ORGANISATION AND MANAGEMENT MODEL
(pursuant to Legislative Decree June 8th 2001, No. 231)
WHIRLPOOL EUROPE S.r.l.

Approved by the Board of Directors in its final version on May 14th 2007
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INTRODUCTION

1. INTRODUCTION

This document illustrates the Organisation and Management Model (hereinafter, the “System”) adopted by Whirlpool Europe S.r.l. (hereinafter, the “Company”) pursuant to Legislative Decree 231 of 8 June 2001, as amended (hereinafter, the “Decree”).

The Model includes the operating rules and rules of conduct adopted by the Company taking into account the specific activities performed by it in order to prevent commission of the offenses envisaged in the Decree.

The Model is based on the principles set forth in the parent company’s Code of Ethics and was drafted in accordance with the codes of conduct published by the relevant industry business associations (Confindustria, Associazione Nazionale Imprese Elettrotecniche ed Elettroniche), the Code of Ethics adopted by the parent company, and specifically applicable regulations.

The system presented in this document has been adopted by the Board of Directors of the Company on December 11th 2006 and subsequently updated on December 3rd 2008.

2. LEGISLATIVE DECREE 231 OF 8 JUNE 2001

2.1 Regulation of the administrative liability of entities

The Decree was issued pursuant to the delegation of authority granted by the Parliament to the Government in Article 11 of Law 300 of 29 September 2000. This decree provided new regulations for the administrative liability of entities (to be construed as companies, associations, consortia, etc., referred to hereinafter as the “Entities”) for certain criminal offenses committed on their behalf or to their benefit (i) by persons that hold representative, administrative, or management positions at those Entities or one of their financially and functionally autonomous organisational units, or by natural persons that carry out delegated or de facto management and control of those Entities, and (ii) by persons subject to the management or supervision of one of the persons indicated above. This liability is envisaged as being distinct from and in addition to the criminal liability of the physical person who actually committed the offense.

The purpose of extending the scope of liability is to penalize not just individuals but also the Entities that directly or indirectly benefited from certain criminal offenses. The Decree envisages fines (up to a maximum of approximately Euro 1.5 million) and bans on activity, such as suspension or revocation of licenses or concessions, bans on the performance of activity, bans on contracting with public agencies, disqualification for or revocation of financing and contributions, and bans on advertising goods and services.

The liability envisaged in the Decree also applies to criminal offenses committed outside the Italian territory by an Entity whose main headquarters are in Italy, provided that that they are not prosecuted in the jurisdiction where the offense was committed.

With regard to the type of offenses that trigger the administrative liability of Entities, the original version of the Decree (Articles 24 and 25) refers to a series of criminal offenses committed in connection with Public Authorities. A summary of these offenses is included in Special Part A of this document, and specifically regards:
bribery to obtain an official act (Article 318 Italian Criminal Code);

bribery to obtain an act in violation of official duties (Article 319 Italian Criminal Code);

bribery in judicial proceedings (Article 319-ter Italian Criminal Code);

inducement to accept a bribe (Article 322 Italian Criminal Code);

extortion by public official (Article 317 Italian Criminal Code);

embezzlement of State, European Union, or other public funds (Article 316-bis Italian Criminal Code);

wrongful obtention of contributions, financing, or other grants from the State, European Union, or another public entity (Article 316-ter Italian Criminal Code);

defrauding of the State, European Union, or another public entity (Article 640(2)(1) Italian Criminal Code);

aggravated fraud to obtain public financing (Article 640-bis Italian Criminal Code);

computer fraud against the State, European Union, or another public entity (Article 640-ter Italian Criminal Code).


As part of the reform of corporate law, Article 3 of Legislative Decree 61 of 11 April 2002 introduced the new Article 25-ter (recently amended by Article 31 of Law 262 of 18 December 2005, which added the offense of failure to disclose conflicts of interest), which provides for the extension of the administrative liability of Entities to “white collar crimes,” as per Legislative Decree 61/2002. These offenses will be summarised in Special Part B of this document, and specifically regard:

fraudulent corporate disclosures (Article 2621 Italian Civil Code);

fraudulent corporate disclosures damaging shareholders or creditors (Article 2622(1,2) Italian Civil Code);

fraudulent prospectuses (Article 2623 Italian Civil Code was repealed by Article 34(2) of Law 262 of 28 December 2005, which added this offense to the newly issued Article 173 bis of Legislative Decree 58 of 24 February 1998);

fraudulent reports or disclosures issued by the external auditors (Article 2624(1,2) Italian Civil Code);

obstruction of inspection by regulatory authorities (Article 2625(2) Italian Civil Code);

wrongful distribution of capital (Article 2626 Italian Civil Code);
• illegal allocation of profits and reserves (Article 2627 Italian Civil Code)

• illegal transactions involving shares or quotas of the company or of the controlling company (Article 2628 Italian Civil Code);

• transactions prejudicial to creditors (Article 2629 Italian Civil Code);

• failure to disclose conflict of interest (Article 2629-bis);

• fraudulent formation of share capital (Article 2632 Italian Civil Code);

• wrongful allocation of company assets by liquidators (Article 2633 Italian Civil Code);

• illegal influence over the shareholders’ meeting (Article 2636 Italian Civil Code);

• agiotage (Article 2637 Italian Civil Code);

• obstruction to the functions of public supervisory authorities (Section Article 2638(1,2) Italian Civil Code).

Article 3 of Law 7 of 14 January 2003 introduced Article 25 quarter in the Decree. This extended the scope of criminal offenses subject to the application of penalties on Entities to include “terrorist offenses or subversion of the democratic order” as set out in the Italian Criminal Code or in any special laws, or those offenses committed in violation of the International Convention for the Suppression of the Financing of Terrorism held in New York on 9 December 1999.

The Article 5 of Law 228 of 11 August 2003 added Article 25 quinquies, regarding offenses against individuals, such as enslavement and the sale and purchase of slaves.

The Law 62 of 18 April 2005 introduced Article 25 sexies, which added the offenses of abuse of insider information and market manipulation as set out in Part V, Title I bis, Chapter II of the Consolidated Finance Act, Legislative Decree 58 of 24 February 1998.

The article 25 septies of the Legislative Decree no. 231/01, as introduced by Law of 3 August 2007, no. 123, regarding “measures for health and safety at work and delegation to the Government in order to amend the legislation related thereto” which entered into force on 25th August 2007, provides crimes for violation of injuries and health and safety preservation in the workplace regulations.

The article 25 octies of the Legislative Decree no. 231/01, as introduced by Legislative Decree no. 231 of 21 November 2007, which entered into force on 29th December 2007, (transposing the directive 2005/60/CE of 26 October 2005 and the directive 2006/70/CE of 1 August 2006), provides the crimes committed for receiving stolen goods, money laundering, money use or other profits as result of criminal activity,

The article 24-bis of Legislative Decree no. 231/01, as introduced by the Law no. 48 of 18 March 2008, (which has ratified the European counsel convention on the IT crimes, signed in Budapest on 23rd November 2001), provides crimes in IT field and illegitimate data processing crimes.
2.2 Adoption of the “Organisation and Management Model”

Article 6 of Decree introduces a particular form of exemption from administrative liabilities for criminal offenses if the Entity proves that:

(a) its management adopted and effectively implemented adequate organisation and management models to prevent the kind of offense committed before the offense was actually committed;

(b) it delegated an internal body vested with independent powers of initiative and control to supervise the functioning of and compliance with the models as well as updating them;

(c) the persons who committed the offense acted by fraudulently evading these organisation and management models;

(d) the body envisaged under (b) above did not fail to perform or did not underperform its supervisory functions.

The Decree also envisages that the models set out under (a) above must meet the following requirements with regard to the extension of delegated powers and the risk of commission of offenses:

(i) identify the areas liable to risk of commission of the offenses set forth in the Decree;

(ii) provide for specific protocols planning the formulation and implementation of decisions by the entity on the offenses targeted for prevention;

(iii) envisage procedures for the identification and management of company financial resources in order to prevent the commission of these offenses;

(iv) provide for disclosure obligations with the body entrusted with supervising implementation and compliance with the Model;

(v) introduce an appropriate disciplinary system to sanction any breaches of the measures set forth in the Model.

The Decree provides that the organisation and management models may be adopted on the basis of codes of conduct (also referred to as Guidelines) drafted by the relevant industry business associations (Confindustria, Associazione Nazionale Imprese Elettrotecniche ed Elettroniche, hereinafter referred to as “ANIE”) and communicated to the Ministry of Justice. The main provisions of these Guidelines with regard to the Organisation and Management Model are summarized below:

- identification of areas of risk, in order to assess in which area/sector the offenses envisaged in the Decree are likely to be committed;
- implementation of a supervision system aimed at preventing these offenses through the adoption of appropriate procedures.

The supervision system must be based on the following guidelines:
(a) the verification, record-keeping, consistency, and appropriateness of every transaction;

(b) application of the principle of segregation of functions (no one can independently manage an entire process);

(c) documentation of controls;

(d) provision of an adequate system of penalties for any breaches of the procedures set out in the Model;

(e) requirements of the Organisation and Management Model Supervisory Body, such as:
   - autonomy and independence;
   - professionalism;
   - continuity;
   - disclosure obligations of the Organisation and Management Model Supervisory Body.

Article 30, comma 5, of the Legislative Decree no.81/2008 on health and safety in the workplace provides that:

At the first application, the company organizational models, defined in accordance with the UNI-INAIL guidelines for an health and safety management system (SGSL) in the workplace dated 28 September 2001 or with British Standard OHSAS 18001-2007, are presumed to be compliant with the requirements of the present article where applicable.

It should be pointed out that failure to comply with any specific points of the Confindustria and of the ANIE Guidelines, or UNI INAIL/OHSAS 18001, does not in itself impair the validity of the Model.
GENERAL PART

1. ORGANISATION AND MANAGEMENT MODEL PURSUANT TO LEGISLATIVE DECREES 231/01

1.1 Purpose and highlights of the Organisation and Management Model.

The purpose of the Model is to define and create a structured and integrated system of supervisory and activities aimed at reducing the risk of criminal offenses being committed as set out in the Decree.

By identifying the activities exposed to the risk of any criminal activity and consequently transforming them into procedures, this Model aims at generating full awareness in all those persons acting in the name and on behalf of the Company that they might commit punishable offenses (the commission of which is strongly condemned and contrary to the interests of Company, even if it would seem to offer an immediate economic gain). On the other hand, constant monitoring of activities Model allows the Company to take prompt action in order to prevent or hinder commission of those offenses.

In addition to the principles illustrated above, the key points of the Model are:

- mapping of the Company’s risk-prone activities – those activities where it is possible to commit the offenses set out in the Decree;
- appointment of the Organisation and Management Model Supervisory Body (OMMSB) and assignment to it of specific duties for monitoring the effective and appropriate enforcement of the Model;
- verification and documentation of all relevant operations;
- implementation and compliance with the principle of segregation of functions, according to which no one may independently manage an entire process;
- definition of organisational powers consistent with assigned responsibilities;
- retrospective audits of company conduct and implementation of the Model with consequent updates on a regular basis;
- dissemination of and involvement at all levels of the company in the implementation of agreed rules of conduct and procedures.

1.2 Structure of the Model: General Part and Special Parts according to different types of offenses

The Model is divided into a “General Part,” which sets out the key aspects of the Model and operations of the Organisation and Management Model Supervisory Body, the penalty system, and several common issues to the areas of risk illustrated in the Special Part, and two “Special Parts,” which give an overview of the different types of criminal offenses set out in the Decree and pertaining more specifically to the institutional activity of the company: criminal offenses against Public Authorities and (Special Part A), company crimes (special section B), crimes committed in violation of the provisions on health and safety at work (special section C).
Should it be necessary to issue further Special Parts to address new types of offenses involving the Company’s business included within the scope of the Decree at a later date, the Board of Directors of the Company may amend this Model accordingly by way of a specific resolution.

2. STRUCTURE OF THE COMPANY

2.1 Activity

The Company’s principal activities are as follows:

(a) the production and trade (both direct and indirect, inside and outside Italy) of home appliances (e.g. refrigerators, freezers, washing machines, dishwashers, microwave ovens, etc., their components, and compressors), associated accessories and spare parts, including post-sales technical assistance for products that are covered and uncovered by warranty;

(b) production and trade in Italy and abroad of machines, tools, equipment, moulds, and components of electrical appliances and electrical, electronic, and similar devices;

(c) marketing of professional quality electrical appliances and small electrical appliances, as well as accessories for small electrical appliances and electronic products;

(d) sale of detergents for cleaning electrical appliances and general home cleaning and hygiene; and

(e) sale of electrical and electronic appliances and accessories, including those not made in-house, to specifically identified classes of customers.

2.2 Organisation

The Company is managed by a Board of Directors with a number of members that varies between two and seven.
The organisational structure of the Company is composed of the following functions:

2.3 Relations with other group companies

The Company also manages the European operations of the Whirlpool Group through an Executive Committee. The Executive Committee is responsible for elaborating the Group’s European strategy, which is then discussed at local level. Vice-versa, the local business units can propose to the Executive Committee initiatives that are then resolved on centrally following consultation at local level. The members of the Executive Committee are normally employees of Whirlpool Europe S.r.l.

In this perspective, the members of the Executive Committee are constantly responsible for specifying in which cases (a) they will make decisions regarding the Company’s activity and at what locations (b) they will make decisions that set out guidelines for the activities of other Whirlpool Group companies. With regard to (b), the members of the Executive Committee must always defer all relevant operational decisions to the applicable management bodies of relevant Group companies, with the affected company assuming full responsibility thereof.

Detailed records of these decision-making processes must be kept in accordance with the most appropriate applicable procedures.
2.4 Delegation of authority and powers

The system of delegations of authority and powers inside the Company is organized as illustrated in table “Powers”, which is appended to this Model as Annex 2.

Annex 2 is periodically updated to reflect changes to the system of delegations of authority and powers.

ANNEX 2

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<th>Poteri bancari</th>
<th>Esegere pagamenti/rilasciare quittanze</th>
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<td>A) Direttore Amministrativo</td>
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<td>5.000 € spese 50.000 € autorizzazione a torti</td>
<td>FS vendita e acquisto automezzi</td>
<td>FS emissione assegni</td>
<td>FS incasso assegni</td>
<td>FS</td>
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<tr>
<td>B) Direttore Ufficio Legale</td>
<td></td>
<td>5.000 € spese 50.000 € autorizzazione a torti</td>
<td>FS vendita e acquisto automezzi</td>
<td>FS polizze assicurative</td>
<td>FC</td>
<td>FS</td>
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<tr>
<td>C) Direttore di Stabilimento</td>
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<td>acquisti diretti</td>
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<td>D) Direttore del Personale</td>
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<tr>
<td>E) Direttore Commerciale</td>
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FC firma congetta (id) funzione non autorizzata alla spesa
FS firma singola (id) funzione con potere di spesa limitato
VP Vice President (id) 50.000 € ammontare limite massimo di spesa

3. ORGANISATION AND MANAGEMENT MODEL SUPERVISORY BODY (OMMSB)

3.1 Duties and powers of the Supervisory Board

In implementation of what is envisaged by the Decree and suggested by the Guidelines, the body entrusted with monitoring the enforcement of and compliance with the Model and with updating it (defined as the OMMSB or Model Supervisory Body) must be other than the Company Board of Directors.
In order to implement the foregoing, the Organisation and Management Model Supervisory Body consists of a two-member board. Its members are:


- Antonella Alfonsi, attorney at law, born in Civitavecchia (RM) on April 6th 1967, domiciled in Milan, via Tortona no. 25, - Italian Fiscal Code LFNNNL67D47C773A.

The composition of this Supervisory Body is recognized as the most adequate for the fulfillment of its designated objectives, as it meets the mandatory requirements of autonomy, independence, professionalism, and continuity.

The sole competent body responsible for amending the system is the administrative body, whilst it is the task of the Supervisory Board to formulate proposals to the former on possible amendments and up-dating of the adopted system, to be carried out through amendments and/or integrations which may become necessary.

3.2 General rules for appointment and replacement of the Organisation and Management Model Supervisory Body

Appointment to the Organisation and Management Model Supervisory Body is conditional upon meeting the integrity requirements and the absence of causes of incompatibility with the appointment itself.

In particular, once the Model is approved or, in the case of new appointments, when a new member is appointed, the new appointee to the Organisation and Management Model Supervisory Body must issue a statement attesting that he is not incompatible with the position. For example, he certifies the absence of:

- actual or potential conflicts of interest with the Company such as would prejudice the independence required by the role and duties of the Organisation and Management Model Supervisory Body;

- direct or indirect ownership of shareholdings qualifying to exercise significant influence over the Company;

- management positions held at enterprises subject to bankruptcy proceedings, compulsory liquidation, or other collective creditor arrangements during the three fiscal years prior to his appointment as member of the Organisation and Management Model Supervisory Body or establishment of the consulting/collaboration relationship with that Body;

- public employment at central or local government agencies that perform institutional supervisory and control functions, or that were the commercial counterparties thereof during the three years prior to his appointment as member of the Organisation and Management Model Supervisory Body or establishment of his consulting/collaboration relationship with that Body;

- a final or non-final judgment or sentencing upon plea bargaining (patteggiamento) inside or outside Italy for the offenses set out in Legislative Decree 231/2001 or other criminal offenses prejudicing professional integrity;
• a final or non-final judgment inflicting a temporary or permanent ban on holding public office, or a temporary ban on holding management positions at legal entities and enterprises.

In order to ensure the stability and prerogatives of the Organisation and Management Model Supervisory Body, the powers may be revoked and delegated to another person only [with cause] and upon approval of a resolution of the Board of Directors to that effect after consultation with the Board of Statutory Auditors.

In this case, revocation “with cause” could stem from, for instance:

• discontinued fulfillment of the subjective requirements of integrity and independence that had previously been verified upon appointment;
• a newly occurred cause of incompatibility;
• withdrawal of the employment relationship (including resignation, termination with cause);
• gross negligence in discharging the duties connected with the mandate;
• “omitted or insufficient supervision” by the Organisation and Management Model Supervisory Body as set out in Article 6(1)(d) of Legislative Decree 231/2001, resulting from a final or non-final judgment handed down against the Company pursuant to Legislative Decree 231/2001 or from a judgment in consequence of plea bargaining.

The OMMSB remains in office until expiration of the term of the Board of Directors that appointed it.

The new Board of Directors may confirm the existing OMMSB or appoint a new one. New members of the OMMSB are appointed upon resolution by the Board of Directors. Their appointment does not imply drafting and approval of a new Organisation and Management Model.

In particularly serious cases, the Board of Directors may suspend the powers of the Organisation and Management Model Supervisory Body and appoint an interim OMMSB after consultation with the Board of Statutory Auditors.

Considering the particular responsibilities of the OMMSB and the professional expertise required, it may be supported by dedicated personnel in performing its supervisory and control duties. It may also avail itself of the assistance of in-house services as necessary, and may also require the support of external consultants to carry out its activities.

3.3 Economic resources allocated to the Organisation and Management Model Supervisory Body

In accordance with corporate procedures, the Chief Executive Officer grants the OMMSB an annual budget according to its requests.

The budget allocation allows the OMMSB to operate independently and with the appropriate tools for effectively discharging its assigned duties in accordance with this Model.
3.4 Functions and powers of the Organisation and Management Model Supervisory Body

The Organisation and Management Model Supervisory Body is responsible for supervising:

(a) compliance with the provisions of the Model, according to the different types of criminal offenses set out in the Decree and subsequent regulations that extended its scope;

(b) effectiveness of the Model in connection with the structure of the Company and its effective ability to prevent criminal offenses;

(c) the opportunity of updating the Model, if it needs to be adapted to changing corporate and/or statutory conditions.

Accordingly, the OMMSB is also responsible for:

- implementing the control procedures provided for by the Model;
- surveying corporate activity in order to update mapping of sensitive activities;
- conducting periodic audits targeting specific activities or acts, especially those carried out in connection with sensitive activities; the results of these audits must be summarized in reports to be presented to the Company's corporate bodies;
- coordinating with the Human Resources department, which is responsible for personnel management, for training programs carried out with reference to this Model;
- monitoring the initiatives taken to disseminate familiarity and understanding of the Model;
- preparing the internal documentation containing instructions, clarifications, updates necessary for the implementation of the Model;
- collecting, elaborating, and keeping relevant information regarding compliance with the Model;
- coordinating with the other departments (including specifically organized meetings with them) in order to improve monitoring of Model activities. Accordingly, the OMMSB has free access to all relevant corporate documentation pursuant to applicable laws (e.g. Legislative Decree 196/2003 on the protection of personal data) and must be constantly informed by management on the aspects of corporate activity that might expose the company to any risks following the commission of any one of the offenses set out in the Decree, with the support of the RSGS (Referente del sistema di gestione di sicurezza – contact person for the safety management system - (resp. EHS Central Service), on the issue of health and safety at work for the co-ordination with the site RSPP and the top functions (managers) involved in the safety management system;
- interpreting relevant laws and auditing the adequacy of the internal control system to meet statutory requirements;
- assessing the need to update the Model;
periodically reporting to the Board of Directors and the Board of Statutory Auditors on the implementation of the Model.

3.5 Mandatory disclosures to the Organisation and Management Model Supervisory Body – Information flows

3.5.1 Mandatory reports by corporate officers or third parties

Within the Company, the Organisation and Management Model Supervisory Body must be informed not only of the documentation provided for in the individual parts of the Model but also of all information from third parties regarding implementation of the Model in risk-prone activity areas.

This information generally regards all news on the presumed commission of offenses envisaged by the Decree that concern the Company or any conduct that challenges the rules of conduct adopted by the Company.

Official and unofficial flows of information must be channeled towards the OMMSB.

Reports regarding all confirmed or presumed violations of the Model must be collected, regardless of whether they are made in writing, orally, or online.

The OMMSB shall undertake to protect the confidentiality of the reporting party, except as otherwise required by law and protection of the rights of the Company or persons that are accused by mistake and/or in bad faith.

3.5.2 Disclosure obligations regarding official acts

In addition to the official and unofficial reports mentioned above, information must be forwarded to the OMMSB by the general counsel and/or CAO or, if they do not, by the CEO and/or CFO with regard to:

- orders and/or information issued by court authorities, the judicial police, or any other authority that refer to investigations of known and unknown persons involving the Company with regard to the offenses envisaged in the Decree;

- requests for legal assistance sent by directors, executives, and/or other employees if legal proceedings are initiated to prosecute the offenses set out in the Decree;

- the reports prepared by the managers of other corporate departments (including the external auditors) in the course of their auditing activity that might reveal facts, acts, events, or omissions revealing issues stemming from compliance with the Decree;

- information on effective implementation of the Organisation and Management Model at all corporate levels, with a focus on disciplinary proceedings and any sanctions that might be levied (including measures taken against employees), or orders for dismissal of these proceedings and the reasons therefor.
3.5.3 **Delegations of authority and powers of attorney**

The procedures for granting delegations of authority and powers of attorney by the Company and all amendments thereto must be promptly reported to the OMMSB.

The OMMSB may also ask the Legal Department for a copy of existing powers of attorney issued by the Company.

3.6 **Reporting to corporate directors by the Organisation and Management Model Supervisory Body**

The OMMSB is responsible for two streams of reporting:

(i) the first, on a continuous basis, to the CEO, the CFO, and the CAO;

(ii) the second, to be issued in writing at least every six months, to the Board of Directors and the Board of Statutory Auditors.

The reports shall focus on:

(a) the activities performed by the OMMSB;

(b) any issues that arise in terms of conduct or events within the Company and the effectiveness of the Model.

4. **AUDITS OF MODEL EFFECTIVENESS**

4.1 **Audits and controls of the Model**

In order to carry out institutional audits of the effectiveness of the Model, the OMMSB may perform two types of reviews:

- **Audits of documents**: the main corporate documents, the most significant agreements entered into by the company in areas prone to risk, and the agreements made with agents and consultants will be audited annually;

- **Audits of guidelines**: the effectiveness of this Model will be periodically audited according to the procedures established by the OMMSB.

Upon conclusion of the audit, a report will be drafted and submitted to the attention of the Board of Directors of the Company. This report will analyze any shortcomings and suggest the actions to be taken.

The audit will be performed in accordance with the procedures to be determined by the OMMSB. If appropriate, it will rely on external consultants.
5. DISCIPLINARY AND SANCTIONS SYSTEM

5.1 General principles

A key element for the effective implementation of the Model is the introduction of an adequate disciplinary and penalty system against violation of the rules of conduct set forth in the Model and, more in general, the internal procedures envisaged by the Model.

Disciplinary sanctions are imposed regardless of whether offenses are actually committed or not, and thus also regardless of the outcome of any criminal proceeding. The rules of conduct imposed by the Model are adopted by the Company fully independently to ensure complete compliance with the regulatory obligations required of the Company.

However, the principles of prompt and immediate action make it not only not mandatory but also inadvisable to delay imposition of disciplinary sanctions in anticipation of the outcome of any lawsuit that might be filed before the courts (in accordance with what is envisaged in the ANIE Guidelines, Chapter IV, subsection 3).

5.2 Persons subject to the disciplinary and sanctions system

All Company employees, directors, and contractors are subject to the disciplinary and sanctions system envisaged in this Model.

The procedures for imposition of the sanctions envisaged in this chapter take into account the specific legal status of the person against whom action is being taken.

The Organisation and Management Model Supervisory Body ensures that specific procedures are adopted for informing all the persons envisaged hereinabove from the beginning of their relationship with the company with regard to the existence and contents of these sanctions.

5.3 Sanctions applicable to employees

The conduct of employees in violation of the individual rules of conduct set forth in this Model is defined as disciplinary infractions.

Employees are subject to controls by the OMMSB. Obstruction of OMMSB activities constitutes a disciplinary infraction.

The sanctions that can be imposed on employees and managers include those envisaged by the corporate disciplinary system and/or the system of penalties envisaged by the national collective bargaining agreement (“CCNL”) for metal and mechanical industry workers, in compliance with the procedures set out in Article 7 of the Workers Statute and any special regulations as applicable.

The Company disciplinary system includes the rules set forth in the Italian Civil Code and the regulations of the CCNL mentioned above. In particular, the disciplinary system describes the conduct that is penalized according to the significance of the individual cases considered and the concrete sanctions envisaged for commission of the acts themselves according to their seriousness.
With regard to the foregoing, the Model refers to the sanctions and categories of punishable acts set out in the CCNL so that any breaches of the Model are covered by the cases already provided for in those measures.

Without prejudice to the obligations of the Company under the Workers Statute, the following conduct constitutes violation of the Model, and is subject to the applicable sanctions:

1. A worker who violates one of the internal procedures set out in the Model (e.g. if he fails to comply with the applicable procedures, fails to send the required information to the Organisation and Management Model Supervisory Body, fails to perform controls, etc.), or engages in conduct that does not comply with Model rules when performing activities in sensitive areas is subject to an “oral reprimand.” This conduct constitutes failure to comply with orders issued by the Company.

2. A worker who repeatedly violates Model procedures or engages in conduct that does not comply with Model rules when performing activities in sensitive areas is subject to a “written warning.” This conduct constitutes repeated failure to comply with orders issued by the Company.

3. A worker who violates the internal procedures envisaged by the Model or engages in conduct that does not comply with Model rules when performing activities in sensitive areas and consequently exposes Company assets to objective risks is subject to a “fine” not exceeding 3 hours of normal pay. This conduct, involving failure to comply with orders issued by the Company, places the integrity of Company assets at risk and/or constitutes acts contrary to Company interests.

4. A worker is subject to “suspension” from service and pay for no more than 3 days if he or she violates the internal procedures envisaged by the Model or, by engaging in conduct that does not comply with Model rules when performing activities in sensitive areas, causes damage to the Company by committing acts contrary to its interests, or if the worker violates the rules and procedures envisaged under 1, 2, and 3 above more than three times in a calendar year. This conduct, involving failure to comply with orders issued by the Company, places the integrity of Company assets at risk and/or constitutes acts contrary to Company interests.

5. A worker who engages in conduct that does not comply with Model rules when performing activities in sensitive areas, where such conduct is aimed solely at committing an offense prohibited by the Decree, is subject to “dismissal with advance notice.” This conduct constitutes a serious breach of the orders issued by the Company and/or a serious violation of the worker’s obligation to cooperate in promoting the prosperity of the Company.

6. A worker is subject to “dismissal without advance notice” if he or she engages in conduct that does not comply with Model rules when performing activities in sensitive areas, where such conduct causes the Company to be subjected to the measures envisaged in the Decree, or if the worker violates the rules and procedures envisaged under 4 above more than three times in a calendar year. Such conduct irreparably compromises the Company’s trust in the worker, causing serious non-material and/or material damage to the business.

The type and amount of each of the sanctions above shall be levied by taking into account:

- the intentional nature of the conduct or degree of negligence, imprudence, or manifest incompetence in view of the predictability of the event;
5.3 

the overall conduct of the worker, particularly with regard to whether or not he/she has previously been subjected to disciplinary measures, within the limits allowed by law;

the worker’s duties;

the functional position of the persons involved in the violations;

the other specific circumstances surrounding the disciplinary infraction.

The foregoing penalties do not prejudice the Company’s right to claim compensation for damages stemming from violation of the Model by an employee. Any claim for damages shall be in proportion:

- to the level of responsibility and independence of the employee that committed the disciplinary infraction;
- to any disciplinary infractions that he/she might have committed in the past;
- to the extent that his/her conduct was intentional;
- to the gravity of the effects thereof, with this being considered the level of risk at which the Company reasonably believes it was exposed by the misconduct, as envisaged in the Decree.

The Human Resources Department is responsible for actually applying the disciplinary measures described above for non-executive employees. The HR Department will impose the penalties following any reports that might be forwarded by the OMMSB and also after receiving the non-binding opinion of the supervisor of the person that committed the infraction.

In any event, the Organisation and Management Model Supervisory Body must receive prompt notice of all acts in the disciplinary proceeding taken against a worker due to any violation of this Model, starting from disciplinary charges filed against him or her.

Working in collaboration with the General Counsel, the Organisation and Management Model Supervisory Body is responsible for auditing and evaluating the adequacy of the disciplinary system pursuant to the Decree. The Organisation and Management Model Supervisory Body must be involved in the procedure for imposition of penalties due to violation of the Model. No disciplinary penalty may be imposed for violation of the Model without first informing the Organisation and Management Model Supervisory Body of the contents of the charge and the type of penalty to be imposed.

The OMMSB must be informed of any decisions to dismiss charges in the disciplinary proceedings envisaged in this chapter.

Workers must be informed immediately and in detail about any new measure taken against them. They shall be informed by means of an internal notice that explains the reasons and summarizes the contents of such measures.

5.4 Penalties applicable to executives

When executives violate the internal procedures envisaged in this Model or engage in conduct that does not comply with Model rules when performing activities in risk-prone areas, the persons responsible shall be subjected to the measures deemed most appropriate in accordance with the Italian Civil Code, the Workers
Statute, and applicable collective bargaining agreement for executives, and in accordance with the procedure envisaged for the other classes of employees envisaged above under section 5.3.

The Organisation and Management Model Supervisory Body may also propose the specific penalty of suspending any powers of attorney that might have been granted to the executive.

The Human Resources Department is responsible for actual application of the disciplinary measures taken against executives. The HR Department always informs the Board of Directors.

In the event of a conflict of interest amongst the departments involved, the Board of Directors assumes responsibility for imposing the disciplinary measures.

The Organisation and Management Model Supervisory Body must be involved in imposing penalties on executives for violation of the Model. No penalty may be imposed on an executive for violation of the Model without first notifying the Organisation and Management Model Supervisory Body.

The Organisation and Management Model Supervisory Body must also be informed of any decisions to dismiss charges in the disciplinary proceedings envisaged in this chapter.

5.5  **Sanctions applicable to directors**

If the directors commit violations, the Organisation and Management Model Supervisory Body shall inform the Board of Directors and the Board of Statutory Auditors, which shall take the appropriate measures envisaged by applicable laws.

5.6  **Sanctions applicable to commercial partners, agents, consultants, and subcontractors**

Specific clauses included in the letters of employment or partnership agreements may envisage termination of the contractual relationship, or the right to withdraw therefrom if the external subcontractors (project workers, agents, and consultants) or other persons bound to the Company by a contractual relationship engage in conduct that conflicts with the guidelines illustrated in this Model and pose the risk of commission of an offense envisaged in the Decree.

In these cases, the Company retains its right to request compensation if such conduct causes damage to it, just as, for example, when the interlocutory penalties envisaged in the Decree are levied on the Company.

In coordination with the General Counsel, the OMMSB verifies that the clauses envisaged at this point are included in the contracts.

6.  **FINANCIAL RESOURCES MANAGEMENT PROCEDURES**

In order for the Model to fully and duly perform its functions, procedures must be adopted in order to identify and manage the company financial resources that can prevent commission of the offenses envisaged in the Decree.

Management of financial flows represents a particularly delicate area when one operates within the framework of those corporate processes that have been identified as most critical.

The specific procedures involved in the management of financial flows are better described in the Special Part of the Model. These procedures envisage participation by the heads of the individual departments in the purchasing process, special criteria in the selection of suppliers, and specific approval of purchase orders by
at least two persons: one of these must always be the head of the department involved, and the other must come from outside the department that is directly involved.

7. **HIRING**

Evaluation criteria that take into account the segregation and transparency requirements envisaged in the Decree are applied to hiring of personnel.

The Organisation and Management Model Supervisory Body verifies the fairness of this such requirements. The same goes for the selection of agents, consultants, external subcontractors, and commercial partners.

In particular, **Human Resources** is responsible for hiring new personnel according to company requirements and the requests made by department heads.

The hiring process consists of the following phases:

- evaluation of curriculum vitae and references;
- detailed discussions with candidates, also in cooperation with the heads of the requesting department;
- definition of the offer to be made to the selected candidate;
- execution of the agreement.

[In any event, it is expressly forbidden to hire persons referred by public entities or public service providers.]

The trustworthiness of potential consultants must be assessed by all legitimately allowed means in view of the crime prevention objectives envisaged in the Decree.

8. **CONTRACTS**

The Company fosters full cooperation between the General Counsel and the department heads in order to successfully conclude those contracts for the greatest amounts or greatest strategic value for the Company.

Therefore, the department heads are urged to:

- use the contractual forms prepared by the General Counsel;
- submit any changes from the standard contractual forms to the General Counsel when those changes do not merely involve the definition of commercial conditions;
- consult with the General Counsel on any possibility of dispute and/or settlement.

9. **INSPECTIONS AND AUDITS BY THE AUTHORITIES**

In any case of inspection and/or audit by any authorities, the first person who receives notice thereof must immediately inform his or her immediate superior that is a department head and/or plant chief.
The department head and/or plant chief must promptly inform: (i) the Chief Executive Officer; (ii) the executive in charge of the department involved; (iii) the General Counsel, and consult with these persons in order to take the most appropriate measures.

A written report must be kept for each of these inspections and/or audits.

10. PERSONNEL TRAINING

**Human Resources** will manage personnel training on the contents and application of the Model in close collaboration with the OMMSB. This training activity will be organized as follows:

- Executives and legal representatives of the entity: initial training and annual training for all new hires and newly promoted employees.
- Other personnel: an adequately distributed memorandum of disclosure. Specific clause in all contracts for new hires.
- Consultants: initial memorandum of disclosure. Specific clause in all new contracts to be signed separately.

11. UPDATING AND ADJUSTMENT OF THE SYSTEM

The Board of Directors resolves on updating the Model, amending it as necessary as a consequence of statutory changes or significant changes in the reference Guidelines.

The Board of Directors is responsible for the amendments that might be necessary in consequence of:

(a) significant violations of Model rules;
(b) changes in the internal structure of the Company and/or procedures for carrying out the business activity;
(c) results of controls
(d) new provisions of the law;
(e) finding and adoption of new applicable provisions and guidelines or updating thereof for the implementation and improvement of the System

Once approved, the amendments and instructions for their immediate application are forwarded to the Organisation and Management Model Supervisory Body, which will in turn check that they have been rendered operational and handle proper distribution of their contents inside and, when envisaged, outside the Company.

The Organisation and Management Model Supervisory Body will also inform the Board of Directors in a specific report on the outcome of the activity taken in accordance with the resolution that orders updating and/or amendment of the Model.

In particular, to ensure that the changes to the Model are made as promptly and effectively as possible, without failing to coordinate operating processes, Model requirements, and publication of Model
requirements, the Board of Directors may delegate the Organisation and Management Model Supervisory Body to make periodic changes in the descriptive parts of the Model as necessary.

The expression “descriptive parts” refers to elements and information that stem from official acts by the Board of Directors or specifically delegated corporate departments.

When the annual summary report is presented, the Organisation and Management Model Supervisory Body will submit a specific memorandum to the Board of Directors describing the changes made in accordance with the delegation of authority received so that it may be ratified by the Board of Directors.
SPECIAL PART “A”

CRIMINAL OFFENSES COMMITTED IN RELATIONS WITH PUBLIC AGENCIES

A. 1. SCOPE

This Special Part addresses the conduct of Company directors, executives, and employees (“Company Employees”) in the areas prone to risk, and external subcontractors and partners (“Recipients”).

The aim of this Special Part is to have all the Recipients adopt rules of conduct in accordance with its contents in order to prevent occurrence of the criminal offenses envisaged in the Decree.

A. 2. TYPES OF CRIMINAL OFFENSES RELEVANT TO RELATIONS WITH PUBLIC AUTHORITIES (ARTICLES 24 AND 25 OF THE DECREE)

Below is a brief description of the offenses envisaged in Articles 24 and 25 of the Decree as relevant to this Special Part “A”.

- Bribery to obtain an official act or to obtain an act in violation of official duties (Articles 318-319 Italian Criminal Code)

These offenses are committed when a public official or public service provider receives cash or other benefits, or a promise thereof for themselves or on behalf of others, in exchange for performing acts in violation of their official duties or to perform, omit, or delay acts pertaining to their office. Bribery is an offense that necessarily involves at least two people, therefore both the person offering the bribe and the one accepting it are punished (see Article 321 Italian Criminal Code).

This type of offense differs from extortion by a public official: in the case of bribery, the bribed person and the person offering the bribe reach an agreement in order to achieve a mutual gain, while in the case of extortion by a public official, the private citizen is merely a victim of the public official’s or public service provider’s conduct.

- Bribery in judicial proceedings (Article 319-ter Italian Criminal Code)

This type of offense can occur when the entity is party to judicial proceedings and, in order to achieve an advantage in such proceedings, one of its employees or representatives bribes a public official (not just a magistrate or judge, but also a court clerk or other officer of the court).

- Inducement to accept a bribe (Article 322 Italian Criminal Code)

This offense is committed when, in the case of attempted bribery, the public official or public service provider refuses the illegal offer of b remed to him.

- Extortion by a public official (Article 317 Italian Criminal Code)

This offense is committed when a public official or a public service provider abuses his position, forcing or inducing someone to give him or someone else cash or other benefits that are not due to them. It is possible
for a private citizen to concur in the extortion against another private citizen by a public official or public service provider.

- Extortion by, bribery of, and inducement to accept a bribe by members of European Union institutions and officials of the European Union and foreign States (Article 322-bis Italian Criminal Code)

The provisions of Articles 317 to 320 and 322(3, 4) Italian Criminal Code also apply to members of European Union institutions and officials at those institutions and throughout the entire EU administrative organisation, to the persons that are seconded to the European Union with specific duties, or the officials at entities envisaged by EC/EU treaties. The same rules also apply to the individuals that perform activities within the Member States of the European Union that correspond to those performed by public officials or public service providers in Italy.

That said, it must also be observed that Article 322-bis Italian Criminal Code also incriminates – and this concerns the private citizens dealing with the entities listed above – all of those who actively commit the offenses envisaged in Articles 321 and 322 Italian Criminal Code (i.e. bribery and extortion) vis-à-vis the persons themselves and not just the persons being bribed. Furthermore, Article 322-bis Italian Criminal Code also criminalizes offers or promises of cash or other benefits “to persons that perform functions or activities corresponding to those of public officials and public service providers of other foreign States [editor’s note: non-EU member States] or international public organisations, if the act was committed in order to achieve a wrongful gain for oneself or for others in international economic transactions” (Article 322-bis(2)(2))

- Embezzlement of state funds (Article 316-bis Italian Criminal Code)

This offense is committed when, after receiving financing or contributions from the State or another public entity or the European Union, the amounts obtained are not used for their intended purposes (this conduct consists in the partial or total misappropriation of the amount obtained, regardless of whether the planned activity was performed).

Considering that the offense occurs when the act is committed, the offense can also involve previously obtained financing that is only misappropriated at a later date for purposes other than those for which they were disbursed.

- Contributions wrongfully obtained from the State (Article 316-ter Italian Criminal Code)

This offense is committed when contributions, financing, subsidized loans, or other similar grants granted or disbursed by the State, by other public entities, or by the European Union are wrongfully obtained by using or submitting false statements or documents, or by omitting mandatory information. In this case, in contrast with the preceding provision, the way in which the grants are used is irrelevant for the purposes of the offense, as the offense is committed when the financing is obtained.

Finally, this is a residuary offense that may apply in circumstances where the offender lacked the intent required for the offense of defrauding the State or other entities mentioned (see above).

- Defrauding of the State, of another public entity, or of the European Union (Article 640(2)(1) Italian Criminal Code)

This offense occurs when a wrongful gain is obtained by deception or under false pretenses and with the intent to deceive and defraud the State (or a public entity or the European Union).
For example, this offense would be committed in circumstances where false and inaccurate information is knowingly submitted to a Public Authority in connection with a tender process in order to obtain that tender.

- **Aggravated fraud to obtain public grants (Article 640-bis Italian Criminal Code)**

   This offense is committed when public grants are obtained fraudulently.

   This offense again requires intent, such as knowingly providing untrue information or knowingly preparing false documentation to obtain public financing.

- **Computer fraud against the State, the European Union, or another public entity (Article 640-ter Italian Criminal Code)**

   This offense is committed when the functions of an information system or online system are altered or the data contained therein are manipulated in order to achieve wrongful gain by defrauding the State, the European Union, or another public entity.

   For instance, this offense would be committed if, after funds have been obtained, such systems or data are fraudulently amended to record an amount of funds different from the one legitimately advanced.

### A. 3. RISK-PRONE AREAS

The offenses described above presume a relationship with the Public Administration (construed in a figurative sense) and/or the performance of public activities or a public service.

Considering the relationships between the Company and public agencies or public service providers, the activities considered to be most specifically liable to risk on the basis of the assessment performed, mere hypotheses of criminal conduct are described here. They are classified according to company process concerned and are accompanied by a description of existing preventive measures. If specific measures are missing, the more general rules of conduct envisaged in this Model are applicable. The Organisation and Management Model Supervisory Body will evaluate any proposals for adoption of specific procedures/guidelines in these cases as well.

1. **Managing audits and inspections**

   This involves management of audits/inspections of occupational, health and safety and environmental conditions performed by the relevant authorities (e.g. NAS, ASL, etc.) and fulfilment of related requirements, as well as management of relations with tax authorities (e.g. Guardia di Finanza) and social security institutions during assessments, audits, or inspections.

   **Sensitive activities**

   - Management of occupational and health and safety inspections;
   - Management of social security and social insurance inspections;
   - Management of tax inspections;
   - Management of environmental inspections.
2. **Managing and acquiring financing**

This involves applying for, managing, and accounting for financing, contributions, or other subsidies granted by the State, the European Union, or other public entities (e.g. for organisation of training courses).

**Sensitive activities**

- Preparation of the submission packages to be sent to public Entities;
- Preparation and submission of application;
- Relations with the public Entities that grant financing.

3. **Managing lawsuits and out-of-court disputes with public agencies**

This involves management of litigation where the Company is either plaintiff or defendant in disputes with public Entities.

**Sensitive activities**

- Attendance at hearings and judicial activities in general;
- Hiring of professional assistance and legal counsels;
- Management of relations with the selected consultant;
- Transmission of data relating to financial statements;
- Litigation;
- Assessment of risks stemming from pending litigation (relevant in drafting the financial statements);
- Assessment of allowances for doubtful accounts (relevant in drafting the financial statements).

4. **Managing procurement**

This involves managing the procurement of goods or services used for the Company’s activities. The Purchasing Department is in charge of procurement.

**Sensitive activities**

- Order management;
- Selection of suppliers;
- Investments by the plant manager;
- Checking that the supplier has actually rendered the service or supplied the goods.
5. Recruiting, hiring, and managing human resources

This involves recruiting, hiring, and managing human resources.

Sensitive activities

- Recruitment of personnel;
- Hiring of personnel;
- Transmission of employee documentation to public Entities.

6. Consultants

This involves the selection and management of consultants.

Sensitive activities

- Hiring consultants (legal, technical, etc.);
- Selection of consultants;
- Consultants’ relations with public officials or public service providers;
- Checking that the consultant has actually rendered the service;
- Assessing the relevant consideration.

7. Managing gifts and entertainment expenses

This involves managing the authorizations and administrative/accounting aspects of offering gifts and entertainment expenses.

Sensitive activities

- Giving any presents or any other benefits to members of public agencies.

Any additions to these risk-prone areas of risk may be ordered by the Board of Directors following consultations with the Organisation and Management Model Supervisory Body. The OMMSB will be given entrusted with identifying the relevant scenarios and defining the appropriate operating measures.

A. 4. GENERAL RULES OF CONDUCT AND COMPLIANCE WITH OF PRESCRIBED CONDUCT IN RISK-PRONE AREAS

This Special Part envisages the express obligation for Company Employees and the obligation for external Subcontractors and Partners, through specific clauses of contract, to:

(a) comply strictly with all laws and regulations (including the Code of Ethics) that govern company activity, particularly with regard to the activities that involve contacts and relationships with public agencies and activities involving the performance of public offices or public services;
(b) establish and maintain relationships with public agencies in accordance with the principles of maximum fairness and transparency;

(c) establish and maintain any relationship with third parties in all activities regarding performance of a public function or public service on a fair and transparent basis such as to ensure the successful and impartial performance of the function or service.

Consequently, this Special Part specifically prohibits Company Employees, directly, and external subcontractors and partners, through clauses of contract, from:

(a) engaging in conduct involving commission of the criminal offenses discussed above (Articles 24 and 25 of the Decree);

(b) engaging in conduct that, although it does not in itself constitute one of the criminal offenses envisaged above, might potentially become one;

(c) create any potential situation of risk with regard to the offenses mentioned above.

With regard to the aforesaid conduct, it is specifically forbidden to:

(a) make gifts of money to public officials;

(b) distribute presents or gifts beyond the limits of normal company practice (i.e. all types of gifts exceeding normal business practices or courtesy, or, in any event, intended to obtain favourable treatment in the operation of any company activity). In particular, it is prohibited to make any kind of gift to Italian and foreign public officials (even in those countries where the giving of presents is a widespread practice) or to their relatives if it might influence their independent judgment or induce them to assure any kind of benefit for the company. Gifts of a modest value or which promote charitable or cultural initiatives or the brand image of the Group will however be permitted. Any gifts that are offered – other than those of modest value – must be adequately documented to permit audits by the Organisation and Management Model Supervisory Body;

(c) grant other benefits of any kind (e.g. promises of employment to the public official or his relatives) in favour of representatives of public agencies that might lead to the same consequences envisaged under b) above;

(d) perform services in favour of partners that are not adequately justified in the context of the contractual relationship established with them;

(e) grant compensation to external subcontractors and consultants that is not adequately justified by the type of work to be performed and by local practice;

(f) receive or solicit gifts of money, presents, or other benefits exceeding normal business practices or courtesy in the performance of public functions or services; anyone who receives gifts or other benefits in excess of the allowed limits is required to disclose such circumstances according to standard procedures to the Organisation and Management Model Supervisory Body, which assesses their appropriateness and notifies the person who made these gifts of the applicable Company policy;
(g) submit incomplete or false statements to Italian government or European Union agencies in order to obtain public grants, contributions, or subsidized financing;

(h) allocate monies received from Italian government or European Union agencies in the form of grants, contributions, or financing for purposes other than those for which they were granted.

In order to implement the foregoing rules of conduct:

(i) agreements with partners must be made in writing, with all terms and conditions of the agreement being clearly stipulated, particularly with regard to the economic terms that are agreed for joint agreement with the guidelines, and must be proposed, checked, or approved specifically by at least two persons at the Company having the necessary powers to do so;

(j) the agreements with external subcontractors must also be made in writing, with indication of the agreed compensation, and must be proposed, checked, or approved by specifically identified members of the Company who have been delegated to do so. The agreement must contain a clause that guarantees compliance with the principles set forth in Legislative Decree 231/01;

(k) no payment may be made in cash or in kind, unless in exceptional circumstances for documented reasons (in these cases, if the amount in question is not insignificant, a specific disclosure must be made to the Organisation and Management Model Supervisory Body);

(l) statements made to Italian governmental or European Union agencies for the purpose of obtaining grants, contributions, or financing must be true and accurate in all respects, and if such funds are obtained, a specific statement of account must be prepared documenting how the obtained funds were actually used;

(m) the persons who audit and supervise compliance with the procedures connected with the performance of the aforesaid activities (payment of invoices, allocation of financing obtained from the State or European Union agencies, etc.) must pay special attention to how these procedures must be complied with and immediately report any irregular or anomalous situations.

A. 5. SYSTEM OF CONTROLS

The system of controls developed by the Company in accordance with the fraud and bribery prevention guidelines issued by Confindustria, envisages:

(i) with reference to the identified sensitive activities:

- general standards of control for all sensitive activities;
- specific standards of control for particularly sensitive activities;

(ii) with reference to the persons dealing with public agencies:

- codes of conduct and standards of control necessary for compliance with these codes.
A.5.1 General standards of control

The following general standards of control apply to all sensitive activities:

- **Segregation of activities**: activities must be segregated so that no one can independently manage an entire process.

- **Rules/Circulars**: company rules and formal procedures must provide rules of conduct, operating procedures for performing sensitive activities, and procedures for filing relevant documentation.

- **Authorizations and powers of signature**: authorizations and powers of signature must: i) be consistent with the assigned organisational and operating responsibilities and, if necessary, indicate spending limits beyond which approval is required; ii) be clearly defined and known within the Company.

- **Traceability**: every transaction connected with sensitive activities must be adequately recorded if possible. The decision-making, authorizing, and performing process for sensitive activities must be verifiable retrospectively, with the support of specific supporting documents; in any event, the possibility of deleting or destroying recorded information must be regulated in detail.

A.5.2 Specific standards of control

Additional standards of control for specific sensitive activities are illustrated as follows.

1. **Managing audits and inspections**

See Annex 3

**ANNEX 3**

1. The Officers and the Inspectors of the various Authorities and Insitutes (eg.: INPS, INAIL, DPL, Guardia di Finanza, Autorità preposte alla normativa di Igiene sul posto di lavoro, ecc.) of the various seats of the Company, are welcome by Departments such as Human Resources, Administration and Legal.

2. The required documentation is made available to the Officers and when a copy of each document is given to them, it is initialed.

3. The Minutes inspection end is signed for receipt by the Company.

4. The internal competent Department (Legal) evaluates whether to proceed with the payment of probable penalties or to start legal actions.

5. If penalties are due, Finance & Administration Department assures the payment.

6. The documentation of the inspection is archived with the Legal Department or with the Human Resources or Administration Department according to the contents of the documents.
2. Managing and obtaining financing

See Annex 4

ANNEX 4

**Procedure followed by the Government Relations Dept.**

- **Selection/choice of the consultant**
  - Selection: according to the Company needs the most adequate Consultant is selected with interviews conducted by the Legal and Finance Department. The selection criteria are based on the professional experience and on the fee. The services are regulated by an agreement. The Consultant gives a monthly update of the state of the art of the pending issues. The Government Relations Department is responsible for the relationship with the selected Consultant.

- **The Consultant informs Whirlpool of the announcements for competition**
  - Interaction with Whirlpool: the Consultant informs about the available and most interesting announcements of competition for Whirlpool by written documentation and meeting with the persons in charge of the Innovation, GPD (Global Product Development), CIT (Corporate Innovation Technology, Cooking, Cooling and Washing Departments. The Company and the selected Consultant identify the project/s to which it is possible to apply for.

- **Whirlpool + Consultant identify the project**
  - The Company and the selected Consultant identify the project/s to which it is possible to apply for.

- **Feasibility**
  - Yes
    - **Preparation of the documentation**
      - Documentation: Once the project is fixed, the Consultant supports Whirlpool in the preparation of the necessary documentation considering the possible criteria of evaluation of the relevant authority approving the projects. The projects are accepted by the holders of the necessary powers within the Company and are sent to the relevant authority.

- **Sending the project**
  - Yes
    - **Evaluation by the authority**
      - Evaluation: the project/s are examined and evaluated by the relevant Authority.

- **Stop**
  - No
    - **Evaluation by the authority**
      - Communication: Whirlpool is informed by the relevant Authority that it holds the necessary requirements to obtain the allocation of the funds.

    - **Confirmation of the incentive**
      - The department/s that received the funds is/are responsible and is/are obliged to keep the record of the costs in order to facilitate the verification by the relevant authorities.

    - **Management of the received funds**
3. Managing lawsuits and out-of-court disputes with public agencies

See Annex 5

ANNEX 5

1. All judicial stuff is normally delivered to the Legal Department in Comerio and withdrawn by the person in charge.

2. Any legal document is evaluated by the Legal Department. The best defense is prepared collecting the necessary elements within the relevant company functions.

3. The Legal Department selects, according to the subject of the legal procedure, the most qualified external consultant (lawyer or accountant) for the Company defense.

4. The external lawyer is always appointed by the Head of the Legal Department.

5. If a legal case creates a financial exposure to the Company the Head of the Legal Department immediately informs the Head of the Administration Department to do an assessment of the case.

6. The risk assessment is shared with Statutory Auditors and external Auditors.

7. The Legal Department sends a quarterly report of the ongoing litigations at Europe level to Finance and external Auditors.
4. Managing the procurement process

See Annex 6 and 6 bis.

ANNEX 6 INDIRECT PROCUREMENT and 6 bis DIRECT PROCUREMENT

1. **Locally controlled procurement:**

Transactions below 50,000 €

These transactions are not managed centrally. The reason is their little amount and the best knowledge and the fact that the local management may have a clear analysis of the situation.

The offers to be considered for these kinds of procedures shall be at least three. The agreement needs to be revised every three years.

Transactions between 50,000 € and 150,000 €

The procedure is the following:

- Each department shall fill in the INDIRECT PROCUREMENT FORM that defines the purpose of the potential agreement. The Central Procurement Department has three weeks time to approve the form. A draft of the agreement needs to be attached.
- The Central Procurement Department shall revise the agreement and eventually modify it. The agreement can be signed only once it has been approved by the Central Procurement Department.
- If the department receives no answer, it is authorised to proceed with the signing of the agreement as proposed in the draft version.
- By the month of November, each department shall send to the Central Procurement a form in which the following items have to be specified: the name of the supplier, the kind of service, the quality of the service and the cost if varied with respect to the previous year.

2. **Central management of high amount agreements**

All the agreements above 150,000 € shall be included in this category and the Central Procurement Department has to be involved.

The process for this kind of agreements is the following:

- The controller or the person in charge of the procurement, if existing, of the involved department shall fill in the INDIRECT PROCUREMENT FORM, where needs are defined. The form shall then be sent to the Central Procurement Department in Whirlpool Europe s.r.l. Cassinetta.
- The Central Procurement Department shall find potential suppliers of the required service through a request for proposal.
- The decisional process will be based on an evaluation both of the financial and qualitative criteria and on a negotiation of the proposals.
- The final decision will bring to the choice of a single supplier who will grant all the agreed services and be the most competitive on the market. In any case the decision will be shared with the involved department.

At any rate each contract shall be revised every three years.

**INDIRECT PROCUREMENT/SERVICES**

<table>
<thead>
<tr>
<th>PROJECT AUTHORIZATION</th>
<th>DEVELOPMENT OF THE NEGOTIATION STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Identify the project team</td>
<td>• Identification of the Team and the roles</td>
</tr>
<tr>
<td>• Allocate the resources</td>
<td>• Development of the content of the agreements</td>
</tr>
<tr>
<td>• Fix the objectives</td>
<td>• Evaluation of the results of the negotiations</td>
</tr>
<tr>
<td>• Necessary Internal Communication</td>
<td>• Finalisation of the negotiations (agreements analysis included)</td>
</tr>
<tr>
<td><strong>ANALYSIS OF THE SITUATION</strong></td>
<td>• Supplier selection</td>
</tr>
<tr>
<td>• Identification of the current supplier and of the existing agreements</td>
<td>• Internal evaluation of the choice made</td>
</tr>
<tr>
<td>• Analysis of the current supplier</td>
<td><strong>COMMUNICATION</strong></td>
</tr>
<tr>
<td>• Analysis of the allocation among the different suppliers process</td>
<td>• Development of the communication plan</td>
</tr>
<tr>
<td>• Determination of the future requirements (volumes)</td>
<td>• Internal communication</td>
</tr>
<tr>
<td>• Analysis of the regional/global opportunities and synergies</td>
<td>• External communication</td>
</tr>
<tr>
<td>• Development of the requirements matrix (I can vs I want)</td>
<td><strong>AGREEMENTS MANAGEMENT</strong></td>
</tr>
<tr>
<td><strong>DEVELOPMENT SUPPLY STRATEGY</strong></td>
<td>• Development of the requirements of the administrative agreements</td>
</tr>
<tr>
<td>• Research and benchmarking activities</td>
<td>• Evaluation of the supplier performance</td>
</tr>
<tr>
<td>• Determination of the potential suppliers</td>
<td>• Measurement and analysis of the performance</td>
</tr>
<tr>
<td>• Establish valuation criteria</td>
<td>• Maintenance of the agreements and re-negotiations</td>
</tr>
<tr>
<td>• Development and distribution of the requests of information (RFI)</td>
<td></td>
</tr>
<tr>
<td>• Valuation of each RFI</td>
<td></td>
</tr>
<tr>
<td>• Development and distribution of the request for proposal (RFP)</td>
<td></td>
</tr>
</tbody>
</table>
The transactions in this category are the following:

<table>
<thead>
<tr>
<th>Disbursement categories</th>
<th>Agreements responsibilities*</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL SERVICES</td>
<td>(*) C= Central; L=Local</td>
</tr>
<tr>
<td>1. Cleaning</td>
<td>L/C</td>
</tr>
<tr>
<td>2. Canteen</td>
<td>L/C</td>
</tr>
<tr>
<td>3. Water</td>
<td>L</td>
</tr>
<tr>
<td>4. Natural gas</td>
<td>L</td>
</tr>
<tr>
<td>5. Diesel oil</td>
<td>L</td>
</tr>
<tr>
<td>6. Eletricity</td>
<td>L/C</td>
</tr>
<tr>
<td>7. Gardening</td>
<td>L</td>
</tr>
<tr>
<td>8. Waste removal</td>
<td>L</td>
</tr>
<tr>
<td>9. Post office service</td>
<td>L/C</td>
</tr>
<tr>
<td>10. Security</td>
<td>L/C</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OFFICE EXPENSES &amp; EQUIPMENT</th>
</tr>
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<tbody>
<tr>
<td>11. Office machines</td>
</tr>
<tr>
<td>12. Office furniture</td>
</tr>
<tr>
<td>13. Various material</td>
</tr>
<tr>
<td>14. Stationery</td>
</tr>
<tr>
<td>15. Magazines subscription</td>
</tr>
<tr>
<td>16. Softwares</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RENTAL &amp; LEASING</th>
</tr>
</thead>
<tbody>
<tr>
<td>17. Cars rental</td>
</tr>
<tr>
<td>18. Software rental</td>
</tr>
<tr>
<td>19. Hardware rental</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REPAIRS &amp; MAINTENANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>20. Tools maintenance</td>
</tr>
<tr>
<td>21. Hardwares maintenance</td>
</tr>
<tr>
<td>22. Softwares maintenance</td>
</tr>
<tr>
<td>23. Real estate maintenance</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>BUSINESS TRAVELS</th>
</tr>
</thead>
<tbody>
<tr>
<td>24. Tickets</td>
</tr>
<tr>
<td>25. Hotels/Restaurants</td>
</tr>
<tr>
<td>26. Cars rental</td>
</tr>
<tr>
<td>27. COMPANY CARS</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>TELECOMMUNICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>28. Voice</td>
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<tr>
<td>29. Data</td>
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<thead>
<tr>
<th>PURCHASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>30. Machineries</td>
</tr>
<tr>
<td>31. Softwares</td>
</tr>
<tr>
<td>32. Hardwares</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>33. Little machineries</td>
</tr>
<tr>
<td>34. Electric materials</td>
</tr>
<tr>
<td>35. Sampling</td>
</tr>
<tr>
<td>36. Security</td>
</tr>
<tr>
<td>37. Laboratory instruments</td>
</tr>
<tr>
<td>38. Packings</td>
</tr>
<tr>
<td>39. Adhesives and chemical products</td>
</tr>
<tr>
<td>40. Oils and greases</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONTRACT LABOUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>41. Carpenters</td>
</tr>
<tr>
<td>42. Electricians</td>
</tr>
<tr>
<td>43. Plumbers</td>
</tr>
<tr>
<td>44. Plant Engineering</td>
</tr>
<tr>
<td>45. Bricklayers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOGISTIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>46. Primary transport</td>
</tr>
<tr>
<td>47. Secondary transport</td>
</tr>
<tr>
<td>48. Entry transport</td>
</tr>
<tr>
<td>49. Logistic service</td>
</tr>
<tr>
<td>50. Mail express</td>
</tr>
</tbody>
</table>
5. **Recruiting, hiring, and managing personnel**

See Annex 7.

**ANNEX 7**

1. Open positions are defined among functional Human Resources and Business leaders on the basis of organisational structure and business demands.

2. New resources are recruited on the basis of open positions, required skills and competencies and time schedule.

3. Research and recruiting channel to identify best talents.

4. Engagement of work agency and/or University selection criteria are previous engagement and/or level of specialisation, database quality and fees.

5. Recruiting is done through a preliminary candidate screening and then selection of best talents with the approval of functional Human Resources and Business Heads of the interested function.

6. Performance and Reward Department makes the recruiting offer to the candidates.

7. Assessment of the recruiting process in terms of candidates value, costs and time to respond to business needs.
6. **Managing gifts and entertainment expenses**

See Annex 8.

**ANNEX 8**

1. The Company has in place an approved policy related to gifts.

2. The policy provides that, during Christmas time, together with the Christmas wishes also cadeaux are distributed to the most representative authorities of the Provincia di Varese (e.g.: Prefettura, Presidenza della Provincia, Unione Industriali and Segreterie Provinciali delle Confederazioni sindacali)

3. What is given as a gift is something of small value (microwaves ovens, mixers,...) such as the ones that are usually sold at the outlet of the Company or simply typical Christmas sweets.

4. Exceptionally, and in a very restricted number of cases, upon specific authorisation of the Managing Director and of the Finance & Administration Department, the Company may discount the range of products at the outlet up to 20 or 30 %.

   In case the gift proposal comes from the Managing Director it is subject to the authorisation of the Finance & Administration Function.

5. The list of the involved local authorities/institutions is kept and stored by the Human Resources /Industrial Relations functions and also the Managing Director of Industrial Relations is informed.

   The Human Resources function holds also the internal Donation Policy that rules the donation of the Company products to Institutions such as schools, no-profits or volunteers organizations and pro-loco.

6. The Company aims, with this approved policy, to show a sign of its presence and recognition towards the local intitutions. This is part of wider attention towards territory and local institutions and together with other social initiatives (“Corporate Social Responsibility”).
A. 6. DUTIES OF THE ORGANISATION AND MANAGEMENT MODEL SUPERVISORY BODY

The supervisory duties of the Organisation and Management Model Supervisory Body to ensure both the compliance with and the effectiveness of the Model in preventing criminal offenses against public agencies are illustrated as follows:

• collection and harmonization of all existing internal guidelines introduced to protect risk-prone areas as indicated under A.5.2;

• monitoring the effectiveness of internal guidelines and the system of delegations of authority and powers of attorney within the company to prevent criminal offenses against public agencies;

• examination of any specific reports by supervisory bodies or any employee and launch of investigations as deemed necessary or appropriate as a consequence of the reports received;

• implementation of the internal information system for the dissemination of the rules set forth in the Organisation and Management Model and Code of Ethics, and resolution of any doubts over their interpretation posed by the recipients. A specific Intranet site can be prepared for this purpose.

The Organisation and Management Model Supervisory Body is also required to perform periodic audits with the support of other departments as appropriate:

(1) compliance by external subcontractors and partners with the provisions of the Decree;

(2) the possibility for the Company to perform effective controls with the recipients of the Model in order to verify their compliance with its requirements;

(3) implementation of penalty mechanisms (e.g. withdrawal or cancellation of the agreement with external subcontractors) if violations of the rules are proven;

(4) suggesting any modifications of existing financial management system used by the Company to the Board of Directors, pointing out the appropriate measures apt to reveal the existence of any atypical financial flows characterized by higher margins of discretion as against what is ordinarily envisaged.

The Organisation and Management Model Supervisory Body reports the results of its supervisory and control activities to the Board of Directors and the Board of Statutory Auditors in the half-year report.
SPECIAL PART “B”

WHITE-COLLAR CRIME

B.1. RECIPIENTS OF SPECIAL PART “B”

The recipients of Special Part “B” are the directors, general manager, statutory auditors, representatives, and attorneys in fact (“top management”) of the Company, as well as the employees subject to supervision and control by top management in risk-prone areas. Hereinafter, all of these persons are referred to as “Recipients.”

The law considers those persons who perform the duties of directors to be equivalent to directors on a de facto basis. Pursuant to Article 2639 Italian Civil Code, both those who are obligated to perform the same function but with a different title and those who exercise the typical powers associated with the title or function are liable for the white collar crimes envisaged in the Italian Civil Code.

The aim of this Special Part is to provide all Recipients with an exact understanding of the significance of any prohibited conduct, so that they may adopt rules of conduct in accordance with its contents in order to prevent the occurrence of the offenses envisaged in the Decree.

B.2. TYPES OF WHITE-COLLAR CRIME (ARTICLES 25 TER AND SEXIES OF THE DECREE)

With regard to Special Part “B,” below is a brief description of the criminal offenses envisaged therein (Article 25 ter of the Decree). To facilitate this analysis, but without any pretense of scientific rigour, these offenses can be divided into five types, with the addition of a further category that refers to the offense of “market abuse” (Article 25 sexies of the Decree) introduced in Law 62 of 18 April 2005.

Pursuant to Article 25 ter, even if the statutory auditors are classified amongst the persons who could commit certain of the criminal offenses envisaged here, they are excluded from the list of persons that could cause the Company to be liable under the Decree.

1. Fraudulent corporate disclosures and reports

- Fraudulent corporate disclosures and reports (Article 2621 and 2622 Italian Civil Code)

These involve two different types of offenses: violation of Article 2621 is a misdemeanor, and violation of Article 2622 is a felony. The typical conduct involved is virtually identical, with the difference between the two offenses being determined by whether or not financial damage is caused to company shareholders or creditors.

The two offenses are committed by materially misrepresenting facts in the financial statements, reports, or other legally mandatory corporate disclosures addressed to shareholders or the public, even if those misrepresentations are subject to interpretation, and where such misrepresentations could intentionally mislead the recipients thereof as to the financial position or operating results of the company or the group it belongs to, with the intention of misleading the shareholders, creditors, or the public; or omission, with the same intent, of information on the situation that must be reported by law.
Specifically:

(i) the conduct must be aimed at achieving a wrongful gain for oneself or for others (under the Decree, the Company would thus fall under the category of “others”);

(ii) the false or omitted information must be relevant and materially misrepresent the financial position and operating results of the company (or the group it belongs to);

(iii) no penalty is envisaged if the misleading or omitted information causes a change not exceeding 5% in the earnings before tax or a change not exceeding 1% in shareholders’ equity; in any event, the act is not punishable if it results from estimates that individually do not exceed 10% of the correct amount;

(iv) liability also extends to the case where the information concerns assets that are owned or managed by the company on behalf of third parties.

The directors, statutory auditors, general managers, liquidators, and executives in charge of preparing company accounts, without prejudice to conspiracy by third parties.

- Fraudulent reports or disclosures issued by the external auditors (Article 2624 Italian Civil Code)

This offense is committed when the company’s independent auditors make false statements or conceal information concerning the financial position and operating results of the company in order to achieve wrongful gains for themselves or others.

The penalty is more severe if the recipients of the communications incur any financial losses as a result of the external auditors’ conduct.

The executives of the external auditor are directly liable, but the members of the Company Board of Directors and Board of Statutory Auditors, its executives, and its employees can be involved as co-conspirators.

2. Protection of capital stock

- Wrongful return of capital (Article 2626 Italian Civil Code)

This offense typically consists of returning capital to shareholders or releasing them from the obligation to contribute capital either openly or through misrepresentation, except in the cases of legitimate reduction of capital stock.

The directors are directly liable for the offense. However, pursuant to the general rules set forth in Articles 110 et seq. Italian Criminal Code, shareholders may be found co-conspirators if they instigated, caused, or aided the directors in committing the offense.

- Illegal allocation of profits or reserves (Article 2627 Italian Civil Code)

It is a misdemeanor to allocate profits or advances on profits which have not been achieved or allocated by law to the reserves, or to distribute reserves, even if they are not formed with profits, that cannot be legally distributed.

Note that:
- the return of profits or the replenishment of reserves before the statutory deadline for approval of the financial statements extinguishes the offense.

The directors are directly liable for the offense.

- Illegal transactions involving shares or quotas of the company or of the controlling company (Article 2628 Italian Civil Code)

It is an offense for a company to subscribe for or purchase shares or quotas belonging to the company itself or to its controlling company, which can be prejudicial to the maintenance of its capital or non-distributable reserves.

Note that:

- if the capital stock or reserves are replenished before the statutory deadline for approval of the financial statements for the fiscal year in which the conduct took place, the offense is extinguished.

The offense can be committed by the directors of the Company in connection with the shares of the Company.

- Transactions prejudicial to creditors (Article 2629 Italian Civil Code)

This offense is committed when reductions in capital stock, mergers with other companies, or demergers prejudicial to creditors are executed in violation of creditor protection laws.

Note that:

- indemnification of the creditors for their damages before the filing of criminal charges extinguishes the offense.

Once again, the directors are directly liable for this offense.

- Fraudulent formation of share capital (Article 2632 Italian Civil Code)

This offense is committed when: a) capital stock is falsely created or increased by the issue of shares or quotas in the company at a discount as against their par value; b) mutual subscription of shares or quotas; c) the value of contributions in kind, of receivables, or of corporate assets in the case of a corporate reorganisation is significantly overestimated organisation.

The directors and contributing shareholders are directly liable for the offense.

Failure by the directors and statutory auditors to control and possibly audit the value of contributions in kind reported in the report issued by the expert appointed by the court pursuant to Article 2342(3) Italian Civil Code is not an offense.

- Wrongful allocation of company assets by liquidators (Article 2633 Italian Civil Code)

This offense is committed when corporate assets are allocated amongst stockholders before payment of corporate creditors or allocation of the money necessary to repay them, in such a way as to prejudice the creditors.
Note that:

- indemnification of the creditors’ damages before criminal charges are filed extinguishes the offense.

The liquidators are directly liable for the offense.

3. **Protection of proper functioning of the company**
   - **Obstruction of inspections (Article 2625 Italian Civil Code)**

   It is an offense to conceal documents or to employ other means of preventing or obstructing legally authorized inspections or audit activities by shareholders, other corporate officers, or the external auditors.

   This activity is an offense only if it causes damage to shareholders.

   The offense can be committed by directors.

   - **Illegal influence over the shareholders’ meeting (Article 2636 Italian Civil Code)**

     “Typical conduct” of this sort involves recourse to sham acts or fraud such as to cause the shareholders’ meeting (active offense) to vote in favour of a motion aimed at achieving a wrongful gain for oneself or for others (specific fraud).

     The offense consists of a “common offense,” in other words, it can be committed by anyone, even by persons from outside the company.

4. **Protection against fraud**
   - **Stock manipulation (Article 2637 Italian Civil Code)**

   This offense is committed when false information is disseminated or sham transactions or other deceptions are carried out such as could materially cause a significant change in the price of unlisted financial instruments or instruments for which no application has been filed for trading on a regulated market, or significantly impact public trust in the financial stability of banks or banking groups.

   This too is considered a common offense that can be committed by anyone.

5. **Protection of supervisory functions**
   - **Obstruction of public supervisory authority functions (Article 2638 Italian Civil Code)**

   This statute envisages two distinct offenses that depend on the type of conduct and on when the offense is committed:

   (i) the first type of offense is committed by materially misrepresenting facts in legally mandatory disclosures to supervisory authorities in order to obstruct their functions, even if those misrepresentations are subject to interpretation, regarding the financial position or operating results of the parties subject to supervision, or concealment by other fraudulent means of all or some of the facts that should have been disclosed with regard to that financial position or operating results (subsection 1);
(ii) the second type of offense is committed by simple, deliberate obstruction of supervisory functions in any way, by omitting the notices that should be made to supervisory authorities (subsection 2).

Note that:

- the first case is based on a fraudulent conduct that pursues the specific aim of obstructing supervisory functions (specific fraud);
- the second case is represented by a free, material act (obstruction of supervisory functions) that can be carried out in any way, including omissions, where the subjective element consists of generic fraud.

The persons who commit both types of offense are the directors, general managers, statutory auditors, and liquidators.

6. Protection against market abuse

- Abuse of inside information (Article 184 of Legislative Decree 58 of 24 February 1998)

This statute punishes any person who, possessing “inside information” by virtue of his membership of the administrative, management, or supervisory bodies of an issuer, his shareholding in the capital of an issuer, or exercise of his employment, profession, duties, including public duties, or position:

(a) buys, sells, or carries out other transactions involving, directly or indirectly, for his own account or on behalf of a third party, financial instruments using such information;

(b) discloses such information to others outside the normal exercise of his employment, profession, duties, or position;

(c) recommends or induces others, on the basis of such information, to carry out any of the transactions referred to in under (a) above.

Inside information means information of a precise nature which has not been made public relating, directly or indirectly, to one or more issuers of financial instruments or one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments (Article 181 of Legislative Decree 58 of 24 February 1998).

- Market manipulation (Article 185 of Legislative Decree 58 of 24 February 1998)

This offense is committed by anyone who disseminates false information or sets up sham transactions or employs other devices concretely liable to produce a significant alteration in the price of financial instruments.

The addition of market manipulation to complement agiotage as an offense recognizes the need to reinforce protection of investors. This involves enactment of specific laws and regulations to protect investors against a “significant alteration in the price” of securities of listed companies.

This is a common offense that can be committed by anyone.

B.3. RISK-PRONE CONDUCT
For each of the types of offenses described above, there can be a specific area that is abstractly prone to risk, involving an activity that can be committed by corporate officers in performing their official duties at the company.

The areas of activity that are considered to be most specifically prone to the risk of commission of white collar crime are as follows:

- preparation of the financial statements, report on operations, and other company disclosures;
- corporate transactions that can impact the integrity of capital stock;
- the audits and controls performed by the Board of Statutory Auditors and the external auditor.

Warnings that other areas are prone to particular risks can be raised by the Company Board of Directors, either on its own initiative or the initiative of the Supervisory Body, which must be informed thereof in any event.

B.4. GENERAL RULES OF CONDUCT AND ENFORCEMENT OF PRESCRIBED CONDUCT IN RISK-PRONE AREAS

This Special Part expressly prohibits the Recipients from:

- engaging in, collaborating with, or causing conduct that is considered to be one or more of the criminal offenses considered hereinabove (Articles 25 ter and sexies of the Decree);
- engaging in, collaborating with, or causing conduct that, although it is not in itself one of the offenses described above, can potentially become one.

Consequently, this Special Part expressly obliges the Recipients:

1. to engage in fair, prompt, transparent, and collaborative conduct in compliance with the law and internal company procedures in all activities connected with the preparation of statutory financial statements, interim financial statements, forecasts, budgets, and other corporate disclosures, in order to provide the delegated departments, parent company, and third parties (to the extent that they are entitled to do so) with fair and accurate information on the financial position and operating results of the company;

2. to strictly comply with all statutory rules protecting the integrity and preservation of capital stock and always to act in compliance with the internal company procedures that are based on those rules in order not to harm the guarantees of creditors and third parties in general;

3. to ensure the proper functioning of the company and corporate officers by assuring and assisting all forms of internal control of company management envisaged by law, and the free and fair expression of the will of the shareholders’ meeting.

This implies that it is strictly prohibited to:

- with reference to subparagraph 1 above:
(a) represent or submit for elaboration and representation of data that is false, incomplete, or otherwise misleading with regard to the financial position and operating results of the company in financial statements, forecasts, budgets, reports, and prospectuses or other corporate disclosures;

(b) represent or submit for elaboration and representation of data that is false, incomplete, or otherwise misleading with regard to the financial position and operating results of the company in the consolidated financial statements of the controlling company;

(c) fail to disclose legally mandatory data and information on the financial position and operating results of the company;

• with reference to subparagraph 2 above:

(a) except in the event of legitimate reductions of capital stock, return capital to shareholders or release them from the obligation of contributing it in any form that is not specifically included among those that are described hereunder;

(b) distribute profits or advances on profits that have not be actually achieved or that must be allocated to reserves by law;

(c) reduce the capital stock and execute mergers or demergers in violation of statutory protections of creditors;

(d) fraudulently form or increase capital stock by granting shares or quotas at a value lower than their par value upon incorporation of a company or capital increase;

(e) buy and sell shares or quotas of the company in excess of statutory limits;

(f) divert company assets from creditors upon liquidation of the company, by allocating them to shareholders before payment of creditors or accrual of the amounts necessary to satisfy them;

• with reference to subparagraph 3 hereinabove:

(a) engage in conduct that materially obstructs, through the concealment of documents or use of other fraudulent means, or otherwise constitutes an obstacle to control or auditing of company operations by the Board of Statutory Auditors or the external auditor;

(b) cause or influence shareholders’ meeting resolutions by means of sham or fraudulent acts intended to alter the proper course of expressing the will of the shareholders’ meeting.

B.5. GUIDELINES FOR COMPLIANCE WITH PRESCRIBED CONDUCT AND SYSTEM OF CONTROLS

The guidelines for enforcement of the conduct envisaged above is described as follows with regard to the different types of white collar crimes.

Financial statements and other corporate disclosures
The statutory financial statements, reports on operations, and all other documents that can be considered corporate disclosures are prepared in accordance with specific and existing company procedures that:

- clearly determine data and information that each department must provide through its managers for the required disclosures, the rules governing elaboration of the data to be provided, and the deadlines for delivery of data by the individual departments involved to the departments in charge;

- envisage the transmission of data and information to the administration and finance department through the information system in order to permit tracking of the individual steps and identification of the persons that enter data on the system at both central and local level.

Implementation of the following protective measures is envisaged besides the existing procedures:

- information and training programme for all heads of the departments involved in preparing the financial statements and other corporate disclosures, addressing the principal notions and legal and accounting issues posed by the financial statements; special attention shall be devoted to the training of new hires and providing in-house training as necessary if the rules change;

- obligation for the heads of the departments involved in preparing the draft financial statements or other corporate disclosures to sign a statement attesting that the transmitted data and information are true and complete;

- obligation for the heads of the departments involved in preparing the draft financial statements or other corporate disclosures to maintain the confidentiality of the data and information in their possession by virtue of their role at the company, and consequently prohibit them from disseminating them outside the company;

- promptly providing all members of the Board of Directors with the draft financial statements and with the external auditor’s report on the draft financial statements, while preparing adequate documentation to be sent to the Organisation and Management Model Supervisory Body;

- regular meetings, recorded in minutes, between the certifying auditor, the Board of Statutory Auditors, and the Organisation and Management Model Supervisory Body, to be held within the framework of the Board of Directors meeting called to approve the draft financial statements and the shareholders’ meeting called to approve them.

Protection of capital stock

All capital transactions, including incorporation of the company, purchase and sale of equity investments, merger, and demerger, must be executed in compliance with applicable laws and regulations.

The following additional protections complement these rules:

- programme of periodic information and training of company directors and employees on corporate governance rules and the rules governing criminal offenses and administrative infractions for protection of capital stock, particularly in the event of any changes in the rules;
• the initiatives/proposals made by the Company’s departments must be made available to the Organisation and Management Model Supervisory Body in order to check their compliance with the aforementioned rules and procedures;

• planning of periodic meetings between the Board of Statutory Auditors and the Organisation and Management Model Supervisory Body in order to assess compliance with corporate law and the compliance of consequent conduct by directors, management, and employees.

Legal operation of the company

In order to prevent obstruction of control of company operations by corporate officers and the external auditor, which is a criminal offense, the following internal rules and procedures are established:

• transmission of all documents adequately in advance to the Board of Statutory Auditors regarding the topics on the agenda of the shareholders’ meeting or the Board of Directors or on which they must express an opinion pursuant to law;

• providing the Board of Statutory Auditors and the external auditors with all documentation regarding company operations necessary to perform their periodic audits;

• introduction/formalization of internal rules and procedures regarding compliance with corporate law and regulation of the procedures for control by the Board of Statutory Auditors and the independent auditors;

• dissemination of the rules of conduct envisaged in this model throughout the company organisation, so that the directors, executives, and all employees can provide the Board of Statutory Auditors and statutory auditors with the utmost collaboration and fair conduct;

• introducing a programme of periodic training and information of directors, executives, and employees on the rules of corporate governance and on white collar crimes or administrative infractions;

• holding periodic meetings of the Board of Statutory Auditors, external auditor, and Organisation and Management Model Supervisory Body – in the framework of the periodic audits performed by the Board of Statutory Auditors – to review compliance with applicable corporate law and corporate governance rules, as well as compliance with the conduct of directors, executives, and employees.

B.6. DUTIES OF THE ORGANISATION AND MANAGEMENT MODEL SUPERVISORY BODY

The supervisory duties of the OMMSB regarding compliance with and the effectiveness of the Organisation and Management Model to prevent white collar crime are illustrated as follows:

(a) the duties of the OMMSB regarding the financial statements and other corporate disclosures are limited to the following, due to the fact that the Company financial statements are certified by an external auditor:

• monitoring the effectiveness of internal procedures and corporate governance rules to prevent fraudulent corporate disclosures;
• examination of any specific reports from the control bodies or any employee, and ordering those audits deemed necessary or appropriate on the basis of the reports received;

• monitoring the effective independence of the external auditor in order to ensure effective control of the documents prepared by the Company;

(b) with regard to other risk-prone activities:

• periodic audits of compliance with internal procedures and corporate governance rules;

• examination of any specific reports from supervisory bodies or from any employee, and ordering those audits deemed necessary or appropriate on the basis of the reports received.

The Organisation and Management Model Supervisory Body is also required periodically to audit, with the assistance of other relevant departments:

(1) compliance by external subcontractors and partners with the provisions of the Decree;

(2) the Company’s ability to perform effective audits of the recipients of the Model in order to verify their compliance with its provisions;

(3) implementation of penalty mechanisms (such as withdrawal or cancellation of the agreement with external subcontractors) if violations of the requirements are proven;

(4) suggestions to the Board of Directors of any changes to be made in existing systems used financial management at the Company, highlighting those measures that would be appropriate for revealing the existence of any atypical financial flows characterized by higher margins of discretion compared with what is ordinarily envisaged.

The Organisation and Management Model Supervisory Body must report the results of its white collar crimes supervisory and auditing activities to the Board of Directors and to the Board of Statutory Auditors in the half-year report.
C.1. ADDRESSEES OF THE SPECIAL SECTION

This Special Section “C” refers to the crimes of involuntary manslaughter and serious or grievous bodily harm committed by violating of the accident prevention regulations and of the regulations for the protection of health and hygiene at the work referred to in art. 25-septies of Legislative Decree 231/2001. The addressees of this section are the directors, managers and employees (so called Corporate Representatives) of the company in the risk areas of activity, as well as contractors and Partners.

The objective of this Special Section is that all the Addressees, as indicated above, being aware of the relevance of the censored behaviours, adopt behaviour provisions which are compliant with the purposely adopted “Manual of the Work Safety Management System” and abide by the provisions of same, in order to prevent the occurrence of the crimes provided for in the Decree.

C.2 THE TYPOLOGY OF THE CRIMES OF INVOLUNTARY MANSLAUGHTER AND SERIOUS AND GRIEVOUS BODILY HARM (ART. 25 SEPTIES OF THE DECREE)

With regard to this Special Section “C”, a brief description of the crimes provided for in art. 25-septies of the Decree is quoted hereinafter.

- Involuntary manslaughter (art. 589 of the Italian Code of Criminal Procedure)

Pursuant to the aforementioned article, the perpetrator of such crime is the person who causes, through own fault, the death of another human being. The definition contains three elements: a behaviour, an event (the death of another person) and the causal nexus between the one and the other. The homicide is defined “involuntary manslaughter”, or without meaning, where the acting party does not want the death of the victim, nor the injurious event which leads to the death, however the death occurs as a consequence of negligence, carelessness, inexperience or non-compliance with laws, regulations, orders or provisions.

- Actual bodily harm (art. 590 of the Italian Code of Criminal Procedure)

The third paragraph of the quoted article sanctions the behaviour of any person who causes serious or grievous bodily harm to another person by violating the provisions for accident prevention at work.

Serious bodily harm occurs where:

- the event originates an illness which endangers the life of the injured party, that is an illness or an incapacity of attending to the ordinary occupations for a period of time longer than forty days.
- the event originates a permanent weakening of a sense or organ.

Grievous bodily harm occurs where the event originates:

- A certainly or probably incurable illness.
- The loss of a sense.
• The loss of a limb or a mutilation which makes the limb of no use, or the loss of an organ or of the capacity to procreate, or a permanent and serious difficulty of speech.
• The disfigurement, or the permanent scarring of the face.

C.3 THE RISK AREAS

In relation to each of the types of crimes described above, specific macro sub areas may be identified where activities are performed, which are considered to be theoretically specific risk activities. Such macro sub areas are identified with the following aspects:

• Risk identification and assessment
• Operational control.
• Change control
• Emergency management.

In order to deal specifically with these issues in a more detailed and precise manner, we refer you to the “Safety Manual”, which represents an integral part and an annex to this Special Section “C”.

C.4 GENERAL PRINCIPLES OF BEHAVIOUR AND OF THE IMPLEMENTATION OF THE BEHAVIOURS PRESCRIBED IN THE RISK AREAS OF ACTIVITY

This Special Section sets forth the explicit prohibition for the Addressees to:

• Implement, co-operate or originate the execution of behaviours such as to cause, individually or jointly, the crime highlighted above (art. 25-septies of the Decree).
• Implement, co-operate or originate the execution of behaviours, which, although they do not represent per se one of the crimes included in the list indicated above, may potentially become so.

This Special Section provides, therefore, for the explicit obligation for the Addressees to:

1. Act correctly, timely, transparently and co-operatively, in compliance with the provisions of the law and of the internal company procedures, in all the activities aimed at accident prevention and at the protection of hygiene and safety at work.

2. Strictly abide by all the regulations provided for by the law on this matter and to always act in compliance with the internal company procedures, which are based on such regulations.

In order to identify the people responsible and the powers granted to them, Whirlpool has formalized a delegation system which cascades tasks and relevant liabilities with regard to prevention, hygiene and safety at work. Thus a widespread protection of all the areas of specific risk is facilitated, simultaneously ensuring a hierarchical control system both operational and in terms of allocation of the necessary resources, in order to ensure safety at work.

In order to identify and access the legal and other requirements relating to safety, which are applicable to the company, Whirlpool has assigned responsibility to the RSPP, together with the central “EHS” office and the Legal Department, for the following:
• To periodically and systematically check the issuing of new regulations through the Official Gazettes, Internet sites and Data Banks.

• To assess the applicability of new regulations to Whirlpool.

• To assess the technical, organisational or procedural actions, which are necessary to comply with current provisions.

• To inform the people responsible for the actual implementation of the required actions.

Those who have been assigned tasks which may have consequences in terms of hygiene and safety at work, must be in possession of the necessary skills; such skills are defined both in terms of qualifications as well as training and suitable experience.

The people responsible, thus identified, must exert, in the respective areas of competence, all the powers granted to them by the law, in addition to complying with the obligations set forth by the Consolidation Act 81/2008, by all the laws and regulations regarding the correct implementation of the safety management system provided for in the already mentioned, purposely adopted, “Manual of the Work Safety Management System”.

In order to ensure the presentation of the information on health and safety to the interested parties, the procedures are defined for the appointment of the personnel involved (RLS = Rappresentate dei lavoratori per la sicurezza – Workers Safety Representative), as well as the procedures for the management of internal and external communication.

The Legal Department shall be responsible for keeping the Supervisory Board constantly informed on possible changes in the names part of the delegation system.

In compliance with the legal requirements and as better clarification of its Deontological Code on the matter of Health and Safety at work, in order to pursue what has been indicated above, Whirlpool has decided to adopt and implement its own Work Safety Management System, which abides by all the internationally acknowledged regulations and guidelines, in compliance with the provisions of Art. 30, paragraph 5 of Legislative Decree 81/2008, which defines the tasks, the responsibilities, the procedures and the activities necessary for the development, preservation and improvement in the performance of productive activities, in the operation of equipment and systems and for the elimination or prevention of risks and for the issues of safety management and protection of workers’ health, as well as for the verification of the performance of the Organisation System for safety management.

To this purpose, Whirlpool has identified an internal specific function for contact and co-ordination, called RSGS (Referente del sistema di gestione di sicurezza– contact person for the safety management system - (resp. EHS Central Service) having specific support tasks and responsibilities to the Employer and to the Supervisor Board in the implementation of its Work Safety Management System.
C.5 THE CONTROL SYSTEM

The control system implemented by the Company to prevent the perpetration of crimes in the area of workers’ health and safety provides for the following instruments:

- **Identification and management of risk activities**

  In order to identify and manage operations and activities potentially connected to a safety risk, the Company provides for specific control procedures on same, to the end of ensuring that operations executed during the carrying out of work are performed according to procedures and criteria such as to reduce potential negative effects on the health and safety of the workers.

  The departmental/operation area managers, together with the RSPP, with the support of the EHS Central Service, are responsible for the training/information of their employees in order to ensure the application of the established operational procedures/instructions.

- **Evaluation and Control of the Safety Management System**

  To the purpose of:

  - Controlling compliance of performance with the Safety Management System;
  
  - Defining responsibilities for the investigation of accidents;
  
  - Defining responsibilities for the implementation of measures aimed at mitigating the consequences of accidents and non-compliances, as well as for the implementation and completion of corrective measures;

  The company:

  - Has defined the procedures to ensure the surveillance and measurement of the safety elements connected to the activities performed;
  
  - Has established the procedures to be followed in the management of the measuring equipment used to monitor the elements connected with hygiene at work;
  
  - Uses an information system for the appropriate management of all the elements relating to the prevention and protection activities.

- **The audit program**

  Whirlpool s.r.l. has set up a program for periodical audits to be performed every three years by the Central EHS department according to a European calendar, purposely establishing a procedure for the carrying out of same (“EHS Audit Process”): The audits are aimed at verifying compliance with current regulations and the correct implementation of what these require on the part of all the members of the organisation.
The audits are performed by the central EHS department, who, at the end of the audit, compiles the relevant report, which is shared with the Legal Department and contains the results connected to the performed evaluation as well as possible applicable legal prescriptions.

On the basis of the findings of the audit and of the results included in the report, the manager of the area being audited (RSPP) defines the measures to be implemented to remove the non-compliances identified by the audit.

The effectiveness of the adopted measures is verified by the Central EHS dept at the agreed term to remedy the non-compliance or in the context of a subsequent inspection.

The Safety Management System also provides for periodical internal audits and inspections on the elements of safety, health and environment for each area and department with frequency determined on the basis of the criticality established through risk assessment or through other reports of unusual events.

The procedures for the planning and carrying out of the internal audits and inspections are described in detail in procedure W01E-010P (Non-compliance, preventive and corrective actions).

All workers are responsible for reporting Non-Compliances, which have or may have a significant impact on health and safety, to their supervisor or to the Prevention and Protection Service, as soon as they learn about it.

C.6 TASKS OF THE SUPERVISORY BOARD

The supervision tasks of the Supervisory Board regarding the compliance with and effectiveness of the System with reference to the crimes of involuntary manslaughter and serious and grievous bodily harm, perpetrated by violating the accident prevention regulations and the regulations for the protection of health and hygiene at work, are the following:

- Control of the actual implementation of the legal provisions for the protection of health and safety at work, through the correct and effective implementation of the “Manual of the Work Safety Management System” with the support and co-ordination of the RSGS and of the Legal Department.

- Verification of the constant updating of the documentation listed in the Manual for the Work Safety Management System and relevant procedures;

- Review of possible reports submitted by deputed subjects or any other employee and establishment of the investigations deemed necessary or appropriate as a consequence of the reports received;

- Verification of the implementation of the internal procedures adopted by the Company for the protection of health and safety at work.

In order to effectively perform its tasks, the Supervisory Board has free access to the annexed “Safety Manual” and to the documents/procedures quoted in it, without prejudice to the obligation to secrecy on what it may learn in relation to the working processes therein described.

It may also call at any time the employer or its delegates, as well as the RSGS and may receive, upon its request, from the company the audit reports listed in the previous paragraph.

The Supervisory Board has the power to review the minutes of the periodical meeting indicated in art. 18, Legislative Decree 81/2008 and has access to the delegation system on the matter of work safety.
The Supervisory Board reports its results on its activity of supervision and control to the Board of Directors and to the Board of Auditors in the context of the biannual report.

ATTACHMENTS:

Annexed documents:

1) Whirlpool Code of Ethics;

2) Code of Business Conduct and Conflict of Interest Policy.