

***Electrolux Professional S.p.A.***

# **ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

***pursuant to and in accordance with [Italian] Legislative Decree no. 231 dated 8 June, 2001***

***Regulations regarding the administrative liability of corporate bodies,  
companies and associations, including those not having legal personality***



## TABLE OF CONTENTS

### REVISIONS

### DEFINITIONS

### ABBREVIATIONS

### STRUCTURE OF THIS DOCUMENT

### GENERAL SECTION

## **1. [ITALIAN] LEGISLATIVE DECREE NO. 231 DATED 8 JUNE, 2001**

---

1. *[Italian]* Legislative Decree no. 231 dated 8 June, 2001
  - 1.1 Introduction
  - 1.2 Elements of the administrative liability of the Entity
  - 1.3 Relevant crimes ('predicate crimes')
  - 1.4 Sanctions
  - 1.5. Exemption from Administrative Liability: The Organization, Management and Control Model

## **2. THE COMPANY'S ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

---

### Introduction

- 2.1 Description of the company
- 2.2 Purposes and principles of this model
- 2.3 Recipients of the model
- 2.4 Content of the model
  - 2.4.1 Existing system of preventive measures
  - 2.4.2 Creation of the model
- 2.5 Existing system of preventive measures
  - 2.5.1 Code of Conduct
  - 2.5.2 Group policies and guidelines
  - 2.5.3. System of proxies
  - 2.5.4. External control system (ECS)
  - 2.5.5 IT systems and guidelines for the utilization of resources and processing of the entity's data
  - 2.5.6 Management system for financial flows
  - 2.5.7 Management of documentation
- 2.6 Diffusion of the model
  - 2.6.1 Training of employees
  - 2.6.2 Contractual clauses for "other subjects"

2.7 System of disciplinary actions

2.7.1 The disciplinary system as applicable to the subjects specified in paragraph 2.3.

Item. B) – employees and employees with management or supervisory functions

2.7.2 The disciplinary system as applicable to the subjects specified in paragraph 2.3.

Item. C) – third party Recipients

2.7.3 The disciplinary system as applicable to the subjects specified in paragraph 2.3.

Item. A) – members of of the company's administrative organs

2.7.4 Measures against the supervisory body

**3. THE SUPERVISORY BODY**

---

3.1 Composition and operation of the Supervisory Body

3.2 Requisites for the Supervisory Body

3.3 Functions and powers of the Supervisory Body

3.4. Supervisory Body's obligation of reporting to the Board of Directors

3.5 Obligatory reporting by the Supervisory Body

## REVISIONS

The adoption of the Organization, Management and Control Model and of the subsequent revisions of the same falls within the sphere of competence of the company's Board of Directors.

This section contains a brief description of the successive editions, revisions, additions and modifications of the Model effected from time to time in order to meet the requirements of the Company.

The Company shall promptly distribute the latest edition of the Model as soon as it is approved by the Board of Directors.

### TABLE OF EDITIONS

<b>Edition</b>	<b>Date of approval by Board of Directors</b>	<b>Activity</b>
1	02 July, 2004	Adoption of the Organization, Management and Control Model.
2	16 October, 2007	Revised version of the Organization, Management and Control Model for compliance with newly-introduced legislation.
3	03 November, 2008	Revised and updated version of the general and special sections of the Organization, Management and Control Model for compliance with newly-introduced legislation, and control and integration of the prevention protocols.
4	29 March, 2010	Revised and updated version of the Organization, Management and Control Model (especially the special section) for compliance with newly-introduced legislation.
5	20 October, 2011	Revised and updated version of the general and special sections of the Organization, Management and Control Model subsequent to the introduction of a new area of risk relative to environmental crimes.
6	29 October, 2012	Revised and updated version of the general and special sections of the Organization, Management and Control Model subsequent to the introduction of a new area of risk relative to crimes relating to foreign workers without residence permits.
7	11 December, 2013	Revised and updated version of the general and special sections of the Organization, Management and Control Model subsequent to the introduction of the crimes set forth in Law no. 190/2012 relative to undue inducement to give or promise utility and to corruption between individuals.
8	07 April 2017	Complete revision of the Model subsequent to modification of the risk analysis.
9	19 December 2018	Revision of the Model to introduce the guidelines for so-called whistleblowing (ref. L. 179/2017)

## DEFINITIONS

**Risk-prone area or activity:** activities and/or areas within the Company in which it is possible and/or presumable that a crime might be committed.

**Code of Conduct:** the Code of Conduct adopted by the Electrolux Group and the subsequent updates may be consulted on the web site [www.electrolux.com](http://www.electrolux.com) and via the company intranet <https://electrolux.sharepoint.com/Pages/StartPage.aspx> in the section *Policies & Guidelines*

**Legislative Decree (D.Lgs.) 231/2001:** [Italian] Legislative Decree no. 231 dated 8 June, 2001 («Regulations regarding the administrative liability of corporate bodies of Companies and Associations including those not having legal personality») and subsequent amendments and additions.

**Recipients:** the persons indicated in Paragraph 2.3 of this Model.

**Electrolux Control System** (hereinafter referred to also as “**ECS**”): the system developed by the Electrolux Group to ensure an accurate and reliable system of Reporting, and also to ensure that the financial statements are drawn up in accordance with current legislation and regulations and with the generally accepted accounting practices.

**Entities:** legal persons, companies and other associative structures including those not having legal personality.

**Group:** (hereinafter referred to also as the “**Electrolux Group**”): the Parent Company and the companies belonging to the Electrolux Group.

**General Confederation of Italian Industry Guidelines** (hereinafter referred to also as the “**Guidelines**”): Guidelines for the construction of organization, management and control models as specified in [Italian] Legislative Decree no. 231/2001 as approved by the General Confederation of Italian Industries on 7 March, 2002 and revised in March, 2014, which are available at [www.confindustria.it](http://www.confindustria.it).

**Guidelines for the utilization of resources and processing of the entity's data:** Guidelines approved by the Company's Board of Directors, which may be consulted via the company intranet [www.egate.electrolux.com](http://www.egate.electrolux.com) in the section *About Policies & Guidelines > Organization, Management and Control Models*.

**Organization, Management and Control Model or Model(s)** (hereinafter referred to also as “**Organizational Model**” or “**Model**”): the Organization, Management and Control Model as set forth in art. 6 of D.Lgs. 231/2001.

**Supervisory Body** (hereinafter referred to also as the “**Body**”): the body specified in art. 6 of D.Lgs. 231/2001 tasked with supervising the operation of and compliance with the Model and its updating.

**Partners:** the counterparts with which the Company enters into some form of contractually regulated agreement (e.g. temporary association of companies, joint venture, consortium, licence, agency, distributorship, collaboration in general).

**Employees:** all employees of the Company, including those assigned to the management, administration, supervision and control of the Company, as well as all persons not on the Company's payroll as listed in the *Guidelines for the utilization of the entity's resources* as “outsourced labour”, such as, by way of non-limiting example, contract workers, interns, etc.

**Strategic processes:** processes or phases of a process as part of a determined company activity and/or function during the course of which the risk of the commission of a crime exists.

**Prevention protocols:** the principles of conduct and control procedures which regulate the activities carried out as part of the strategic processes.

**Public officials:** public officers and officers designated by the public administration.

**Sarbanes-Oxley Act** (hereinafter also referred to as "**SOA**"): a United States Federal Law approved on 30 July, 2002 which reforms the accounting practices of American public companies with the aim of preventing fraudulent or misleading practices, requiring companies to certify all financial information and to implement the appropriate internal control procedures in order to ensure the accuracy of their financial statements.

**Company** (hereinafter also referred to as "**Electrolux**" or "**Entity**"): Electrolux Professional S.p.A.

**Parent Company**: Electrolux AB.

## **ABBREVIATIONS**

- c.p.:** Italian Penal Code
- c.c.:** Italian Civil Code
- c.p.p.:** Italian Code of Criminal Procedure
- BoD:** Board of Directors
- P.A.:** Public Administration
- s.m.i.:** subsequent amendments and additions

## STRUCTURE OF THE DOCUMENT

*[Italian]* Legislative Decree no. 231 dated 8 June, 2001 introduced – for the first time in the Italian judicial system – the rules governing the administrative liability of legal persons, companies and other associative structures including those not having legal personality (also referred to as "Entities") in relation to the commission of certain crimes by the company's management or its employees if such crimes are committed in the interests or to the advantage of said Entity.

Failure to comply with this requirement may render the Entity liable to the application of pecuniary penalties or disqualification sanctions, such as the suspension or revocation of authorizations, licenses or concessions, ban on contracting with Public Administration Agencies, etc. However, in the event that the Entity should demonstrate that they have, prior to the commission of the crime, adopted and effectively implemented an Organization, Management and Control Model suitable to the prevention of the types of crimes committed, the Entity shall not be subject to administrative liability, irrespective of the recognition of the criminal and/or administrative liability of the person(s) committing the unlawful act.

The Company, taking into consideration the Guidelines issued by the Confederation of Italian Industry as well as the internationally-accepted best practices for internal control<sup>1</sup>, has arranged for the creation of this Model, which consists of two main sections:

**General Section:** describes the main content of the Decree and the essential parts of the Model adopted by the Company, with special reference to the Supervisory Body, the training of the employees and distribution of the Model, the system of disciplinary measures and the measures to be adopted in case of failure to comply with the requirements of the Decree.

**Special Section** *[for internal use]*: for each of the categories of crimes, this section identifies the Company's risk-prone activities and the principles of conduct, as well as the prevention protocols that must be observed in order to prevent and/or reduce the commission of the crimes described in the Decree.

Each Recipient of the Model (cfr paragraph 2.3) is required to be aware of and to observe the principles and rules set forth in the same.

The Company shall publish the aims and the content of the Model using the channels and in the form deemed most appropriate and adequate.

The Model is published on the company *intranet* at [www.egate.electrolux.com](http://www.egate.electrolux.com) in the section "*About Policies & Guidelines*" and on the web site [www.electrolux.it](http://www.electrolux.it).

As well as the content set forth below, the following are an integral part of this document

1. Code of Conduct
2. Electrolux Group *Policies & Guidelines*
3. Guidelines for the utilization of resources and processing of the entity's data
4. Regulations relative to the sanctions applicable in the case of any breach of the Guidelines for the utilization of resources and processing of the entity's data.
5. Internal regulations for employees
6. All directives, internal provisions and operating procedures adopted by the Company and constituting the implementation of the content of the Model and of the documents listed above.

---

<sup>1</sup> One of the most authoritative sources is the US "*Federal Sentencing Guidelines*", from which the "*Compliance Programs*" were later developed. In turn, the "*Compliance Programs*" adopt and re-interpret the notions and structure of the system of internal control described in the "*COSO Report*". The position paper issued by the A.I.I.A. (Italian Association of Internal Auditors), together with the *Sarbanes Oxley Act*, consider the "*COSO Report*" to be the most authoritative international paper describing internal control.

## **Organization, Management and Control Model**

---

### **GENERAL SECTION**



## **1. [ITALIAN] LEGISLATIVE DECREE NO. 231 DATED 8 JUNE, 2001**

### **1.1 INTRODUCTION**

*[Italian]* Legislative Decree no. 231 dated 8 June, 2001, which contains the "Rules governing the administrative liability of legal persons, companies and other associative structures including those not having legal personality" (also referred to as "Entities") (hereinafter referred to as "Decree 231") introduced to the Italian judicial system the administrative liability of Entities in relation to crimes committed in the interests or to the advantage of said Entity by the company's management and/or the employees subject to the supervision of the same (referred to as "Qualified Subjects").

The liability introduced by the Decree is autonomous and distinct from that applicable in relation to the criminal and/or administrative liability of individual(s).

The Decree specifies the type of crime (referred to as the "predicate crime") which, if committed by a "Qualified Subject", may imply the administrative liability of Entity by which the "Qualified Subject" is employed.

In the event that the Entity is found to be culpable as laid down in the Decree, it will be liable to pecuniary penalties as well as the confiscation of the cost or profit of the crime and, if appropriate, suspension or revocation of authorization, licenses or concessions (exclusion from concessions, loans, grants and subsidies).

The Recipients of the Decree are as follows:

- Companies having legal personality (including those providing a public service and those controlled by the Public Administration);
- Entities having legal personality;
- Companies and Associations with or without legal personality.

However, the Decree shall not be applicable to the following: the State, Territorial Public Entities, other economic public Entities and other Entities performing essential functions.

### **1.2 ELEMENTS COMPRISING THE ADMINISTRATIVE LIABILITY OF THE ENTITY**

#### **1. Subjective prerequisite**

The crime must have been committed by a '**Qualified subject**':

- a) **subjects in a senior position** whose function is one of representation, administration or management of the Entity or of one of the Entity's organizational units having financial and functional autonomy (e.g. administrators, general managers, plant managers etc.), or natural persons assigned, *de facto*, to the management and control of the Entity.
- b) **persons subject** to the control or supervision of "subjects in senior positions".

#### **2. Objective prerequisite**

The crime must have been committed by a "Qualified Subject" **in the interests or to the advantage of the Entity**.

The **interest** is considered as being the intentional action of the subject who engages in conduct that is relevant in terms of the Decree, who must have acted intentionally (for wilful crimes) or with awareness (for acts of negligence) in order to derive some benefit or advantage not only for themselves but also for the Entity.

The **advantage** consists in the series of benefits/advantages, especially monetary, that might derive from the commission of the crime by the "qualified subject".

In the event that the Subject shall have acted exclusively in their own personal interest (or in the interest of a third party), then the Entity shall not be held responsible.

However, the Entity is responsible – though the pecuniary sanctions are reduced by one half – in the event that the crime was committed in the interest of the Entity but the Entity itself **derived little or no advantage from the crime**.

But in the event the actions taken are "compatible with or intended for" the commission of the crime, but the event itself does not actually take place (referred to as "attempted crime"<sup>2</sup>), the pecuniary sanctions or disqualifications are reduced by from one third to one half.

Again in the context of the "attempted" crime, the Entity is not subject to sanctions if it **"voluntarily prevents the completion of the act or the realization of the event"**.

The Decree also states that the liability of the Entity is "autonomous", and thus exists even if the perpetrator of the crime has not been identified or cannot be charged or if the charge is quashed for any cause other than amnesty (e.g. death of the offender prior to conviction pursuant to Article 50 c.p. or prescription pursuant to Article 157 c.p., etc.).

### **1.3 RELEVANT CRIMES ('PREDICATE CRIMES')**

The Entity shall be considered responsible if one or more of the crimes (Predicate Crimes) specifically listed in the Decree and its subsequent amendments and additions and belonging to one of the following categories is committed:

- 1. Misappropriation of public funding, fraud against the State or a public body or to obtain public funding or IT fraud against the State or against a public body, IT crimes and illicit processing of data** (art. 24 of the Decree)
- 2. IT- related crimes and unlawful processing of data** (art. 24 *bis* of the Decree)
- 3. Crimes committed by criminal organisations** (art 24 *ter* of the Decree)
- 4. Forgery of money, money values having legal tender or revenue stamps and instruments or identification signs** (art. 25 *bis* of the Decree);
- 5. Crimes against Industry and Commerce** (art. 25 *bis*-1, Decree 231)
- 6. Corporate crimes** (art. 25 *ter*, Decree 231);
- 7. Crimes committed for purposes of terrorism or crimes designed to subvert democracy** (art. 25 *quater* of the Decree);
- 8. Crimes of female genital mutilation** (art. 25 *quater*-1 of the Decree);
- 9. Crimes against individual freedoms** (art. 25 *quinquies* of the Decree);
- 10. Market abuse crimes** (art. 25 *sexies* of the Decree);
- 11. Manslaughter or serious bodily harm committed with breach of laws governing the safeguarding of health and safety in the workplace** (art. 25 *septies* of the Decree);
- 12. Handling stolen goods, laundering and use of money, assets or benefits whose origin is illegal** (art. 25 *octies* of the Decree);
- 13. Crimes related to infringement of copyright** (art. 25 *novies* of the Decree)
- 14. Inducements not to make statements or to make false statements to the courts** (art. 25 *decies* del Decreto)
- 15. Environmental crimes** (art 25 *undecies* of the Decree)

---

<sup>2</sup> Article 56 of the [Italian] Penal Code, under the heading 'Attempted Crime', states as follows: "*Persons carrying out acts unequivocally intended to the commission of a crime shall respond to charges of 'attempted crime' if the action is not actually carried out or the event does not take place [...]*".

**16. Employment of undocumented immigrants** (art. 25 *duodecies*, of the Decree)

**17. Transnational crimes pursuant to art. 19 of Law no. 146 dated 16 March, 2006.**

The Entity is responsible also in cases in which the crime(s)/predicate crime(s) are committed outside the country, but only if: a) the Company's registered offices are in Italy; b) no proceedings are currently ongoing against the Company in the country in which the crime was committed; c) if so requested by the Ministry of Justice (where contemplated by current legislation).

**1.4 SANCTIONS**

The sanctions applicable to the Entity in the event of its proven administrative liability as specified in the Decree are listed below:

▪ **Pecuniary sanction**

Pecuniary sanctions are applicable to all types of predicate crimes; fines are applied for quotas in a number which is no lower than one hundred and no greater than one thousand. The amount of one quota ranges from no less than 258.23 Euro to a maximum amount of 1.549.37 Euro<sup>3</sup>.

The criteria used by the Judge for determining the *number of quotas* are as follows: the severity of the act, the degree of responsibility on the part of the Entity and the activity performed to eliminate or mitigate the consequences of the act and in order to prevent the commission of further unlawful acts. The *amount* of each quota is set on the basis of the Entity's economic condition and its assets in order to ensure that the penalty is effective.

**The penalty is reduced by between one third and one half** if, prior to the commencement of court of first instance proceedings:

- the Entity has provided full compensation for the loss or damage and eliminated all harmful or hazardous consequences of the crime or otherwise if it has taken effective action to that end;
- an organisational model has been adopted and implemented which is adequate to prevent crimes of the type occurring.

▪ **Disqualification measures**

These sanctions are especially afflictive, since they affect the specific activities conducted by the Entity.

They are applied over and above the pecuniary sanctions, though only in the event of certain types of crime and *exclusively* if the Entity has obtained 'significant profit' from the crime and 'if the commission of the crime is caused or facilitated by severe organisational shortcomings' or in the event of repeated unlawful acts<sup>4</sup>.

The duration of disqualification measures is no less than three months and no greater than two years; they may be imposed jointly and comprise:

- 1) disqualification from exercising the activity;
- 2) suspension or cancellation of authorisations, licences or concessions serving to commit the unlawful act;
- 3) prohibition on entering into contracts with the public administration;

---

<sup>3</sup> This is not applicable to the corporate crimes described in Article 25<sup>ter</sup>, for which the pecuniary sanctions are doubled as set forth in Article 39, section 5 of Law no. 262 dated 28 December, 2005.

<sup>4</sup> The reiteration of the crime exists "when an Entity which has already been convicted at least once for a violation [...] commits a further violation within the five years subsequent to the definitive sentence" (Article 20, Decree 231)..

- 4) exclusion from benefits, loans, contributions or subsidies and possible cancellation of those already granted;
- 5) prohibition on publicising goods or services.

As for the pecuniary sanctions, the Judge – in applying the norms – shall take into consideration the severity of the act, the degree of liability on the part of the Entity and any actions performed by the Entity to eliminate or mitigate the consequences of the act and in order to prevent the commission of further unlawful acts

In addition, in the event that the interruption to the Entity's activity may cause "*serious repercussions to levels of employment*", taking into consideration the "*size and economic conditions of the territory*" in which the Entity is situated, the judge may – in lieu of application of the penalty, and on condition that the penalty is not definitive – order the Entity's activity to continue and to be run by a **Temporary receiver** for a period amounting to the duration of the disqualification which would have been applied.

▪ **Publication of the sentence**

If a disqualification order is applied, the Judge may order that the sentence be published at the expense of the convicted Entity in the Municipality in which the Entity has their main registered offices as well as in other places as set forth in Article 36 c.p.<sup>5</sup>

▪ **Confiscation**

When the Entity is convicted pursuant to and in accordance with the Decree, the proceeds and profits of the crime are always confiscated, save for a portion which may be restored to the injured party and without prejudice to rights acquired by third parties in good faith.

When it is not possible directly to effect confiscation of the proceeds and profits of the crime, "*sums of money, assets or other valuable interests equivalent to the proceeds or the profits of the crime*" may be confiscated.

**1.5. EXEMPTION FROM ADMINISTRATIVE LIABILITY: THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

The Decree provides the Entity with a specific form of exemption from liability if the Judge ascertains that the Entity has adopted an "Organization, Management and Control Model suitable for preventing crimes of the kind which have occurred" and that the Qualified Subjects committed the crime by fraudulently by-passing the Model.

This exemption is applicable if the Entity demonstrates that they have adopted and effectively implemented **organizational measures and procedures** designed to prevent the commission of the crimes specified in the Decree. The Entity shall not be held liable for the crime if they can demonstrate:

- a) that the Entity's governing body (e.g. Board of Directors) has adopted and effectively implemented, prior to the commission of the crime, an "**Organization, Management and Control Model**" designed to prevent the kind of crime that occurred
- b) that they have entrusted to an "**internal body**" (to be nominated by the Board of Directors) with independent powers of initiative and control the task of supervising the functioning and observance of the Model and its updating.
- c) that the persons committed the crime by fraudulently bypassing the Model.
- d) that there has not been a lack of or insufficient supervision by the internal body described

---

<sup>5</sup> Article 36 of the [Italian] Penal Code states that: "*the sentence [...] shall be published by its posting in the municipality in which the sentence is handed down, in the municipality in which the crime was committed, and in that in which the convicted person had their latest residence [as well as] on the internet site of the Ministry of Justice*". The period of posting on the site is determined by the Judge, and may not be in excess of thirty days. Unless otherwise specified, the period of posting shall be fifteen days.

in item b) above.

The Decree also specifies the minimum content of the Organization, Management and Control Model, which must:

1. identify the **risk-prone activities/areas** in relation to which crimes may be committed;
2. provide for specific direct **protocols** intended to "*schedule the definition and implementation of decisions by the body regarding crimes to be prevented*";
3. identify procedures for managing **financial resources** which are fit to prevent the commission of crimes;
4. provide for **obligations to disclose information** to the internal organisation tasked with overseeing the working of and compliance with the Model;
5. introduce a new **disciplinary system** to punish noncompliance with the measures set out in the Model.

## **2. THE COMPANY'S ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

### ***Introduction***

The Company has revised its Model according to the indications contained in the Guidelines issued by the General Confederation of Italian Industries (latest edition: March 2014)<sup>6</sup>. However, the Company is aware of the fact that said Guidelines, while representing best practice, remain general and abstract, and do not exempt the Company from the obligation of implementing a Model tailored to its specific organizational structure.

### **2.1 DESCRIPTION OF THE COMPANY**

Electrolux Professional S.p.A. was incorporated on 17 January, 1958 by notarized deed drawn up and filed by Notary Public Romagnoli (rep. no. 4791).

The Company, whose tax code and registration number in the Register of Companies of Pordenone 00072220932, has its registered offices in Pordenone (PN), Viale Treviso no. 15 and a branch office in Algeria.

The Company's activities comprise the manufacture and sale of food service and laundry professional appliances, and it is also an industrial holding company.

The Company is a part of the Electrolux Group, a corporation listed on the Stockholm stock exchange.

### **2.2 PURPOSES AND PRINCIPLES OF THIS MODEL**

The purpose of this Model is to identify a system of rules, procedures and controls intended to prevent and/or reduce the commission of "predicate crimes". The Model is intended to:

- Create and spread a corporate culture based on the principles of legality and control.
- Ensure that all the Recipients are fully aware of the fact that any breach of the conditions laid down in the Model and in the related control systems may result in liability and sanctions not only for individuals but also for the Company.

---

<sup>6</sup> The Electrolux Group in Italia (of which Electrolux Professional S.p.A. is a part) operates in the industrial and metalworking industry and is a member of the General Confederation of Italian Industries (Confindustria).

- Identify the measures that must be implemented in order to prevent and/or reduce, effectively and in a timely fashion, the commission of the "predicate crimes" described in the Decree by defining specific protocols intended to schedule the definition and implementation of decisions by the Entity regarding crimes to be prevented.
- Identify effective control procedures based on the principle of prevention.

### **2.3 RECIPIENTS OF THE MODEL**

The following are Recipients of the Model and are thus required to assure compliance.

- A. Members of the Board of Directors and the Board of Statutory Auditors.
- B. The Company's employees, including those assigned to other Electrolux Group company branches and units in Italy and abroad.
- C. All other subjects – including their employees and/or contractors – who carry out activities and/or provide services to the Company (auditors, consultants, agents, dealers, suppliers, partners etc.)

### **2.4 CONTENT OF THE MODEL**

#### **2.4.1 EXISTING SYSTEM OF PREVENTIVE MEASURES**

In drawing up the Model, the Company has taken into consideration the pre-existing policies, procedures and other control systems where these are considered suitable and appropriate as measures for the prevention of predicate crimes, including:

- The Code of Conduct
- The Group's Policies & Guidelines
- Guidelines for the utilization of resources and processing of the entity's data
- The regulations regarding sanctions applicable in the event of breaches of the Guidelines for the utilization of resources and processing of the entity's data
- The internal system of control (referred to as the Electrolux Control System – ECS)
- Management System for financial flows
- A system of written proxies suitable for the corporate hierarchies and the functions of the employees
- Current procedures for each process that is prone to risk
- Communications to and training of the employees
- Internal regulations for Company employees
- System of sanctions/disciplinary measures specified by the National Collective Labour Agreement for the Metalworking Industry.
- The training and preparation of employees.

#### **2.4.2 CREATION OF THE MODEL**

The drawing-up of the Model was preceded by the risk mapping and assessment of the activities carried out by the Company. These are specified below:

- A. Mapping of the risk-prone processes and the company functions involved in said processes.
- B. Identification of the crimes that might (hypothetically) be committed during the course of each risk-prone process.
- C. Assignment of levels of potential risk to each type of crime.
- D. Analysis of the existing system of preventive measures (see paragraph 2.4.1) in order to verify its suitability for the prevention of crimes.
- E. Assignment of the residual risk for each risk-prone process and identification of any further preventive measures to be put in place.

The Company has drawn up this Model on the basis of the results of the risk mapping and assessment procedure described above.

## **2.5 EXISTING SYSTEM OF PREVENTIVE MEASURES**

This system, whose implementation is essential to the effectiveness of the Model, is an integral part of the Model and comprises the following.

### **2.5.1 CODE OF CONDUCT**

The Code of Ethics contains the values and principles concerning Conduct which the Company, as well as all the Recipients of the Model, intends to apply in its activities, both internal and external.

The Code expresses the approach of the Company and of the entire Electrolux Group in terms of the principles and conduct to be adopted in the specific areas or processes.

The text of the Code of Conduct may be consulted on the company intranet portal known as "E-Gate" (cfr. <https://electrolux.sharepoint.com/Pages/StartPage.aspx> nella sezione Policies & Guidelines), and on the Group's internet site

The Company's Regulations, which are posted on all the Company's bulletin boards, remind all the Company's employees to observe the terms of the Code of Conduct. Any violation of the principles contained in the Code of Conduct renders the individual liable to the application of the sanctions indicated in the Disciplinary Code (which is also posted on all the Company's bulletin boards).

As regards persons not employed by the Company, each contract includes a clause known as "Clause 231", which requires the contracting party to comply with the Model and the Code of Conduct, and states that any violation of one or both shall be considered as a serious breach and shall justify the resolution of the contract (as laid down in art. 1456 of the *[Italian]* Civil Code).

### **2.5.2 GROUP POLICIES AND GUIDELINES**

The Electrolux Group has adopted a series of Policies & Guidelines which are applicable to every area and every process, and with which the Company must comply.

As of the date of publication of this edition of the Model, the following Policies & Guidelines have been adopted: Accounting policy; Credit policy; Delegation of Authority; Purchasing, Supplier Payment Terms; Tax; Transfer Pricing; Compensation Policy; Grandparent principle; International Assignments Policy; Pension and Other Benefits Policy; Recruitment and Internal Transfer Policy; Travel policy; General legal matters; Corruption and bribery; Antitrust policy; Intellectual property; Insurance and risk management; Insider trading; Conflicts of Interest; Group Quality; Information policy; Internal Control Policy; Personal device policy; IS/IT Risk & Security Policy; Group policy on cloud use; Treasury Policy.



The Policies & Guidelines may be consulted on the company intranet portal at the following address: <https://www.egate.electrolux.com/Group/About-Electrolux/Policies--guidelines/About-policies--guidelines/>.

The application by the Company of the Policies & Guidelines is verified centrally by an internal auditing function (*'Management Assurance & Special Assignment' – MA&SA*) and by the ECS system of internal control (see paragraph 2.5.4).

### **2.5.3. SYSTEM OF PROXIES**

The Company uses an organizational system which is structured in such a way as provide a formal representation of the hierarchical lines and the distribution of the functions and areas of liability assigned to each of its employees.

One of the elements which typically expresses the organizational structure is the system of *attribution and management of powers*, whose purpose is to give formal authorization to determined individuals to act in the name and on behalf of the Company, where appropriate subject to a limit on expenditure.

Both the organizational system and, indirectly, the system of authorization, are based on the general principle of "segregation of functions", whose purpose is to avoid interference between roles that are potentially incompatible and/or the possibility assigning excessive levels of responsibility and power to a single subject (or to a small number of subjects).

In addition, the Company, with the intention of facilitating mechanisms of verification/control and avoiding the concentration of powers, has established a system for the attribution of powers by which – for all documents which commit the Company in respect of third parties – two signatures are required (i.e. the signatures on a single document of two individuals holding similar powers).

In addition, if these systems are utilized in the decisional processes, they also ensure that:

- the powers are exercised by those individuals having management and organizational responsibilities that are congruent with the importance and/or critical nature of determines operations.
- the powers and responsibilities are clearly defined, mutually coherent and known within the Company's organization.
- the Company is committed in respect to third parties (clients, suppliers, banks, public administrations etc.) by a determined and limited number of individuals vested with internal powers and/or authorizations.

The system of attribution of powers comprises the following:

#### **1. POWERS OF THE COMPANY ADMINISTRATORS**

The Board of Directors may delegate its powers to certain of its members, determining the content, the limits and the method of exercising such powers.

The minutes of the meeting of the Board of Directors conferring such powers is filed with the Chamber of Commerce so that their content may be available to third parties.

#### **2. NOTARIZED PROXIES AND INTERNAL AUTHORIZATIONS**



The powers conferred upon members of the Board of Directors may be further delegated by the latter to a subject (a company employee, an employee of another Group company or of another company) by notarized proxy and/or internal authorization.

Conferral of notarized proxies and/or internal authorizations, as well as the modification of the same, takes place according to established practice, which is formally described in a specific Procedure for "***conferral and revocation of proxies and/or internal authorizations***".

The HR Service Italy Office promptly informs the Corporate Affairs Office of any organizational modifications (resignations, dismissals, changes of work assignments) in order to ensure alignment between the activities effectively carried out by the persons working for the Company, their functions/qualifications within the Company, and the powers conferred on them by the Company.

Proxies and internal authorizations are then filed in digital format in a Company Database, which is constantly updated.

The printed archive is conserved and maintained by the Corporate Affairs Office.

#### **2.5.4 EXTERNAL CONTROL SYSTEM (ECS)**

The Company has implemented the 'Electrolux Control System' (ECS) required by the Electrolux Group.

This system was created with the intention of providing a reliable and accurate system of Reporting and also to guarantee that the Company's financial statements are drawn up in compliance with current legislation, with all applicable regulations, and with the generally-accepted accounting practices.

However, the Internal Control procedure also includes broader regulations for conduct which define the general principles upon which the Company's operations are based.

The structure of the ECS reflects the internal control pattern set out by the '*Committee of Sponsoring Organizations of the Treadway Commission*' (COSO), whose principle tenets are as follows:

- a) Control Environment;
- b) Risk Assessment;
- c) Control Activities;
- d) Monitoring Activities
- e) Communication.

##### **a) Control Environment**

The control environment is the set of Policies, Procedures and Codes applied within the framework of the organizational structure of the Electrolux Group which, as described previously, attribute clear and appropriately segregated responsibilities and powers.

The limits of these responsibilities and powers are defined in the instructions for the '*Delegation of Authority*', in the Manuals, Policies, Procedures and Codes (including the Code of Conduct, the Code of Conduct, the Anti-corruption and Anti-Money Laundering Policy, and the Policies governing Information, Finance, and Credit).

Together with current legislation and external regulations, these internal guidelines comprise the so-called Control Environment; all employees of Electrolux are required to comply with the Control Environment at all times, and all the units within the Group are required to apply and

maintain adequate internal controls in accordance with a clearly-defined methodology.

**b) Risk Assessment**

The purpose of Risk Assessment is to identify the main risks associated with incomplete or inaccurate financial reporting (including, among other things, the risk of losses or misappropriation/embezzlement).

**c) Control Activities**

The purpose of Control Activities is to mitigate the risks that have been identified and to ensure reliable reporting and efficient processes. The control activities include both general and specific controls intended to prevent, identify and rectify errors and/or irregularities.

The ECS Programme comprises the following controls:

1. *'Entity-Wide Controls'*

These controls sustain and augment the "Control Environment"; specifically, an annual questionnaire requests the Electrolux Management to confirm and provide documentation for the verification of compliance with the Group's main policies and the regulations governing accounting, proxies and powers.

2. *'Manual and Application Controls'*

Designed to ensure that the critical risks associated with reporting in the Company's processes are adequately monitored and verified.

Examples of important controls are those relative to the verification of the Company's book-keeping entries, verification of accesses to the systems and verifications of the correct segregation of the activities, etc.

3. *'IT General Controls'*

Intended to guarantee the security of the IT environment for the applications utilized.

Examples of important controls are those relative to the administration of the Users, the production environment and the backing-up of the procedures.

**d) Testing Activities**

Testing of the controls is carried out in order to ensure that the risks are effectively and correctly mitigated.

Coordination and planning of the ECS activities are conducted by the *'Electrolux Management Assurance & Special Assignments'* (MA&SA), which is the Electrolux Group's internal auditing department.

The documentation for the tests is revised on an annual basis in order to ensure that they remain complete and effective in light of any operational and organizational changes.

The documentation comprises: a description of the test activity (with details of the person responsible for the testing process), the activity carried out in order to conduct the test and the frequency with which the test is conducted.

Each of the Reporting Units is responsible for conducting the tests.

The MA&SA, as well as drawing up the *test plans*, also conducts a number of independent tests.

Any tests which give negative results must be repeated after the necessary corrective measures have been applied to the process.

The results of the tests are filed in a Lotus Notes database.

**e) Communication**

The results of the EWC questionnaire and the results of the tests are communicated to the Management and submitted to the independent auditors and the Company's internal auditors. The independent auditors receive the documentation and determine the extent to which they can draw on the activities carried out within the Group by the ECS and the MA&SA for the purposes of the Group audit and the audit of the financial statements.

In the case of failed tests which require corrective measures, the auditors may conduct a series of independent controls and/or request the documentation relative to the tests already carried out in order to verify the activity carried out.

**2.5.5 IT SYSTEMS AND GUIDELINES FOR THE UTILIZATION OF RESOURCES AND PROCESSING OF THE ENTITY'S DATA**

The Company has implemented manual and computerized procedures designed to establish a series of 'checkpoints' that can be used in each individual process to verify: the purpose of each action; the cycles of authorization, registration and verification of each operation/activity; the procedures for approval and signing (i.e. in respect of the assigned powers); segregation of the functions involved and the tasks assigned within each.

These systems are periodically revised in order to take into account any changes in the Company's procedures, operating practices and organizational system; they are also managed in such a way as to make it possible to maintain the integrity of the operations and the availability (and at the same time the confidentiality) of the information concerning the Company, as required by the terms of *[Italian]* Legislative Decree no. 196/2003 and subsequent amendments and additions (referred to as the 'Personal Data Protection Code).

The administrative and management systems are interrelated and sequential. They involve the presence of security mechanisms designed to guarantee protected access to the Company's assets and data.

In addition, the Company has adopted Guidelines for the utilization of its resources and the processing of the Entity's data, laying out a series of behavioural principles intended to prevent any threats to the security of the Company's information during the processing of the Company's data. These operating instructions, which are provided to all Recipients of the Model (see paragraph 2.3), are an integral and coordinated part of the provisions of current legislation, the Company's internal regulations and the specific guarantee provisions set up by each individual structure/office/operating unit.

**2.5.6 MANAGEMENT SYSTEM FOR FINANCIAL FLOWS**

Management of the financial flows is an especially delicate aspect of the processes identified as most critical since they involve activities that are sensitive or those which are atypical or non-recurrent.

The general principles governing the actions of all the subjects in this area are as follows:

- the subjective segregation of those who: i) take or implement decisions; ii) are required to provide accounting evidence of the operations conducted; and iii) are required to carry out the controls required by current legislation and by the Company's procedures.

- selection of outside contractors (e.g. suppliers, consultants, agents etc.), which must be based on their reliability, quality, transparency and cost.
- monitoring of the services rendered by the outside contractors to the Company; in the event of any conduct that is not in compliance with the Company's ethical principles and/or the principles set forth in this Model, the Company must request the termination of the relationship:
- the establishment of limits to the autonomous use and commitment of financial resources, in line with the rôles, responsibilities and powers assigned to the subjects;
- operations which require the use or commitment of economical or financial resources must be specifically motivated, and must be documented and registered as required by sound accounting principles; the decision-making process for the approval of such operations must be verifiable;
- no payment may be made in cash or in kind except with justified authorization;
- when utilizing its own financial resources, the Company shall utilize only financial brokers and banking intermediaries who are subject to rules of transparency and correctness that are comparable to those of the European Union.

The Company shall arrange for independent auditing and certification of its financial statements.

#### **2.5.7 MANAGEMENT OF DOCUMENTATION**

All documentation, irrespective of the support used (printed and/or digital) is handled in such a way as to guarantee that its registration, storage in archives and updating take place in total security.

#### **2.6 DIFFUSION OF THE MODEL**

This Model was adopted by the Board of Directors at a meeting held on 2 July, 2004, and is periodically revised as required by significant changes in the Company's organizational structure and modifications in current legislation which have, over recent years, introduced new types of crime.

In order to guarantee the effectiveness of the Model, the Company arranges for its diffusion by providing information to and organizing training courses for its employees and those of third parties.

##### **2.6.1 TRAINING OF EMPLOYEES**

The provision to the Company's employees of adequate and constant training and information regarding the content of the Model is an essential element for its effective and efficient implementation.

For this reason, the Company promotes the knowledge and divulgation of the Model for all new employees (by consigning a folder containing printed copies of the Policies & Guidelines and the Company Regulations) and subsequently at regular intervals during the course of their employment and whenever the Model is updated or revised.

As a result, the Company's employees are fully aware of the principles and objectives contained in the Model and of the procedures that are used by the Company in order to achieve these aims.

The Human Resources Department, working jointly with the Supervisory Body, handles the diffusion of the Model as well as the training of the employees.

The Human Resources Department and the Supervisory Body prepare a joint training plan for the employees by creating specific 'ad hoc' training courses.

Specifically, the diffusion of the Model and the training activities comprise:

**a) for all employees**

1. notices, sent by e-mail and/or posted on the bulletin boards, describing any modifications to the Model;
2. publication of the Model on the Company's intranet page [www.egate.electrolux.com](http://www.egate.electrolux.com) in the section "About Policies & Guidelines" and posting on the Company's bulletin boards;
3. consignment to all newly-hired employees of an information sheet describing the adoption of the Model and the obligation of the employees to comply with it;
4. reference the principles of the Model in the Company's Regulations and Disciplinary Code;
5. training courses based on e-learning and illustrating the main principles of the Model.

**b) for employees responsible for specific supervisory functions or processes within the Company and/or assigned to represent the Entity** [in addition to the training activities described in paragraph a) above]:

- a "special section" dedicated to the closer analysis of the types of crimes most relevant for the employees receiving the training (e.g. a module dedicated to the analysis of crimes of "manslaughter and grievous bodily harm" for those having the rôles of employer, supervisor, health and safety manager and health and safety officer,

The persons receiving this training, as the managers of the various company units involved, are required to transmit the knowledge received to the other employees working in the area for which they are responsible.

## **2.6.2 CONTRACTUAL CLAUSES FOR "OTHER SUBJECTS"**

The Company promotes – where appropriate by drawing up special contractual clauses – compliance with the Model by Recipients such as suppliers, consultants, etc..

Each of these subjects is therefore contractually obliged to comply with the principles contained in the model.

## **2.7 SYSTEM OF DISCIPLINARY ACTIONS**

A key tool in ensuring that the Model is effective and ensuring that the Company is shielded from liability is the establishment of an effective *"system of disciplinary actions that can be applied to punish noncompliance with the measures set out in the model"* [art. 6, section 2, paragraph b) and art. 7, section 4, paragraph b) of the Decree].

Thus an adequate and effective system of disciplinary actions is crucial to the effectiveness of the Model.

The disciplinary system is therefore principally an internal function, and the implementation of a disciplinary action is independent of the outcome of any criminal proceedings initiated by the judicial authorities. The application of the punitive measures established by the disciplinary

system does not replace any additional sanctions of a different nature (criminal, administrative, civil etc.) which might be applicable to individual cases of a similar type.

The examination of cases of non-compliance may also be initiated autonomously by the Supervisory Body if during the course of its control and supervisory activities it identifies a possible violation of the Model or Code of Conduct

The persons authorized to apply disciplinary measures are specified in the sections which follow.

The system of disciplinary actions is based on principles of appropriateness, immediacy and proportionality.

The system of disciplinary actions, although founded on the same preventive approach and on the same principles of the gradual and public nature of the sanctions, differs – according to the Recipients – in regard to the applicable discipline and the structure.

The Company's disciplinary system may also apply in the event of a violation of the requirements set out in the Model with regard to reporting violations (whistleblowing) as laid down by para. 3.5.

#### **2.7.1 THE DISCIPLINARY SYSTEM AS APPLICABLE TO THE SUBJECTS SPECIFIED IN PARAGRAPH 2.3. ITEM. B) – EMPLOYEES AND EMPLOYEES WITH MANAGEMENT OR SUPERVISORY FUNCTIONS**

Employees, including managers, who commit violations of the principles contained in the Model are subjected to the normal disciplinary system set forth in art. 2106 of the *[Italian]* Civil Code and in art. 7 of Law no. 300/1970 (known as the "Workers' Statute").

The company has approved a document entitled "*Norms, procedures and disciplinary sanctions applicable to Company employees*" (referred to as the "Disciplinary Code") which, in application of art. 7 of the Workers' Statute, contains the full text of the norms, procedures and disciplinary sanctions specified in the National Collective Labour Agreement, also listing the main duties of the employee.

Said document – which as required by the law governing publication is posted on all the Company bulletin boards – is designed to remind the employees that they are required to conduct themselves with diligence and observance, complying with the company regulations posted on the bulletin boards as well as with all other rules of conduct and company guidelines, irrespective of the manner in which they are made aware of the same.

The Disciplinary Code serves to remind the employees that they are required to comply with the Code of Conduct and the Model, as drawn up in accordance with *[Italian]* Legislative Decree no. 231/2001, both of which express the approach adopted by the Company, in terms both of correct conduct in the workplace and as regards specific areas or processes.

The Disciplinary Code also specifies that any violation of the Company regulations or the regulations for correct conduct or the Code of Conduct or the Model shall result in the application of the appropriate disciplinary measures: verbal reprimand; written warning; fines up to a maximum of three hours of pay; suspension from work with deduction of up to a maximum of three hours of pay; dismissal with or without notice.

The sanctions are applied on a proportional basis in order to ensure their validity; the repeated nature of the crime is taken into consideration for up to a maximum of two years after its commission.

The department authorized to apply disciplinary measures is the Human Resources Department, which may initiate the disciplinary proceedings set forth in art. 7 of the Workers' Statute and in the National Collective Labour Agreement, on receiving a report from any person who becomes aware of any significant violation.

**2.7.2 THE DISCIPLINARY SYSTEM AS APPLICABLE TO THE SUBJECTS SPECIFIED IN PARAGRAPH 2.3. ITEM. C) – "THIRD-PARTY RECIPIENTS"**

The company has determined that persons other than Company employees are subject to the application of specific clauses contained in their letters of appointment and/or contractual agreements, which state that their failure to comply with any of the principles of the Model and/or commitment for trial and/or conviction for any of the crimes specified in *[Italian]* Legislative Decree no. 231/01 shall be considered as a serious breach of contract and therefore as just cause for the termination of the contract pursuant to and in accordance with art. 1456 of the *[Italian]* Civil Code, as well as the payment of compensation for any damages caused to the Company.

In addition, the Company, through the Supervisory Body, shall enjoin any persons who fail to comply with the principles contained in the Model.

In the event that violation(s) of the Model are committed by contracted or third-party workers or by those engaged under contracts for the provision of works or services, or by agency workers, the Company shall promptly inform the contracting party or third party employer so that they might adopt the appropriate disciplinary measures against their employees and/or collaborators.

Any consequences (such as early termination and/or compensation) resulting from the violations committed by employees and/or collaborators of third-party Recipients shall be charged to the latter by the Company.

**2.7.3 THE DISCIPLINARY SYSTEM AS APPLICABLE TO THE SUBJECTS SPECIFIED IN PARAGRAPH 2.3. ITEM. A) – MEMBERS OF OF THE COMPANY'S ADMINISTRATIVE ORGANS**

**A. MEASURES AGAINST MEMBERS OF THE BOARD OF DIRECTORS (DIRECTORS)**

In the event that one or more of the members of the Board of Directors should violate the provisions of the Model, the Board of Directors shall arrange to implement the preliminary procedures required to ascertain the existence of the presumed violation.

Thereafter, the Board of Directors shall forward to the interested subject and to the Board of Statutory Auditors a report indicating the following:

- a. the contested event and the supporting evidence and an indication of the section of the Model violated;
- b. the person presumed to have committed the violation;
- c. the proposed sanction.

The Board of Directors shall then summon the person involved in order to hear their justification (if any).

If the defence is not considered to be valid, the Board of Directors shall proceed according to the principle of proportionality to the application of one of the following sanctions:

- an order to the perpetrator to desist from the conduct judged as being contrary to the provisions of the Model;
- temporary suspension of the person from their position;



- revocation of the person's appointment.

If the appointment of a member of the Board of Statutory Auditors is revoked, the conditions laid down in Article 2400, section 2 of the *[Italian]* Civil Code shall be applicable.

If the violation is committed by an administrator who is also an employee of the Company, the latter shall also be liable to the sanctions set forth in paragraph 2.7.1 above (i.e. disciplinary system for employees) if the necessary criteria are met.

In cases considered to be more serious, the Board of Directors, with the approval of the Board of Statutory Auditors, shall call a Shareholders' Meeting in order to discuss the situation.

#### **B. MEASURES AGAINST MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

If any member of the Board of Statutory Auditors should commit a violation of the provisions set forth in in the Model, the Board of Directors shall initiate the preparatory procedures necessary to verify occurrence of the presumed violation.

The Board of Directors shall then forward a report to the interested party and to the other members of the Board of Statutory Auditors, indicating

- a. the contested behaviour and evidence of the same, as well as the provisions of the Model that have been violated;
- b. the presumed perpetrator of the violation;
- c. the sanction proposed.

Subsequently the Board of Directors shall summon the interested party in order to hear their explanation (if any).

The Board of Directors, if the explanation offered is not considered acceptable, shall proceed according to the principle of proportionality to the application of one of the following sanctions:

- an order to the perpetrator to desist from the conduct judged as being contrary to the provisions of the Model;
- temporary suspension of the person from their position;
- revocation of the person's appointment.

In cases considered to be of a more serious nature, the Board of Directors shall convene the Shareholders' Meeting in order to inform them of the occurrence.

#### **2.7.4 MEASURES AGAINST THE SUPERVISORY BODY**

In the event that one or more of the members of the Supervisory Body should commit a violation of the provisions of the Model, the Board of Directors, shall immediately revoke that member's appointment.

The Company shall have the faculty of applying disciplinary sanctions that are appropriate to the type of contract existing with the interested party (i.e. employee or appointed member) and of proposing any compensatory measures.

### **3. THE SUPERVISORY BODY**

In order to allow for the application of the mechanism of exemption from liability, Article 6, section 1, paragraph b) contemplates that the supervision of the functioning of and compliance with the Model, as well as its updating, may be assigned to an "*organism within the Company having autonomous powers of initiative and control*", known as the Supervisory Body.



In the absence of any specific description in the Decree, the characteristics of the Supervisory Body and of its members areas shall reflect those indicated in the Guidelines published by the Italian Confederation of Industries.

### **3.1 COMPOSITION AND OPERATION OF THE SUPERVISORY BODY**

The Company's Supervisory Body is a collegial organ comprising three internal members and an external President.

The members of the Supervisory Body are nominated by the Board of Directors and remain in office until the first meeting of the new Board of Directors, which shall direct the renewal or modification of the relative appointments.

The operation of the Supervisory Body shall be disciplined by its own internal regulations, which may under no circumstances be in contrast with the provisions contained in the Model adopted by the Company.

### **3.2 REQUISITES FOR THE SUPERVISORY BODY**

The main requisites required of the Supervisory Body in order to assure that its activities are correctly oriented to the purposes set forth in the Decree are indicated below.

Firstly, the activities of the Supervisory Body (which must be considered as a single body and not in terms of its individual members) must enjoy **operative independence and autonomy**, in other words it must be free of any form of interference and/or influence by or from any other Company organ and, in particular, its so-called management body.

The Company – taking into consideration this necessity – has placed the Supervisory Body in a position within the Company's hierarchy which allows it to report directly to the Board of Directors, thus reducing the risk of interference.

The second element required of the Supervisory Body is the **professional expertise** of its members, who must therefore possess the technical and professional skills necessary to monitor and verify the operation of and compliance with the Model.

The individual members of the Supervisory Body possess the technical and professional skills necessary to carry out the functions assigned to them and enjoy the faculty of engaging – subject to an autonomous budget – consultants and other personnel (including Company employees) having the specific skills and expertise necessary to complete their tasks.

The final element consists of the **continuity of their activities**, which requires that the Supervisory Body shall carry out its assigned activities in a constant and capillary manner.

The continuity of their activities is assured by the fact that the Supervisory Body operates permanently within the Company in carrying out its assigned tasks, and its members therefore have accurate and complete knowledge of the Company's processes and are thus able to identify any critical areas immediately.

### **3.3 FUNCTIONS AND POWERS OF THE SUPERVISORY BODY**

The Decree assigns to the Supervisory Body *"the task of overseeing the functioning of and compliance with the models [and] seeing to their updating"*.

Specifically, the Supervisory Body must:

- constantly monitor the absolving effect of the Model, both in terms of the adequacy of the principles, regulations and procedures contained therein, and also in terms of compliance with the same by the various Recipients.

- promptly identify the necessity of updating the Model in order to meet any changes in the structure and/or organization of the Company or of modifications to current legislation, or of any other significant event.
- at six-monthly intervals, advise the Board of Directors of the results of the control and supervisory activities carried out.
- promptly inform the Board of Directors in the event that any problems or critical situations should emerge which require intervention (described in detail in paragraph 3.4)

In order to achieve these objectives, the Supervisory Body:

1. schedules and periodically effects **verifications** in the field with the purpose of verifying the effectiveness and efficiency of the Model (referred to as Audits) and of its prevention protocols, in relation to the various company functions and processes;
2. in case of necessity, the Supervisory Body suggests to the company units involved that they **integrate and modify the Protocols** so that they adequately regulate the performing of "sensitive" activities;
3. in the event that any non-compliance should emerge, the Supervisory Body identifies and indicates the **corrective measures** to be implemented, subsequently verifying that the company units involved have adopted said measures and reporting to the Board of Directors any problems or critical situations which persist;
4. identifies and imparts instructions for obligatory periodic reporting (referred to as "information flows"<sup>7</sup>) to be adopted by those company functions which operate in the area of "sensitive" processes;
5. periodically verifies that the **mapping of the areas at risk and the strategic processes is complete and correct** and, if necessary, introduces the necessary modifications;
6. checks (using sampling if appropriate) for the **existence and correct maintenance of the documentation** (e.g. contracts, book entries, written procedures, agreements etc.) that are required as specified in each special section of the Model;
7. identifies and monitors the implementation of the periodic initiatives that are necessary in order to ensure the **diffusion and awareness of the Model**, and identifies the content of the **training programmes** for the employees and for all persons working on behalf of the Company.
8. verifies that the **existing system of authorizations and signatory powers** is coherent with the organizational and management responsibilities that are already in place, and proposes (where necessary) their updating and/or modification.

In order to carry out its functions effectively and without hindrance or influence, the Supervisory Body enjoys powers authorizing it to:

- a. access the premises of the Company at any time and without prior notice;
- b. utilize, subject to its own supervision and under its own responsibility, all the Company's structures;
- c. obtain access to all company documents and/or information that might be pertinent to the performance of its functions (e.g. minutes of meetings of the Board of Directors and the Board of Statutory Auditors, result of inspections conducted by third parties or by the MA&SA; contracts and agreements, etc.);

---

<sup>7</sup> The information flows utilized for the various types of process are described in the Special Sections.

- d. require the assistance and support of the Company's employees as well as utilize external consultants with proven professional expertise for those cases in which their assistance is necessary;
- e. delegate to the subjects indicated in the previous item any especially complex technical tasks, requiring them to provide their reports;
- f. request the Parent Company to provide documentation concerning the audits conducted at the Company;
- g. ensure that the persons responsible for the various company departments promptly provide the information and/or data requested of them.
- h. request direct depositions from those of the company's employees, administrators and members of the Board of Statutory Auditors who might be in a position to provide information, and request information from the independent auditing company and any third parties providing consultancy or services to the Company (i.e. consultants, commercial partners etc.);
- i. initiate the disciplinary proceedings or actions required in order to ascertain responsibility, signalling any violations to the respective Company offices or representatives;
- j. monitor the progress of the proceedings thus initiated, verifying the results of the same in order to plan the subsequent actions.

All the activities carried out by the Supervisory Body (i.e. audits, interviews etc.), with the exception of those which are pertinent only internally, are duly recorded.

The Supervisory Body files the minutes of every meeting, the reports received, the information documents sent and the results of their enquiries and of any verifications conducted in a special archive (digital and printed), holding the files for a period of 10 (ten) years.

This archive is confidential and may be accessed only by members of the Supervisory Body itself, the Board of Directors, the Board of Statutory Auditors, and by other persons only if so delegated and authorized in advance and in writing by the Supervisory Body. The data relative to the Supervisory Body and stored on IT supports is subject to the same conditions.

In order to guarantee the principle of autonomy and independence, the Supervisory Body shall enjoy autonomy as concerns its budget and the expenses that are necessary to carry out the functions required to achieve its purpose.

As a consequence, the Board of Directors is required, on request of the Supervisory Body itself, to approve an annual allocation of adequate financial resources.

However, in urgent and exceptional circumstances, the Supervisory Body may, with the authorization of the Country Holding Officer, draw upon funds in excess of the amount allocated. The Board of Directors shall be advised of any such extra spending in a written report.

### **3.4 SUPERVISORY BODY'S OBLIGATION OF REPORTING TO THE BOARD OF DIRECTORS**

As part of its obligation to report to the company's administrative organs, the Supervisory Body is required to provide the Board of Directors **on a continuative basis** with reports detailing the implementation of the Model within the Company.

The Supervisory Body shall **at six-monthly intervals** submit to the Board of Directors a written report describing the implementation of the Model. This report shall contain the following information for the relative period:

1. its activities, especially in the area of inspections and verifications;
2. any critical areas or problems that might have emerged concerning either significant internal events or the effectiveness of the Model and the relative proposals for intervention;
3. reports detailing any changes in current legislation and/or the corporate structure that might require the modification of the Model;
4. any activities that the Supervisory Body was unable to complete and the reasons for the same;
5. any sanction applied by the Company as a consequence of violations of the Model.

The Supervisory Body also submits to the Board of Directors its annual "Supervisory Plan" (hereinafter referred to as the "Plan") which identifies and specifies the areas requiring intervention, the verifications to be carried out and the estimated cost.

This Plan may be modified during the course of the year, but the Supervisory Body shall be required to inform the Board of Directors of the justifications for any modifications introduced.

On the basis of the Plan, the Supervisory Body draws up a schedule of activities, specifying the timelines for the completion of the auditing activities and the timelines for the sending and receiving of the information flows.

Apart from the activities scheduled as part of the Plan, the Supervisory Body may carry out further specific verifications without notice (referred to as non-scheduled audits), in particular in the event that specific reports are received.

The Supervisory Body shall **promptly** report to the Board of Directors any problems emerging during the course of their verification activities, in order to that the Board of Directors might adopt any urgent measures that might be necessary.

In specific terms, the Supervisory Body submits reports concerning the following:

1. any violation of the Model from which there emerge urgent critical aspects requiring immediate analysis;
2. supervening organizational and/or procedural shortcomings which, if not remedied, may result in an increase to unacceptable levels of the risk as assessed by the Supervisory Body on the basis of the pre-existing situation;
3. any changes in current legislation that might be of particular significance in the implementation and effectiveness of the Model;
4. failure of the various company areas to collaborate (in particular, the refusal to provide the Supervisory Body with the requested documentation or data, or the hindering of its activities);
5. proceedings and/or advice of crimes received from organs of the judiciary police or from any other authority, from which it is possible to evince the conducting of enquiries against the Recipient(s) indicated in paragraph 2.3 or against unknown persons for the crimes described in the Decree;
6. the conducting and results of said proceedings.

The Supervisory Body may in turn be convened at any time by the Board of Directors or the Board of Statutory Auditors.

### **3.5 OBLIGATORY REPORTING TO THE ODV**

Article 6, section 2, paragraph d) of the Decree states that there must be provisions for "*obligations to disclose information to the Supervisory Body*".

In general terms, such obligations may be considered as comprising a periodic examination of the results of the control procedures carried out by each of the company functions involved in order to identify any anomalies or atypical elements.

The Company's Supervisory Body receives two types of "information flows":

**A. Periodic information flows**

These are specifically considered as being part of the special section of the Model (to which reference is made for the specific content), and are as follows:

- The submission of six-monthly reports concerning health, safety and the environment, to be drawn up by the Employers.
- The submission of Audit Reports drawn up by other supervisory bodies (i.e. DNV, CSC, CSQ) and relevant in terms of prevention.
- Monthly reporting by the competent Human Resources Departments (HRBPs and Onsite HR Specialist) of any disciplinary charges and of any measures taken against employees.

**B. Event-related information flows**

The Supervisory Body must receive all other information (if any) concerning the implementation of the Model, especially if it is considered likely that determined events might lead to the attribution to the Company of liability as described in the Decree. Such information may include (by way of example):

- provisions and/or information received from organs of the judiciary police or from any other authority (administrative, accounting, financial etc.) from which it is possible to evince the initiation or conducting of enquiries – including those against unknown persons – for the crimes or administrative violations described in the Decree;
- requests for legal assistance made by employees in the event that judicial proceedings are brought against them for any of the crimes described in the Decree;
- possible shortcomings in current procedures and/or justifiable indications of the necessity of modifying the Model or the Protocols;
- notice of the commencement of operations of special importance or those whose risk profile is such as to discern the reasonable possibility of the commission of a crime;
- the results of control activities put in place in other areas of the company and from which there emerge facts, actions, events or omissions which are judged as being critical to compliance with the conditions of the Decree;
- notices requesting the disbursement and/or utilization of public funding.

Event-related information flows must be submitted (anonymously if preferred) to the following e-mail: [organismo.vigilanza@electrolux.com](mailto:organismo.vigilanza@electrolux.com) or addressed to: 'Organismo di Vigilanza' [*Supervisory Body*], c/o Electrolux Professional S.p.A., Viale Treviso, 15 – 33170 Pordenone.

**C) Reporting of violations (so-called Whistleblowing)**

The Company guarantees accessibility for all recipients to one or more channels which enable them to submit, in order to protect the integrity of the organisation, substantiated reports of irregularities or offences (hereinafter "Reports of violations") concerning:

- alleged or effective unlawful conduct, relevant for the purposes of Legislative Decree 231/2001 and founded upon precise and consistent factual elements;
- alleged or effective violations of the Model or Code of Conduct adopted by the Company.

All the recipients of the Model may submit Reports concerning violation in the event that they consider in good faith that unlawful conduct or violations of the Model or of the Code of Conduct, which have come to their knowledge as part of the functions they perform, have taken place.

The Reporting of a violation is deemed as being in good faith when it is substantiated and made on the basis of reasonable conviction based on precise and substantiated factual elements.

In order to submit and manage Reports of violations, the Company has provided two different, alternative channels that recipients are bound to activate:

- CHANNEL no. 1 **the dedicated PEC certified electronic e-mail address segnalazioni.Professional@electroluxpec.it** (preferential channel) to be addressed to the Supervisory Body of Electrolux Professional S.p.A. Only the Supervisory Body may access this mailbox, who shall treat the Reports received with the utmost confidentiality in order to protect the identity of the reporter.
- CHANNEL no. 2 **confidential letter** sent to the Supervisory Body of Electrolux Professional S.p.A. c/o main post office located at "Viale Treviso, 15 – 33170 Pordenone".

In order to submit and manage Reports of violations, the Company has drawn up specific rules and a whistleblowing process in a special procedure called "Whistleblowing System".

The subject identified by the Company as responsible for managing the Reports of violations is the Supervisory Body, whose job shall be to receive the Reports and investigate issues arising through the reporting channels also by listening to the person who made the Report and/or the one responsible for the alleged violation. and also with the support of other company functions or outside consultants.

The Supervisory Body shall evaluate the Reports of violations received with discretion and a sense of responsibility, investigating by also hearing the person who made the report and/or the person responsible for the alleged violation. The Supervisory Body shall also promptly inform the BoD of Reports considered founded and/or ascertained (please refer to paragraph 3.4 above).

The confidentiality of the Reporter's identity and of the information is ensured in every context following the receipt of the Report of the violation if it is made in good faith, except in the case of legal obligations and protection of the rights of the Company or of persons acting in bad faith.

Reports of violations can also be anonymous but they must describe in a substantiated way the facts and persons involved in the report. Anonymous reports of violations shall be taken into account that demonstrate serious-mindedness and credibility with regard to the issue raised as well as the likelihood that the fact is confirmed by reliable sources. The Company however recommends that reports be named to allow those appointed to make more effective enquiries whilst applying the safeguards provided.

Any form of retaliation, discrimination or penalisation, for reasons connected, directly or indirectly, to the report of a violation is strictly prohibited, this without prejudice to the right of those entitled to safeguard themselves in the event that the criminal or civil liability of the Reporter with regard to the falsity of statements is ascertained, excepting those cases required by law.

Also where the facts reported prove to be unfounded and/or inconsistent, on the basis of assessments and inquiries carried out, a Reporter who has made a Report in good faith may not be sanctioned.

Reports of violations devoid of any substantial element to support them (for example because they report mere suspicions or rumours), which are too vague or poorly substantiated, or are evidently defamatory or slanderous in content, shall not be taken into consideration

The following constitute disciplinary offences that may be sanctioned in compliance with provisions set out in paragraph 2.7 of the Model and Disciplinary Code:

- violation of the obligation to keep the identity of the reporter confidential;
- violation of the reporter's protection measures and in particular violation of the provisions prohibiting retaliation, discrimination and penalisation for reasons connected, directly or indirectly, with the Report of the violation;
- Reports made with intentional wrongdoing or gross negligence that prove to be unfounded (in this case the evidence from the procedure will be made available to the accused party so that he may protect himself in the appropriate forums).