedings being initiated for offences under the Decree;
- information on disciplinary proceedings carried out in connection with violations of the Model and any sanctions imposed (including measures against employees) or measures to dismiss such proceedings, with the relevant reasons;
- information on changes in the organisational structure;
- updates to the system of proxies and powers of attorney (including the system of powers and proxies for occupational health and safety and environmental matters);
- any communications from the auditing firm concerning aspects that may indicate deficiencies in the internal control system, reprehensible facts, or observations on the Company's financial statements;
- critical issues, anomalies or irregularities found by the corporate functions in the implementation of the Model and suggestions for its amendment.

The Supervisory Body, on the basis of its experience, knowledge of the Company and the results of *control and risk self-assessment* activities, establishes the parameters for the receipt **of Information Flows on Sensitive Processes, Information Flows on Whistleblowing reports and general Information Flows**, in particular in terms of content, timing, reception methods and sender subjects. It assesses their effectiveness for the purposes of performing its duties, as well as their continued consistency with the changes in volume and significance of activities.

In particular, the contents of **Information Flows on Sensitive Processes, Information Flows on Whistleblowing reports** and **General Information Flows**, as well as, in general, the regulations concerning information flows towards the Supervisory Body (including the identification/formalisation of department managers) in terms of frequency, transmission modalities and responsibilities for transmission, are regulated in detail in a specific procedure or organisational provision defined and issued by the Supervisory Body itself.

B. Reports

In addition to the above, all Addressees are also entitled to communicate directly to the Supervisory Body any circumstantiated **Reports** of unlawful conduct that are relevant pursuant to the Decree and based on precise and consistent factual elements, or of violations of the Company's Model, of which they have become aware in the course of their duties, using the e-mail address (**odv.delonghispa@delonghigroup.com**).

These **Reports** must be as precise and circumstantiated as possible and refer to a specific event or area; it should be noted that such Reports may concern any company area relevant to the application of Legislative Decree No. 231/2001 and of the Model in force, including violations of the Model relating to occupational health and safety.

Reports may also be anonymous and must describe in detail the facts and persons concerned by the report.

In any case, the confidentiality of the identity of the reporter and of the information is ensured in any context subsequent to the report itself, without prejudice to the legal obligations and the protection of the rights of the Company or of the persons accused in bad faith. A report is deemed to be made in good faith when it is made on the basis of a reasonable belief founded on facts.

In any case, the Company will protect individuals who make reports in good faith against any form of retaliation, discrimination or penalisation for reasons directly or indirectly connected to the report, without prejudice to the right of the parties concerned to protect themselves in the event that criminal or civil liability is ascertained against the person making the report related to the falsehood of the statement, and without prejudice to legal obligations.

3.6 VIOLATIONS OF THE M.O.De'L.

Upon receipt of the Report, or following the findings of the independent supervisory activity, the SB shall:

1. analyse the findings, including by means of technical support, in order to verify the general grounds of the report, and if necessary:
 - a) summon the whistleblower in order to verify the data and circumstances, or
 - b) hear the alleged offender (if necessary with the guarantees set out in Article 391 bis of the Code of Criminal Procedure ff., delegating a qualified professional to this end) and the head of the Department to which the alleged offender belongs in order to verify the details and circumstances of the offence.
2. Prepare the information file based on its findings and, in the event that it deems the report founded:
 - a) inform the Board of Directors, sending a copy of the documentation for information to the Board of Statutory Auditors and to the Internal Control Committee;

- b) make recommendations for the amendment, integration and revision of the operative contents of the M.O.De'L. to be submitted to the BoD;
 - c) prepare a request in writing for the application of the disciplinary sanctions provided for by the sanctioning system to be submitted to the HR Department, to the CEO and/or the BoD in application of the principles set out in the Disciplinary System included in the M.O.De'L.
- 3.** Subsequently, the competent corporate Functions, activated by the BoD, define the measures, oversee their implementation, and report the outcome of their actions to the SB and the BoD.

4 THE CODE OF ETHICS

Relations between the Code of Ethics and the Model

The De' Longhi Group has adopted a Code of Ethics (**ANNEX 1**), which formalises the values and principles that inspire the actions of all those who cooperate in any capacity in the performance of the Company's activities.

The principles and rules of conduct contained in this Model are integrated with the provisions of the Code of Ethics, although the Model, for the purposes it serves to implement the provisions of the Decree, has a different scope from the Code of Ethics.

In this respect it should be specified that:

- the Code of Ethics represents an instrument adopted autonomously and applicable on a general level by the Company for the purpose of expressing a series of principles of corporate ethics that it recognises as its own and on which it intends to call for the observance of all its employees and all those who cooperate in the pursuit of the company's purposes;
- the Model, on the other hand, responds to specific prescriptions contained in the Decree, aimed at preventing the commission of particular types of offences for acts that, when committed in the interest or to the advantage of the company, may entail administrative liability under the provisions of Legislative Decree 231/2001.

However, in consideration of the fact that the Code of Ethics recalls principles of conduct that are also suitable for preventing the unlawful conduct referred to in the Decree, it becomes relevant for the purposes of the Model.

5.1 FOREWORD

Art. 6(1)(e) of Legislative Decree No. 231/2001, in linking the entity's exoneration from liability to the adoption and effective implementation of an organisational, management and control Model appropriate for preventing the commission of the criminal offences referred to in that legislation, provided for the introduction of "*a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model*".

The definition of a '*suitable disciplinary system*' therefore constitutes one of the essential requirements of the Model for the purposes of exempting the entity from liability.

The application of the disciplinary system, which presupposes the violation of the provisions of the Model, must take place regardless of the conduct and outcome of any criminal proceedings initiated by the Judicial Authority (in the event that the conduct to be disciplined also constitutes a criminal offence).

The disciplinary system is published in a place accessible to all Employees and in any case made known to all Addressees.

5.2 VIOLATIONS OF THE MODEL

The violation of the rules of the Model, as well as of all company procedures and *policies*, constitutes a breach of the primary obligations of the employment relationship or a disciplinary offence, and entails all legal consequences, including consequences concerning the preservation of the employment or collaboration relationship.

Failure to comply with the rules of the Model as well as with all the company procedures and *policies* by the Addressees entails different sanctions depending on the role covered by the person, in addition to compensation for any damages (material or moral) that may arise from such non-compliance.

The following constitute violations of the Model:

- violation of the provisions of the General Section of the Model and of the Code of Ethics;
- violation of the provisions set out in the Protocols included in the Special Part of the Model or of the procedures referred to in the Model;
- adopting a non-cooperative behaviour towards the SB, such as (but not limited to) refusing to provide the requested information or documentation, failing to comply with the general and specific directives issued by the SB to obtain the information deemed necessary for the performance of its duties, failing to participate without a justified reason in the inspections programmed by the SB, or failing to attend training sessions;
- violation of the obligations of information towards the SB indicated in paragraph 3.5 above;
- violation of the confidentiality obligations towards whistleblowers through the DeLonghi Group Integrity Platform or Reports pursuant to paragraph 3.5. In this case, the penalty of disciplinary suspension shall normally be applied; however, if the violation of the confidentiality obligations has caused serious harm to the whistleblower, the penalty of dismissal shall be applied. If the offence is committed by a director, one of the sanctions provided for in paragraph 5.5 shall be applied, depending on the severity of the offence;
- retaliatory or discriminatory acts against the person making a report through the DeLonghi Group Integrity Platform or a Report under para. 5 for reasons directly or indirectly related to the Report itself. In this case, the sanction of a fine or disciplinary suspension shall be applied depending on the severity of the offence, or dismissal for just cause if the act of retaliation consists in dismissing the person making the Report. If the conduct is carried out by a director, one of the sanctions provided for in paragraph 5.5 shall be applied, depending on the severity of the offence;
- making reports through the DeLonghi Group Integrity Platform with malice or gross negligence, or submitting reports which prove to be unfounded; in this case, the disciplinary sanctions foreseen in the following paragraphs shall be applied, determined according to the severity.

5.3 SANCTIONS - APPLICATION CRITERIA

The imposition of sanctions shall be graded according to the severity of the offence committed.

The severity of violations shall be assessed on the basis of the following elements:

- presence and degree of intent;
- presence and degree of negligent, imprudent, reckless conduct;
- the extent of the danger and/or consequences of the violation for the persons covered by workplace health and safety regulations, as well as for De' Longhi S.p.A.;
- the predictability of the consequences;
- the timing and manner of the offence;
- the circumstances in which the offence took place;
- recidivism, i.e. the repeated imposition of disciplinary sanctions for violations of the Model, as well as the recurrence of behaviour that is relevant from a disciplinary point of view, assessed both in its episodic nature and as a whole (even if not sanctioned).

The disciplinary system must be constantly monitored by the Supervisory Body.

5.4 PERSONS SUBJECT TO SANCTIONS EMPLOYEES

Compliance with the rules contained in this M.O.De'L. must be considered an essential part of the contractual obligations of the Company's Employees pursuant to and for the purposes of Article 2104 of the Civil Code.

Violation of the rules of the M.O.De'L. shall constitute a breach of the primary obligations of the employment relationship or a disciplinary offence, in compliance with the procedures set forth in Article 7 of the Workers' Statute and entail all the consequences of the Law, including those concerning the preservation of the employment relationship, and may lead to compensation for damages arising therefrom.

The foregoing, also in relation to the provisions of Legislative Decree No. 231/2001, is applicable irrespective of the establishment of a possible judgement in cases in which a criminal offence is involved.

Pursuant to Article 2094 of the Civil Code, Employees are those who undertake, by means of remuneration, to collaborate in the enterprise, performing their intellectual or manual labour in the employ or under the direction of the entrepreneur, or of Person(s) delegated by the latter.

The sanctions that may be imposed on Employees - in compliance with the procedures set forth in Article 7 of the Workers' Statute and any applicable special regulations, as well as the applicable National Collective Labour Agreement - are those set forth in the following sanctions system:

- **Verbal warning**
- **Written warning**
- **Financial penalty/fine not exceeding 3 hours' base pay**
- **Suspension from work and pay for a period not exceeding 3 days**
- **Justified dismissal with right to notice**
- **Dismissal for just cause without notice**

In particular, with reference to violations of the Model committed by the Employee, it is provided that:

- 1) a **verbal or written warning** shall be issued, depending on the severity of the violation, to any Employee who violates the provisions of this Model, or adopts a behaviour in breach of the provisions of the Model in the performance of activities in areas at risk, provided that such behaviour does not cause the application of measures set out in the Decree;
- 2) a **financial penalty/fine not exceeding 3 hours' base pay** shall be imposed on any Employee who adopts a recidivist conduct in any of the offences entailing a verbal or written reprimand referred to in point 1) above more than twice within a two-year period, or who violates more than once on a single occasion the prescriptions laid down in this Model provided that such conduct does not give rise to the application of measures set out in the Decree; or on any Employee who engages in retaliatory or discriminatory acts against a person who has reported unlawful conduct, relevant for the purposes of Legislative Decree no. 231/2001, or of a violation of the Model, for reasons directly or indirectly connected to the report itself;
- 3) **suspension from work and pay for a period not exceeding 3 days** shall be applied to any Employee who: i) in violating the internal procedures set out in this Model, or adopting a conduct in breach of its provisions in the performance of activities in the areas at risk, causes damage to De' Longhi or objectively endangers the integrity of its assets, provided that such conduct is not in any case unequivocally directed towards the commission of an offence or does not give rise to the application of measures set out in the Decree; ii) adopts a recidivist conduct in any of the offences punishable by the fine referred to in point 2) above more than twice within a two-year period; iii) engages in especially severe retaliatory or discriminatory acts against anyone who has reported unlawful conduct, relevant for the purposes of Legislative Decree no. 231/2001, or of a violation of the Model, for reasons directly or indirectly linked to the report itself; iv) violates the obligations of confidentiality concerning the identity of the person making the report;
- 4) **the dismissal for just cause with right to notice** shall be applied to any Employee who adopts recidivist conduct in any of the offences that provide for disciplinary suspension referred to in point 3 above more than twice within a period of two years, after formal written warning; **dismissal for just cause without notice** shall be applied to: any Employee who adopts a conduct that does not comply with the provisions of this Model and that is unequivocally aimed at committing an offence sanctioned by the Decree, as well as to any employee who adopts a conduct that is clearly in breach of the provisions of this Model, such as to determine the concrete application against De' Longhi of the measures envisaged by the Decree; any Employee who dismisses in retaliation anyone who has reported an unlawful conduct, relevant for the purposes of Legislative Decree no. 231/2001, or of a violation of the Model, for reasons directly or indirectly linked to the report itself; or any Employee who violates the obligations of confidentiality concerning the identity of the person making the report, causing them serious harm.

With reference to the risk of commission of offences in breach of occupational health and safety regulations provided for in Article 25 septies of the Decree, in compliance with the provisions of Circular No. 15816 of the Ministry of Labour of 11 July 2011, concerning the 'Organisation and management model pursuant to Article 30 of Legislative Decree 81/2008', the possible violations are set out below in increasing order of severity:

- 1) any employee who does not comply with the Model shall be subject to a **written warning**, if the violation leads to a situation of possible danger for the physical integrity of one or more persons, including the offender, and provided that one of the cases set out in points 2, 3 and 4 below is not applicable;
- 2) a **financial penalty/fine not exceeding 3 hours' base salary** shall be applied to any employee who commits a recidivist behaviour in any of the offences for which a written warning, as referred to in point (1) above, is imposed more than twice within a two-year period, or who fails to comply with the Model, in the event that the violation results in injury to the physical integrity of one or more persons, including the author of the violation, and provided that one of the cases provided for in points 3 and 4 below is not applicable;
- 3) **Suspension from work and pay for a period not exceeding 3 days** shall be applied to any Employee:

- who does not comply with the Model, in the event that the breach causes an injury, classifiable as 'serious' pursuant to Article 583(1) of the Criminal Code, to the physical integrity of one or more persons, including the offender, and provided that one of the cases provided for in point 4 below is not applicable;
 - who engages in recidivist behaviour in any of the offences which provide for the imposition of a fine, as specified in paragraph (2) above, more than twice within a period of two years;
- 4) the measure of **justified dismissal with right to notice** shall be applied to any Employee who commits a recidivist offence in any of the offences entailing suspension from work and pay up to a maximum of ten days, as specified in point (3) above, more than twice within a two-year period; the measure of **dismissal for just cause without notice** shall be applied to any Employee who does not comply with the Model, if the violation causes an injury qualifiable as 'very serious' pursuant to Article 583, paragraph 2 of the Criminal Code, to the physical integrity of or causing the death of one or more persons, including the offender (i.e., merely by way of example, negligent, imprudent or reckless conduct liable to cause injury to oneself or to other persons).

If the offence is especially serious, the Employee may be suspended from work as a precautionary measure with immediate effect, until the time the sanction is imposed, in compliance with the provisions of the Workers' Statute and of the applicable CCNL.

No disciplinary measure may be adopted without first notifying the employee of the charges and hearing their case.

The objection of the charges with the specification of the fact constituting the violation shall be made by means of a written communication, which shall indicate the term within which the employee may present their justifications; in any case, this term shall not be less than five working days.

5.4.2 MANAGERS

As regards violations of the single provisions of the present Model committed by workers of De' Longhi holding the position of "Manager", these constitute a disciplinary offence.

Any type of violation of the behavioural rules contained in the Model authorises the Supervisory Body to request the Board of Directors to impose one of the sanctions listed below, determined on the basis of the severity of the offence committed in view of the criteria indicated in paragraph 5.3 as well as of the conduct held before (e.g. any previous offences committed) and after the fact (e.g. communication to the Supervisory Body of the irregularity) by the author of the offence.

The disciplinary measures that may be imposed on 'Managers' - in compliance with the procedures laid down in Article 7 paragraphs 2 and 3 of Law no. 300 of 30 May 1970 (Workers' Statute) and without prejudice to any special regulations applicable - are as provided below:

- **written warning;**
- **suspension from work and pay for a period not exceeding 3 days;**
- **justified dismissal with right to notice;**
- **dismissal for just cause.**

In any case, the competent corporate roles shall always keep the Supervisory Body informed of the sanctions imposed and/or violations ascertained.

In particular, with reference to violations of the Model committed by the Managers of De' Longhi, it is provided that:

- in the case of a non-serious violation of one or more procedural or behavioural rules set out in the Model, the manager is subject to a written warning consisting of a reminder to comply with the Model, which constitutes a necessary condition for maintaining the relationship of trust with De' Longhi;

- in the event of a non-serious but repeated violation of one or more procedural or behavioural rules laid down in the Model, the manager shall be suspended from work and pay for up to 3 days;
 - in the event of a serious violation of one or more procedural or behavioural rules laid down in the Model such as to constitute a significant violation, or in the event of a repeated violation of any of the offences entailing suspension more than twice within a period of two years, the manager shall be subject to justified dismissal with notice;
 - where the violation of one or more procedural or behavioural rules laid down in the Model is so severe as to irreparably damage the relationship of trust, preventing the continuation, even temporary, of the employment relationship, the manager shall be dismissed for just cause;
- the manager incurs one of the above sanctions, depending on the severity, in the event of:
- retaliatory or discriminatory acts against a person who has reported unlawful conduct, relevant for the purposes of Legislative Decree no. 231/2001, or of a violation of the Model, for reasons directly or indirectly connected to the report itself;
 - violation of the confidentiality obligations regarding the identity of whistleblowers;
 - reports that prove to be unfounded, if made with wilful misconduct or gross negligence.

Furthermore, for De' Longhi employees holding the position of "Manager", the following constitute a serious violation of the provisions of the Model:

- failure to comply with the obligation to direct or supervise subordinate workers as to the correct and effective application of the Model;
- failure to comply with the obligation to manage and supervise other workers who, although not linked to De' Longhi by a subordination relationship (for example, self-employed workers, consultants, etc.), are in any case subject to the direction and supervision of the "Manager" pursuant to Article 5(1)(b) of Legislative Decree 231/2001, without prejudice to the qualification of the contract with such workers.

5.5 DIRECTORS AND AUDITORS

The Supervisory Body informs the Board of Statutory Auditors (in the event that the members of the aforementioned bodies do not coincide) and all the directors of the news of a violation of the Model committed by one or more members of the Board of Directors.

The Board of Directors proceeds with the necessary investigations and, after consulting the Board of Statutory Auditors, takes the appropriate measures, in light of the criteria indicated in section 5.3 and in accordance with the powers provided for by law and/or the Articles of Association (statements in the minutes of meetings, request to convene or call a Shareholders' Meeting where the agenda includes appropriate measures against the persons responsible for the violation, etc.).

The disciplinary measures that may be imposed on one or more Directors, subject to a resolution of the Board of Directors to be adopted in the absence of the person concerned and, if necessary, of the Shareholders' Meeting, are those envisaged by the following sanctioning system:

- **written warning;**
- **temporary suspension from office;**
- **dismissal from office.**

In particular, with reference to violations of the Model committed by one or more Directors, it is provided that:

- in the case of a non-serious violation of one or more procedural or behavioural rules set out in the Model, the Director is subject to a written warning consisting of a reminder to comply with the Model, which constitutes a necessary condition for maintaining the relationship of trust with De' Longhi;
- in the event of a serious violation of one or more procedural or behavioural rules provided for in the Model, the Director incurs the measure of temporary suspension from office;
- in the event of a serious violation of one or more procedural or behavioural rules set out in the Model such as to irreparably damage the relationship of trust, the Director shall incur the measure of dismissal from office.

In the event of violation of the Model by the entire Board of Directors of De' Longhi, the Supervisory Body will inform the Board of Statutory Auditors (in the event that the members of the aforesaid bodies do not coincide) so that the latter may promptly convene the Shareholders' Meeting for the appropriate measures. If the Supervisory Body coincides with the Board of Statutory Auditors, the latter shall convene the Shareholders' Meeting without delay for appropriate measures.

In addition, for members of the Board of Directors, the violation of the obligation to direct or supervise subordinates as to the correct and effective application of the provisions of the Model shall also constitute a violation of the Model that can be sanctioned.

The Supervisory Body shall inform all the Auditors (if the members of the aforementioned bodies do not coincide) and the Board of Directors of the news of a violation of the Model committed by one or more Auditors.

In the event of a violation by a member of the Board of Statutory Auditors, coinciding with the Supervisory Body, even just a single member must immediately notify the Board of Directors.

In any case, the Board of Directors shall take the appropriate measures in line with the severity of the violation and in accordance with the powers provided for by the law and/or the Articles of Association (declarations in the minutes of meetings, request to convene or call a Shareholders' Meeting where the agenda includes appropriate measures against the persons responsible for the violation, etc.).

5.6 MEASURES AGAINST THIRD PARTIES INVOLVED IN SENSITIVE PROCESSES

Any violation committed by third party Addressees involved in Sensitive Processes, may determine, in accordance with the provisions of the specific contractual clauses included in the respective letters of appointment or in the respective contracts, the termination of the contractual relationship, without prejudice to any claim for compensation.

6 KEY AND ANNEXES

6.1 KEY

6.1.1 IN-TEXT REFERENCES

CEO	Chief Executive Officer
C.C.	Civil Code
C.C.N.L.	National Collective Labour Agreement(s)
BoD	Board of Directors
C.P.	Criminal Code
C.P.P.	Code of Criminal Procedure
Legislative Decree 231/2001	Legislative Decree no. 231/2001
ADDRESSEES	Addressee(s) of the M.O.De'L.'s provisions
M.O.De'L.	De' Longhi Organisational Model - pursuant to Legislative Decree 231/2001
SB	Supervisory Body
OO.SS.	Trade Unions
PA	Public Administration
SdL	Worker's Statute

6.1.2 ANNEXES

ANNEX 1	Ethics Code
ANNEX 2	Sensitive Processes/Protocols/Offences Matrix