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CODE OF ETHICAL CONDUCT

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To all members of De'Longhi staff

On September 12th 2003 the Board of Directors of De'Longhi SpA, also in order to implement Italian Legislative Decree 231/2001 concerning the company's liability for crimes and offences against the public administration and for corporate crimes and offences, approved the company's Code of Ethical Conduct, also with the aim of clearly defining the combination of values that the entire Group recognises, accepts, and shares.

Constant and strict observance of the Code by its Recipients is of fundamental importance for the company's proper operation and for enhancement, on a global scale, of its products' reliability and, consequently, of its reputation.

Sincerely,

Stefano Beraldo
Chief Executive Officer

1. The Company's ethical terms of reference

The company's primary objective is creation of value on a continuous basis for shareholders and other stakeholders. The ethical terms of reference necessary for achievement of this objective are:

a. full and constant compliance with current regulations in the countries where the company is active;

b. preparation and maintenance of accounting records based on the principles of clarity, transparency, timeliness, and simultaneous provision of control;

c. governance of dealings with third parties, i.e. suppliers, customers, and the public administration;

d. governance of the company's representation mechanisms, in negotiations with outside parties, so as to avoid possible conflicts of interest.

2. Recipients

The company's directors, employees and outside staff, even if temporary (jointly defined as "the Recipients" hereinafter) are under obligation to uphold and observe the principles and values specified in the present Code.

- Also under obligation to observe the Code in all work and business relations in general initiated with the company are all parties (individuals, legal entities, official organisations, etc.) other than those indicated in the previous paragraph.
- The company actively informs and makes all Recipients sensitive to the Code's content, also in future, as well as bringing it to the knowledge of third parties via publication on the site www.delonghi.com
- The company makes an effort to ensure that, in formalising relations inside and outside the company, and when necessary, appropriate contractual clauses are included referring to observance of the Code.

3. Key corporate values

1. Loyalty and consistency, both in the primary sense of loyalty to the company's values, terms of reference, and principles, and also as regards the relations linking individuals to the company and the latter to the market.
2. Constant attention to the creation and production of outstanding products, conceived and continuously innovated by means of research efforts designed to assure: consumer safety and well-being, product economy and durability, and the highest possible level of manufacturing activities' environmental compatibility.
3. Constant attention to involvement of staff members – of all categories and levels – in achievement of the company's development objectives via enhancement of their sense of responsibility and of the use of their skills.

4. General principles

1. Observance of legal requirements

The company's imperative principle is compliance with the laws and regulations in force in all countries where it is active.
This is also a binding commitment for consultants, suppliers, customers and for anyone who has dealings with the company. The latter will neither initiate nor continue any relationship with parties not intending to align themselves with this principle.
In no case does pursuit of the corporate interest justify and render acceptable conduct in contrast with legal requirements.
Employees must be aware of laws and of consequent conduct required. If doubts exist as how to proceed in conducting business, the company will inform its employees appropriately.
The company assures that appropriate training activities are performed, together with information and ongoing awareness-building, concerning the issues relating to the present Code and to its application.

2. Management and conducting of operations

Each operation and transaction must be legitimate, authorised, consistent, and congruous.
All the company's actions and operations must be adequately recorded, so as to permit verification of the decision-making/authorisation/execution process. For each item recorded, an adequate trackability support is provided in order to perform, at any time, checks ascertaining the operation's characteristics and motivations and identifying the persons that have authorised, executed, recorded, and verified the operation in question.

3. Dealings with the public administration

It is not allowed to offer money or gifts to managers, officials, or employees of the public administration or to their relations, either Italian or of other countries, unless the gifts or facilitations are of minor value.
The company considers both illegal payments directly made by Italian subjects and/or organisations or by their employees, and those made via subjects that act on behalf of the same in Italy or abroad, to be acts of corruption.
It is forbidden to offer and/or accept any object, service or valuable favour to obtain or solicit favourable treatment in relation to any dealings with the public administration.

In those countries where it is the custom to offer gifts to customers or to other parties as a sign of courtesy, such gifts must be of an appropriate type and value, must not conflict with the current legal requirements of the countries concerned, and must not – in any case – be interpretable as payment in requests for favours and/or facilitations.
When business negotiations, requests and/or dealings are underway with the public administration, the staff involved must not seek to influence the decisions of the counterpart, with the latter taken to include officials who negotiate or take decisions on the public administration's behalf.
In the specific case of bidding for a public administration tender, related activities must comply with law and with proper commercial practice.
If the company uses an organisation and/or third party in order to be represented in its dealings with the public administration, the same directives are applicable to that organisation's and/or third party's employees and/or outside staff as those valid for the company's employees.
In addition, third parties with whom collaboration might denote a possible conflict of interests cannot represent the company.
During business negotiations, requests and/or dealings with the public administration, the following actions must not be taken (either directly and/or indirectly):

- Examination and/or proposal of commercial and/or employment opportunities that might go to the personal advantage of public administration employees
- Offering and/or supply of gifts (of any type or nature)
- Solicitation and/or receipt of confidential information that might jeopardise the integrity and reputation of one or both parties.

4. Control

Any infringement (actual and/or potential) committed in relation to the aforesaid General Principles and to the Code's provisions is immediately notified to the relevant internal functions, identified as being:

- The Chief Executive Officer
- The Internal Audit & Corporate Governance Committee
- The Internal Auditor.

In addition, any infringement will also be notified to the Statutory Auditors' Committee.

5. Specific principles

By way of application of the aforementioned General Principles, the company's internal and external activities are based on the following specific principles:

1. Honesty and integrity in business dealings

Every relationship, both inside and outside the company, must be based on compliance with the law and on application of this Code's general principles. Relations of all types and at all levels must be conducted according to standards of transparency, correctness, honesty, integrity and fairness. Both internal and external relations avoid all discrimination by age, sex, race, nationality, personal and social conditions, and religious or political beliefs.

2. Fair competition

The company shares and intends the safeguard the value of fair competition, abstaining from conduct contrary to this principle, be they collusive, predatory and/or featuring abuse of a dominant position.
The company understands fair competition in the market as being the creation and offering of quality products and services that meet customers' needs and honour contractual commitments.

3. Correctness in situations of conflicts of interest

The Recipients avoid situations of conflict of interests with the company, pursuing the latter's objectives and interests in the performance of their tasks, whilst complying with laws and regulations.

4. Protection and enhancement of human resources

The company considers human resources to be a primary factory for achievement of its objectives, by virtue of their professional contribution, within a relationship based on loyalty, correctness, and reciprocal trust. The company protects and champions the value of human resources, fostering their professional growth, undertaking to avoid discriminations and assure equal opportunities, and also offering working conditions respectful of individual dignity, and a safe and healthy working environment, whilst observing current regulations and workers' rights.
The relationships between the various hierarchical levels (corresponding to different levels of responsibility existing within the company) must be based on loyalty, equity and correctness, as per the principles stated above.

5. Confidentiality

The company safeguards the confidentiality of information and data in its possession, acting in compliance with current relevant laws and regulations.

6. Information

Communication of information for any reason, both inside and outside the company, must take place in compliance with current laws, regulations and procedures, as well as in observance of the principles of transparency and correctness.
Information must be clear, complete and truthful, and must not be misleading, such as to enable recipients of the same to take knowledgeable decisions.

7. Environmental protection

The company's activity is based on the principle of protection of the environment and of public health, in compliance with the specific regulations applicable.

8. Protection of corporate image

Observance of ethical standards and values is considered to be a fundamental requisite for creation and maintenance of a good reputation – a factor that contributes in an all-important way to pursuit of corporate objectives and success, aiding relationships with investors, customers, suppliers, human resources, and the community in general.

In observing the Code the Recipients help to protect the company's image and good reputation.

6. Internal relations

1. Performance of tasks and execution of contracts

Recipients perform their tasks and jobs diligently, accurately, efficiently and professionally, based on compliance with the law and application of the Code's general[1] principles.

All company activities must be recorded and have adequate documentary support complying with the law and regulations, such as to permit verification of the decision-making/authorisation/execution process, as well as trackability of individual actions and/or phases in the operating cycle.

2. Conflict of interest

If a Recipient finds himself/herself, either directly or indirectly[2], in a situation of conflict, even if only potential, with the company's interests, he/she is under obligation to inform his/her direct line superior and/or functional superior, to whom responsibility is delegated for assessing – either alone or with involvement of the relevant bodies and/or those identified by internal[3] regulations - whether a situation of effective conflict actually exists and for taking appropriate measures.

3. Confidentiality and information[4]

Recipients are called upon to comply with the general principle of confidentiality stated earlier, assuring, in general, the utmost confidentiality on news and information concerning corporate assets or relating to the activities or those of third parties with whom the company has dealings.

In particular, each Recipient is under obligation not to use confidential information for purposes not connected with performance of his/her tasks and job. All this includes meeting the obligations of confidentiality envisaged in the Italian law protecting privacy[5].

In relation to the items defined earlier, it is also pointed out that criminal sanctions are envisaged for anyone who:

- Finding himself/herself in possession of "privileged information"[6] concerning equity interests in a company, or in the exercise of a function, profession or assignment:

a) Buys, sells, or executes other transactions, also via interposed persons, in financial instruments using the said information

b) Without any justified reason, discloses information, or advises others on the basis of such information, to undertake any of the transactions indicated above

- Discloses false, exaggerated or biased information, or sets up simulated transactions or other devices capable of causing a tangible change in the price of financial instruments or the semblance of an active market in the same[7].

4. Corporate assets

Each Recipient is under obligation to protect and make diligent use of the company assets and equipment made available to him/her for performance of his/her tasks and job, avoiding improper use liable to damage them or reduce their efficiency, and not using the same for personal purposes. As specifically concerns information technology systems (hardware/software) and telecommunications system (telephone/fax/Internet connections, etc.), utilisation must take place respecting the security procedures and rules/regulations in force in the company.

NOTES:

1- Specific reference is made to Articles 2104 (worker diligence) and 2105 (obligation of loyalty) of the Italian Civil Code.
Art. 2104 Italian Civil Code: "The worker must apply the diligence required by the nature of the work, by the corporate interest, or by the higher interest of national production. He/she must also observe the instructions for execution and for regulation of the work given by the entrepreneur or by the latter's staff members to whom he/she hierarchically reports".
Art. 2105 Italian Civil Code: "The worker must not handle business matters, on his/her own account or on that of third parties, in competition with the entrepreneur, nor must he/she disclose information concerning the company's organisation and production methods, or make use of the same in such a way as to harm the company".

2- Also by virtue of interests held/owned by close relations

3- In particular, as regards the so-called "Transactions with Related Parties", reference is made to the specific company procedure existing for such matters.

4- Specific reference is made the company procedure concerning "Price-Sensitive Information" and "Internal Dealing".

5- Italian Law no. 675/1996

6- Art. 180 of Italian Legislative Decree 58/1998 (abuse of privileged information). Specifically: "Privileged information means specific information with a definite content, not available to the public, concerning financial instruments or issuers of financial instruments, that – if made public – would be capable of tangibly influencing the price of such instruments."

7- Art. 181 of Italian Legislative Decree 58/1998 (insider trading in financial instruments).

7. External relations

1. Relationships with customers and suppliers

Dealings with customers and suppliers must be conducted observing the law and applying the General Principles of this Code.
More specifically, customer relations must be based on correctness, courtesy, and willingness. In relations with suppliers, selection processes must be based on objective competitive comparison (in terms of quality, price, guarantees of execution, and technical assistance), avoiding any form of favouritism or discrimination.
All activities concerning the contractual relationship with customers and the start and management of supplier relationships must be documented and traceable.

2. Dealings with the public administration and institutions

In dealings with the public administration and institutions, be they national or foreign, Recipients must act according to current laws and regulations, in a correct and loyal manner, without in any way[8] influencing the counterpart's decision in order to obtain favourable treatment.
All activities in dealings with the public administration and institutions, be they national or foreign, must be documented and traceable.

3. Gifts, presents and benefits

Recipients are not allowed (either directly or via third parties) to offer to or receive from anyone any form of gift[9] that might even only be simply interpreted as exceeding normal commercial practices or courtesy, or be taken to aim to achieve favourable treatment in management of any activity capable of being connected with the company.
More specifically, any form of gift to public officials – be they Italian or foreign – or to their immediate family and to their relations, is forbidden.
In those countries where it is the custom to offer gifts to customers or to other parties as a sign of courtesy, such gifts must be of an appropriate type and value, must not conflict with the current legal requirements of the countries concerned, and must not – in any case – be interpretable as payment in requests for favours and/or facilitations.
If a Recipient receives offers of and/or requests for gifts and benefits – saving customary commercial gifts or of minor value - he/she is under obligation to immediately inform his/her direct line superior and/or functional superior, to whom responsibility is delegated for assessing – either alone or with involvement of the relevant bodies and/or those identified by internal regulations – the directives and parameters to be adopted for management of the "case", as well as the effective existence of a risk of departing from legal requirements, together with adoption of appropriate measures.

4. Contributions and sponsorships

Any contributions or sponsorships undertaken by the company vis-à-vis third parties and to non-profit entities and/or associations must be made within the limits and in compliance with the dictates of the law and must be the subject of a specific periodical report to the Board of Directors. The power to allocate such sums pertains to the Chief Executive Officer or to the General Manager up to the maximum amount of EUR 5,000 and to the Chairman of the Board of Directors for amounts exceeding this figure and up to the threshold of EUR 50,000. Any other higher sum must be approved by the Board of Directors.

8. Sanctions

- Observation of the rules contained in the present Code must be considered to be an essential part of company employees' contractual obligations pursuant to and by virtue of Article 2014 of the Italian Civil Code. Infringement of the Code's rules will constitute non-performance of the employment relationship's primary obligations or a disciplinary offence, as per the procedures envisaged in Article 7 of the Italian Workers' Statute [Statuto dei Lavoratori], with all and any legal consequences, also as regards preservation of the employment relationship, and will lead to payment of damages caused by the infringement.
- Observation of the rules in the present Code must be considered to be an essential part of the contractual obligations taken on by the company's outside staff members and/or by parties having business dealings with the company. Infringement of the Code's rules will constitute non-performance of contractual obligations, with all any legal consequences, also as regards termination of the contract and/or assignment, and will lead to payment of damages caused by the infringement.

All the above is apart from any initiation of criminal proceedings in cases when a criminal offence is alleged to have been committed.

NOTE:

8- By way of example, via gifts, offers of work, and use of confidential information that might jeopardise the parties' integrity or reputation, etc.

9- For example: money, goods, services or valuable favours, etc.