Contents

3 Glossary

7 Introduction

8 Part One – Corporate governance system

  8 1. General principles
  10 2. Disclosure pursuant to art. 123-bis, TUIF – Report on the corporate governance and ownership structure
  14 3. New developments in 2011
  14 4. Plans for 2012
  15 5. Company organisation, management systems and chain of responsibility

16 Part Two – Implementation of the provisions of the Code

  16 1. Board of directors
      16 1.1 Role and composition
      20 1.2 Board of Directors’ powers
  20 2. Chairman
  21 3. Chief Executive Officer
  22 4. Human Resources and Remuneration Committee

  22 5. Appointment of directors and remuneration of directors and top management
      22 5.1 Appointment and remuneration of directors
      23 5.2 Remuneration of executive directors and top management
      23 5.3 Stock option plans for Group company employees (executives and middle managers)
      23 5.4 General policy for remuneration of executive directors or directors with special posts and executives with strategic responsibilities

  23 6. Internal Control System
      23 6.1 Introduction
      25 6.2 Internal audit function and internal audit manager
26  7. Internal Control Committee

27  8. Related party transactions

28  9. Treatment of Price-sensitive Information

29  10. Relations with shareholders
29    10.1 Head of Investor Relations
30    10.2 Website
30    10.3 Shareholders’ Meetings and rules

30  11. Statutory Audit Committee

33  12. Honorary Chairman

33  13. Organisational Model and Code of Conduct

35  14. Independent auditors

35  15. Officer charged with drafting the Company’s accounting and corporate documents

37  Annex

37  Annex 1 – Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process pursuant to art. 123-bis, clause 2, b), TUIF

44  Annex 2 – Career profiles of directors and lists of top management posts held in other listed companies, banks, insurance and finance companies and other large organizations

50  Annex 3 – Structure of the Board of Directors and of the Committees of Indesit Company S.p.A.

51  Annex 4 – Curriculum vitae of the members of the board of Statutory Auditors of Indesit Company S.p.A.

52  Annex 5 – Structure of the board of Statutory Auditors of Indesit Company S.p.A.

53  Annex 6 – Report on the remuneration of Indesit Company S.p.A. executives with strategic responsibilities drawn up pursuant to art. 123-ter, TUIF, and art. 84-quarter, IR
Glossary

- **“AFC”**: IndesitCo’s Administration, Finance and Control department;
- **“art. 150, TUIF Procedure”**: procedure for fulfilling the obligations indicated in art. 150, clause 1, TUIF, regarding notices to the Statutory Audit committee, adopted by the Board on 20/3/2003;
- **“Board”**: IndesitCo’s board of directors;
- **“By-laws”**: IndesitCo’s by-laws;
- **“c.c.”**: Italian Civil Code;
- **“CEO”**: IndesitCo’s chief executive officer;
- **“CCNLD”**: national collective employment contract for managers in industrial companies;
- **“Chairman”**: IndesitCo’s chairman;
- **“Code”**: the “Corporate Governance Code for Listed Companies” adopted by the Corporate Governance Committee of Borsa Italiana S.p.A., March 2006;
- **“Code of Conduct”**: IndesitCo’s Code of Conduct, also applying to its subsidiaries, approved by the Board on 25/3/2010;
- **“CSR”**: Corporate Social Responsibility;
- **“Disclosures Procedure”**: procedure for disclosures to the market, adopted by the Board on 14/3/2001;
- **“DALS”**: IndesitCo’s legal and corporate affairs department;
- **“DP”**: officer charged with preparing IndesitCo’s accounting documents and financial report;
- **“External Communication”**: IndesitCo’s External Communication and Press Office function;
• **“Financial Statements“**: IndesitCo’s draft separate financial statements, consolidated financial statements and Annual report at 31 December 2011;

• **“GAP“**: Group Administrative Processes function, within the AFC, providing management and application of rules and procedures to ensure compliance with investor protection legislation;

• **“Group“**: IndesitCo and its direct and indirect subsidiaries;

• **“HRRC“**: IndesitCo’s Human Resources and Remuneration Committee;

• **“ICC“**: IndesitCo’s Internal Control Committee;

• **“ICS“**: the Group’s internal control system;

• **“IndesitCo“ or “Company“**: Indesit Company S.p.A.;

• **“Investor Protection law“**: law 262 (28 December 2005), “provisions for the safeguarding of investors and disciplining of financial markets,” as subsequently amended and integrated;

• **“Issuers’ Regulations“ or “IR“**: rules implementing the TUIF, adopted by Consob under resolution 11971 (14 May 1999) and subsequent amendments;

• **“L-TRI Plan“**: long-term incentive and retention plan for certain Group executives;

• **“Manual“**: the “Accounting Standards Manual” adopted by the Group;

• **“Model“**: IndesitCo’s organisation, management and control model, approved by the Board on 25/3/2010;

• **“MTP“**: the Group’s medium-term strategic plans;

• **“NIS“**: Network Information System operated by Borsa Italiana SpA;
• “Notices Procedure”: procedure pursuant to art. 152-octies, clause 8, IR, adopted by the Board on 23/3/2006;

• “OdV”: IndesitCo’s Supervision Body pursuant to D.Lgs 231/2001;

• “Price-sensitive information”: any information (a) of a precise nature, (b) that has not been made public, (c) directly concerning IndesitCo or the Group or financial instruments issued by IndesitCo, and (d) that if made public, could appreciably affect the prices of financial instruments issued by IndesitCo. Information is deemed of a precise nature if:
  i) it refers to a set of existing circumstances or circumstances that may be reasonably expected by occur;
  ii) it is sufficiently specific to enable conclusions to be drawn on the possible effect of the set of circumstances or the event in i) above on the prices of the financial instruments;
  iii) it is not available to 3rd parties in any case.

• “Register”: register of people with access to Price-sensitive Information kept at IndesitCo and set up with a procedure adopted by the Board on 23/3/2006 pursuant to art. 115-bis, TUIF, and relative regulations;

• “Remuneration Report”: report on the remuneration of IndesitCo executives with strategic responsibility drawn up pursuant to art. 123-ter TUIF and art. 84-quater IR, attached to his report u under section 6);

• “Report”: this report on the corporate governance and ownership structure;

• “RC”: the HRRC restricted to the Committee’s independent director members and the Chairman of the Statutory Auditors or other Standing Auditor;

• “RPT”: Related Party Transaction as defined in the RPT Regulation;

• “RPT Committee”: the board of directors’ committee, comprising three independent directors, set up to carry out the activities required by the RPT Procedure;

• “RPT Procedure”: procedure for carrying out RPTs, drawn up in accordance with the RPT Regulation and adopted by the Board on 29/10/2010;

• “RPT Regulation”: Consob regulation 17221, dated 12/3/2010, on RPTs, as modified by Consob under Resolution 17389, 23/6/2010, and subsequent amendments, additions and interpretations;
• “SDC”: IndesitCo’s Strategic Development Committee;

• “Shareholders’ Meeting”: a meeting of IndesitCo shareholders;

• “SHRD”: law decree 27/2010 and other provisions of law and regulations governing the exercise of certain rights of shareholders of listed companies; assimilates Directive 2007/36/CE (Shareholders’ Rights Directive);

• “SP”: IndesitCo’s Supervision Body;

• “Statutory Auditors”: IndesitCo’s Statutory Audit Committee;

• “Subsidiary”: any company controlled by IndesitCo, including indirect companies, pursuant to art. 2359 Italian civil code;

• “TUIF”: law decree 58 (24 February 1998) “Consolidated act concerning financial broking for the intents and purposes of art. 8 and 21, law 52, 6 February 1996”, and subsequent amendments and additions;

• “Transactions Procedure”: procedure for carrying out significant transactions and related party transactions, adopted by the Board on 20/3/2003;

Introduction

The Group headed by IndesitCo, founded in 1975 and listed on the Milan stock exchange since 1987, is one of Europe’s leading manufacturers and distributors of large home appliances (washing machines, washer-dryers, dishwashers, fridges, freezers, cookers, hoods, ovens and hobs). It is the undisputed leader in major markets such as Italy, the UK and Russia. The Group’s turnover was around €2.8 billion in 2011. To date, the Group has 14 production facilities (in Italy, Poland, the UK, Russia and Turkey) and around 16,100 employees. The Group’s main brands are Indesit, Hotpoint and Scholtès.

* * *

This Report\(^1\) was approved by the Board meeting on 21/3/2011. Its purpose is to provide a full description of the corporate governance model adopted by the Company at the date of its publication. To this end the Report is in two parts:
1) the first is a brief disclosure of the governance system;
2) the second is an analytical comparison between the model of governance actually adopted by the Company and the provisions of the Code.

IndesitCo’s corporate governance system is substantially in line with the principles set forth in the Code. The second part of the Report illustrates current compliance with the provisions of the Code (which represents best practice in Italy in this matter) and also explains the reasons for the departures (only a limited number) therefrom.

Annex 1 sets forth the main characteristics of the existing risk management and internal control systems in relation to the financial reporting process, pursuant to art. 123-bis, clause 2, TUIF.

Certain words starting with a capital letter have the meanings attributed to them in the Glossary.

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\(^1\) Drawn up in accordance with Borsa Italiana guidelines issued in February 2003, and the “Guide to compiling corporate governance reports” published in February 2004 by Assonime and Emittenti Titoli S.p.A. integrated with the information required by art. 123-bis, TUIF. In drafting the Report, the Company also took into consideration Borsa Italiana’s “Format for corporate governance reporting” and recent legislation on the remuneration of executives with strategic responsibilities.
Part One – Corporate governance system

1. General principles

As stated, the corporate governance system adopted by IndesitCo conforms for the most part with the principles of the Code, in the conviction that said principles are essential to successful implementation of the following corporate governance policy objectives:

- clear definition of roles, responsibilities and degrees of importance of business operations;
- maximization of value for shareholders and other stakeholders;
- improved safeguarding of stakeholders and boosting of their trust;
- improve the ICS;
- guaranteed transparency in financial communication for the market.

In many areas of corporate governance, the model developed by the Company and used across all the Subsidiaries reflects some of the most stringent standards and international best practice. For example:

- the majority of the Board are independent directors pursuant to the Code;
- the Company is not subject to “direction and co-ordination” (as defined in art. 2497 and subs. c.c.) by any other company;
- there is a clear segregation of powers between the Chairman and the CEO.

Further, on the subject of internal dealing and the Remuneration Committee, the Company has voluntarily gone beyond the provisions of the Code and Italian law by adopting a procedure (not required by law) subjecting the Group’s directors, Statutory Auditors and top managers to blocking periods and window periods regulating transactions involving the financial instruments issued by the Company. The HRRC also has tasks and functions that are considerably more onerous than those provided for it in the Code for the Remuneration Committee (eg. monitoring the state of the organisation and the management’s development plans).

IndesitCo’s key corporate governance documents are:

- its By-laws;
- the rules disciplining Shareholders’ Meetings;
- the Disclosures Procedure;
- the RPT Procedure;
- the Procedure pursuant to art. 150 TUIF;
- the Code of Conduct;
- the Notices Procedure;
- the Procedure for setting up and keeping the Register.
- the Remuneration Procedure.

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2. This judgement is based on a number of concordant elements. For example, reasons why the Company may assert that Fineldo S.p.A. (“Fineldo”), the company that in fact controls IndesitCo, does not carry our direction or co-ordination of the Company include the following: Fineldo i) it is in no way involved in the definition of the Company’s strategic 3-year plans or annual budgets, ii) it does not take part in decision making on the Company’s strategic operations, iii) it is not involved in the definition of the Company’s contractual or remuneration policies, iv) none of the Company’s business functions are centralized at Fineldo or vice versa.

3. Periods during which they are not allowed to carry out operations involving Company stock.

4. The only periods in which it is advisable to carry out operations involving Company stock.
In the definition of the corporate governance system until the date of this Report, IndesitCo was not affected by regulatory requirements in other countries where the Group operates.

So that the market can look at the Company’s corporate governance system in detail, the above listed documents are available (in Italian and English) on the Website (Company → Corporate Governance).
2. Disclosure pursuant to art. 123–bis, TUIF – Report on the corporate governance and ownership structure

Clause 1  

a) Share capital

At 31 December 2011, IndesitCo’s share capital subscribed and paid in amounted to €102,759,269.40 divided into 114,176,966 shares of par value €0.90 each of which:

<table>
<thead>
<tr>
<th>No. shares</th>
<th>%</th>
<th>Listed on</th>
<th>Rights and obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares 5</td>
<td>113,665,684</td>
<td>99.55</td>
<td>Borsa Italiana S.p.A. telematic market</td>
</tr>
<tr>
<td>Non convertible savings shares</td>
<td>511,282</td>
<td>0.45</td>
<td>Borsa Italiana S.p.A. telematic market</td>
</tr>
</tbody>
</table>

As a result of two share capital increases serving a stock option plan (as detailed in section 7, part I, Remuneration Report), the approved share capital is €105,672,569.40, divided into 117,413,966 shares of par value €0.90 each, of which 116,902,684 ordinary and 511,282 non-convertible savings.

b) Restrictions on transfer of securities

There are no statutory restrictions on the transfer of securities.

5. Under the stock option plan for Group executives and middle managers, there are €252,000 exercisable stock options, as of today, entitling beneficiaries to receive said number of ordinary shares, thereby causing an increase in the share capital. The Report shall in any case state the share capital as of 31/12/2011.
c) Significant shareholdings

On the basis of disclosures made pursuant to art. 120 TUIF, as integrated by information lodged prior to Shareholders’ Meetings 6, the following are significant shareholdings as of the date of the Report:

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of ownership</th>
<th>Number ordinary shares</th>
<th>% ordinary</th>
<th>% voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vittorio Merloni</td>
<td>Direct</td>
<td>1,338,300</td>
<td>1.177</td>
<td>1.304</td>
</tr>
<tr>
<td></td>
<td>Indirect through Fineldo S.p.A.</td>
<td>47,081,585</td>
<td>41.421</td>
<td>45.877</td>
</tr>
<tr>
<td></td>
<td>Indirect through Franca Carloni (spouse)</td>
<td>254,840</td>
<td>0.224</td>
<td>0.248</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>48,674,725</td>
<td>42.823</td>
<td>47.429</td>
</tr>
<tr>
<td>Ester Merloni</td>
<td>Direct</td>
<td>5,042,400</td>
<td>4.436</td>
<td>4.913</td>
</tr>
<tr>
<td></td>
<td>Indirect through Fines S.p.A.</td>
<td>7,415,190</td>
<td>6.524</td>
<td>7.225</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>12,457,590</td>
<td>10.960</td>
<td>12.139</td>
</tr>
<tr>
<td>Maria Cecilia Lazzarini</td>
<td>Direct</td>
<td>1,653,000</td>
<td>1.454</td>
<td>1.611</td>
</tr>
<tr>
<td></td>
<td>Life interest in Claudia Merloni shares *</td>
<td>1,492,346</td>
<td>1.313</td>
<td>1.454</td>
</tr>
<tr>
<td></td>
<td>Life interest in Maria Francesca Merloni shares</td>
<td>131,354</td>
<td>0.116</td>
<td>0.128</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,276,700</td>
<td>2.883</td>
<td>3.193</td>
</tr>
<tr>
<td>Claudia Merloni</td>
<td>Direct</td>
<td>2,294,611</td>
<td>2.019</td>
<td>2.236</td>
</tr>
<tr>
<td></td>
<td>Bare ownership – life interest to Maria Cecilia Lazzarini *</td>
<td>1,492,346</td>
<td>1.313</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,786,957</td>
<td>3.332</td>
<td>2.236</td>
</tr>
<tr>
<td>Treasury shares</td>
<td></td>
<td>11,039,750</td>
<td>9.712</td>
<td></td>
</tr>
<tr>
<td>Float</td>
<td></td>
<td>35,922,308</td>
<td>31.603</td>
<td>35.003</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>113,665,684</td>
<td>100.000</td>
<td>100.000</td>
</tr>
</tbody>
</table>

* Shares counted only once in calculating Total and Total percentage.

d) Securities carrying special rights of control

No securities carrying special rights of control have been issued.

e) Employee shareholders: procedure for exercising voting rights

None.

f) Restrictions on voting rights

None.

6. Updates may be seen on the website.
g) Agreements between shareholders, pursuant to art. 122 TUIF

None.

h) Change of control clauses

Within the sphere of normal business, the Company and its Subsidiaries are party to agreements with suppliers and financial and commercial partners which, as is customary in international contracts, include clauses entitling the parties to terminate or modify such agreements in the event of direct and/or indirect changes in the control of one of the parties.

It should be noted, among other things, that the following have clauses obliging the Company in the case of a change in the majority shareholder of IndesitCo or its Subsidiaries to notify the counterparties, and entitling the latter to terminate or withdraw from the agreements:

- the US$330 million bond loan contracted in September 2004 on the American market by the subsidiary Indesit Company Luxembourg S.A., secured by IndesitCo;
- the €400 million multi-currency revolving loan agreed in July 2011 by a number of Group companies, secured by IndesitCo; and
- the securitisation programme concluded in May 2010 by IndesitCo and the subsidiary Indesit Company France S.a.s., involving an overall amount of asset backed securities placed with 3rd party investors of €100.4 million;
- the €75 million loan agreement signed in December 2010 by IndesitCo and Indesit Company Luxembourg S.A. as co-borrowers and the European Investment Bank;
- ISDA framework agreements regulating transactions involving derivative instruments.

i) Directors’ indemnity in the event of resignation, dismissal not for just cause or termination of relationship following a takeover bid

See the Remuneration Report (section 9 of the first part).

l) Appointment and replacement of directors and modifications to the By-laws

The Board7 is appointed on the basis of lists submitted by shareholders who together represent at least the legal percentage (2.5% as per Consob Resolution 18083 25/01/2012 on the minimum percentage shareholdings for submission of lists of candidates for election to offices of administration and control whose financial year closed on 31/12/2011). Lists must be filed with the Company’s registered office at least twenty-five days before the date fixed for the 1st call Shareholders’ Meeting.

Documents adequately illustrating candidates’ professional and moral standing must be filed, among the others, along with each list.

All shareholders that present a list, on their own account or with others, must provide a declaration stating under their own responsibility that they are in not related8, even indirectly, in any of the ways

7. This section illustrates the appointment of directors in light of the SHRD and the consequent modifications to the By-laws approved by the Company.
8. As defined in art. 14 of the By-laws and art.144-quinquies IR.
indicated in art. 147-ter, clause 3 TUIF, and art. 144–quinquies IR, with shareholders that individually or jointly hold a controlling interest or relative majority.

Directors are appointed as follows:

i) one director is taken from the list obtaining the most votes after the list indicated in ii) hereunder;

ii) the other directors are taken from the list obtaining the most votes, in the progressive order in which they appear in such list.

The chair of the Board goes to the first candidate in the list in ii) above. Regarding the method described above, lists that do not obtain a minimum percentage of votes of half the percentage required for submitting lists are not taken into consideration.

If during the year one or more directors relinquish office, the others replace them as required by law by appointing the first name in progressive order amongst the non-elected names in the list from which the outgoing director was taken, provided he/she is still eligible. If the outgoing director is independent for the purposes of art. 148, clause 3 TUIF, the procedure is the same as above provided there is still the minimum number of directors with independence requisites on the Board, otherwise, the first amongst the non-elected names with said requisites is appointed.

Election of directors appointed as per art. 2386 c.c. is voted by the Shareholders’ Meeting, with the legal majority, thus appointing replacements using the criteria in the previous paragraph. Directors appointed in this way stand down on expiry of the term of office of the other directors. For further details, see art. 14 of the By-laws.

Under art. 20 of the By-laws, the Board may adopt resolutions that modify the provisions of the By-laws and Shareholders’ Meeting rules. The Board’s power to adopt such resolutions does not affect the primary authority of the Shareholders’ Meeting, which maintains its power to resolve such matters.

The proposed amendments to the By-laws to be submitted to the Shareholders’ meeting for the approval of the financial statements include new provisions for compliance with regulations on gender equality in bodies.

**m) Mandates to increase the share capital and authorization to acquire own shares**

The Board has not been mandated to increase the share capital pursuant to art. 2443 c.c., unless for the purposes of the stock-option plan indicated under section 7, Part 1, of the Remuneration Report, nor can it issue participatory financial instruments.

The Shareholders’ Meeting called to approve the financial statements must also vote on authorisation for the Board to acquire own shares pursuant to art. 2357 and subseq. c.c. The last resolution granting such authorisation was voted on 3/5/2011 for a period of twelve months.

The number of treasury shares held at the close of the 2011 was 11,039,750, equal to 9.67% of the total subscribed and paid up share capital.

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9. For further details of the proposed resolution, see the Board’s report on the items on the agenda of the Shareholders’ Meeting published within the legal term.
a) Adoption of a code of conduct

See Introduction and Principles (Part One).

b) Description of existing risk management and internal control systems in relation to the financial reporting process (including the consolidated financial statements)

See the following sections of Part Two of the Report: 6.2 (The Internal Audit function and the Internal Control Officer), 7 (the Internal Control Committee), 9 (Treatment of Price-sensitive Information), 15 (The Officer charged with drafting the Company’s accounting and corporate documents). On the “Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process”, see Annex 1 to this Report.

c) Shareholders’ meetings procedures

See 10.3 (Shareholders’ meetings and Rules).

d) Composition and operation of administration and control bodies and their committees

See sections 1 (Board of directors), 4 (Human Resources and Remuneration Committee), 6 (Internal Control System), 7 (Internal Control Committee), 11 (Statutory Audit Committee).

3. New developments in 2011

In 2011, the Group was engaged in the following corporate governance activities:
- adjustment to new regulations on transparency in the remuneration of key management posts in the Company in view of art. 123-ter, TUIF, introduced by D.Lgs. 259/2010;
- new foreign legislation on the liability of organizations;
- updating of the Shareholders’ Meeting Rules;
- review of the powers and authority structure following organizational modifications.

4. Plans for 2012

The Company will now be engaged in the following corporate governance activities:
- adjustment to the new regulations on gender equality pursuant to law 120/2011;
- other statutory updates;
- adjustment to the new version of the Code published 5/12/2011;
- review of the Organizational Model and Code of Conduct in relation to the introduction of new predicate offences;
- possible review of the process of adjusting to the SHRD in response to subsequent regulatory changes.

There have been no significant changes to the Group’s governance system since the end of 2010.
5. Company organisation, management systems and chain of responsibility

The Company’s management and control model is “ordinary” (as required by the Italian civil code), i.e. based on a board of directors, a Statutory Audit Committee and independent auditors. These bodies are elected by the shareholders and hold office for three-year periods (except for the independent auditors which are retained for nine-years).

The substantial number of independent directors and the key roles they play both on the Board and in its committees (described hereunder) ensure effective reconciliation of interests across all the shareholders and other stakeholders, as well as a wide base for board room discussion.

The Board has set up four committees, the HRRC and the ICC, with roles and functions as per the Code, and the RPT Committee and the SDC, whose roles and functions are described in the second part of the Report.
Part Two – Implementation of the provisions of the Code

1. Board of directors

1.1 Role and composition

The Board is the central body in the Company’s governance system, being responsible for defining the strategic management policies of the Company and the Group and defining, applying and updating the rules of corporate governance in observance of current legislation.

The Board:
- reviews and approves the Company’s and the Group’s strategic, industrial and financial plans drawn up by management structure and presented by the CEO (annual budget, “MTP”, industrial plan) drawn up by the CEO;
- periodically checks the adequacy of the organisation10, administration and general accounting structures of the Company and its strategic subsidiaries11 and with special regard to the internal control system and management of conflict of interest;
- examines and approves operations defined as “significant” on the basis of the procedure disciplining such operations, with special reference to situations in which one or more directors have interests on their own account or on the account of 3rd parties and complying with the RPT Procedure (on this point, see the next section and section 8);
- supervises the conduct of business in general, with special reference to information from the executive directors and the ICC, and carries out regular reviews of actual against programmed results;
- reviews and approves the Company’s corporate governance system and the Group’s ownership structure;
- is responsible for the ICS; it defines its guidelines so that the main business risks facing the Company and the Group are being properly identified, measured, monitored and managed; it establishes criteria for assessing the compatibility of such risks with sound business management and periodically checks that the ICS is operating adequately and effectively;
- makes an assessment of the Board itself and its committees, at least once a year, in terms of size, composition and functioning and if necessary suggests a need to include given categories of professional on the Board;
- confers and revokes powers assigned to executive directors and defines the limits, procedures and frequency (usually at least quarterly) with which such directors must report to the Board on activities carried out in exercising the powers conferred on them;
- fixes the remuneration of executive directors and those of them with special tasks, as per art. 2389, clause 2, c.c., the division of the total amount of remuneration amongst the individual members of the Board and incentive and retention plans for the Group’s top management, as proposed by the HRRC and having consulted the statutory auditors;
- in view of the Investor Protection Law, makes sure that the DP has suitable powers and resources for carrying out the tasks assigned to him under the provisions of the TUIF and that administrative and accounting procedures are being properly implemented.

10. The organisational structure is also assessed in relation to the results of the annual Human Resources Review by the HRRC, on which its chairman reports to the Board. The last assessment, carried out by the HRRC on 21/1/2012, was illustrated to the Board by the HRRC chairman on 10/2/2012.
11. Meeting on 21/3/2012 to assess the adequacy of the organisational, administrative and accounting structure, the Board identified the following subsidiaries as “strategically relevant”: CJSC Indesit International, OOO Indesit Rus, Indesit Company Polka Sp.z.o.o. and Indesit Company UK Ltd.
The Board currently in office was appointed by the Shareholders’ Meeting on 29/4/2010 and has eleven directors, whose term of office expires with the Annual General Meeting to approve the financial statements as of 31/12/2012. The Board appointed two of its members as executive directors, who are invested, in accordance with the By-laws, with the powers contemplated in art. 2381, c.c.; they are: Andrea Merloni (Chairman) and Marco Milani (CEO). The remaining nine directors are non-executive, some of whom are independent as defined by both the Code and art. 148, clause 3, TUIF: Valerio Battista (independent), Francesco Caio (independent), Innocenzo Cipolletta (independent), Paolo De Cesare (independent), Mario Greco (independent), Aristide Merloni, Antonella Merloni, Maria Paola Merloni and Paolo Monferino (independent).

The current Board was appointed on the basis of a list presented by the shareholder Fineldo S.p.A., from which a total of ten directors were elected, and a list presented by the shareholder Fines S.p.A., from which one director was elected; both lists were filed within the term of 15 days prior to the 1st call Shareholders’ Meeting.

Career profiles of all the directors and a list of posts they held as of 31/12/2011 in other listed, financial, banking or insurance companies or other large concerns, are detailed in Annex 2).

Further information on the structure of the Board can be found in Annex 3).

Meeting on 26/10/2006, the Board decided that five administration or control posts in other listed companies should be the maximum considered compatible with effective performance as a company director. All the directors are currently within said limit.

A majority of the Board (six out of eleven) is made up of independent directors, who under the rules of corporate governance are so deemed because:

a) they are not directors of Subsidiaries, or of the company that controls IndesitCo or those subject to the same control as the latter;

b) they do not control the Company either directly or indirectly or through subsidiaries, fiduciaries or other intermediaries and are not able to exercise any considerable influence over it and do not participate in shareholders’ agreements through which control of or considerable influence over it may be exercised;

c) they are not, nor in the last three years have been, major exponents of the Company or of any of its strategically important Subsidiaries or of any company under common control with same or of a company or network which, also through a shareholders’ agreement, controls the Company or may exercise considerable influence over it;

d) they are not, nor in the previous three years have been, employees of any of the aforementioned subjects;

12. The By-laws require the board to be made up of at least five and no more than thirteen directors.
13. Nominated by the minority shareholder Fines S.p.A.
14. The SHRD changed the term to twenty-five days before the meeting but such new term applies to meetings whose notice of meeting was published after 31/10/2010.
15. “Major exponent” of a company or other organisation means chairman, legal representative, executive director or manager with strategic responsibilities.
e) they do not receive from the Company or any of its Subsidiaries or parent company, nor have
done in the last three years, any significant additional remuneration\textsuperscript{16} over and above their “fixed”
emoluments as non-executive directors of the Company or members of any of the Board’s internal
committees, including participation in the performance-linked incentive schemes, including stock
options;
f) they have not been Company directors for more than nine out of the last twelve years;
g) they are not executive directors in any other company in which an executive director
of the Company has a directorship;
h) they are not partners or directors in any company or organisation belonging to a network of the
company retained by the Company to audit its accounts;
i) they are not spouses or close relatives up to the 4\textsuperscript{th} degree of any person who is in any
of the circumstances indicated above;
j) they are not related to IndesitCo or the Subsidiaries or companies that control it or are subject to
the same control or to the directors or Statutory Auditors or to any of the subjects in the previous
points by employment or self-employment contracts or other financial or professional relationships
that would compromise independence;
k) they do not, and in the previous year did not, have any significant commercial, financial or
professional relationship, whether direct or indirect (eg. through subsidiaries or companies of which
they are key officers or partners in consultancies) with:
  i) IndesitCo, a Subsidiary or any of their key management personnel;
  ii) a subject who singly or with others through shareholders’ agreements controls IndesitCo, or —
in the case of companies or other organisations — with their key management personnel;
  iii) and are not, and in the last three years have not been, employees of any of the aforesaid
subjects.

Such requisites of independence in 2011 were reviewed by the Board meeting on 22/3/2011. The
assessments were made on the basis of documentation provided by the independent directors
themselves.

In 2011 there were six meetings. Attendance by directors was regular\textsuperscript{17}. At least six meetings have
been scheduled for 2012\textsuperscript{18}. Board meetings (each lasting around three hours) are planned on the basis
of a calendar approved at the end of the previous year, to facilitate maximum participation of directors
and Statutory Auditors\textsuperscript{19}.

Directors and Statutory Auditors are provided with documentation and information in advance of
board meetings so that they have enough time to review the matters requiring their analysis and
approval. Major operations are usually dealt with in more than one board meeting.

\textsuperscript{16} The Board has defined as “significant” remuneration in addition to fixed emoluments any amount in excess of a) three times
total annual remuneration (including fees for attending committee meetings) or b) €200,000 a year. In the case of stock
option plans, the date of allocation of the options is taken into consideration, if exercised, for the purpose of evaluating the
three-year period.
\textsuperscript{17} Overall attendance at meetings of the previous and current Boards was 90.9%. Attendance by independent directors was
86.1%.
\textsuperscript{18} Two have been held as of the date of this Report.
\textsuperscript{19} The dates of meetings called to approve quarterly results are also posted on the website.
On 24/11/2011, the independent directors held their annual meeting, in which they discussed matters deemed of relevance to the working of the Board and management of the Company, and in particular the advisability of assessing the performance of the Board by means of self-assessment tests. The independent directors also decided not to appoint a lead independent director, since they agreed that (a) they are involved in the workings of the Company in a very active and proactive way and also participate in various of the Board’s internal committees, and (b) all the independent directors, partly by virtue of their limited number, have sufficient direct working relationships with the executive directors and the top management and need no further liaison.

Meeting on 27/10/2011, the Board decided to carry out a self-assessment of its activities and charged the chairman of the Statutory Auditors to collect the relevant forms and communicate the results on an aggregate and anonymous basis.

The results of the self-assessment were illustrated at the meeting on 21/3/2012 and showed, in line with the Company’s commitment to excellence in corporate governance, the correctness, diligence and degree of participation by directors in Board decisions, i.e., elements of governance which are often lacking and may turn a board into a mere tool of ratification of decisions made by executive directors and/or the majority shareholder. Such activity also enabled the Board to hear some practical suggestions on how to optimise the effectiveness of its operation.

The results of the self-assessment endorsed the positive judgement that all the directors, and especially the independent ones, expressed on the structure and workings of the Board, above all in connection with the role and impact of the independent directors in both board and internal committee meetings and with the promptness and precision of market disclosures.

At the meeting on 21/3/2012, the Board also reviewed the Group’s organisational, administrative and general accounting structures. The Board judged the Group’s structure to be adequate for achieving the objectives it has set itself. In carrying out such analysis the Board was supported by the ICC, the HRRC, the Statutory Auditor Committee and other relevant Group functions.

As required in the “art. 150, TUIF Procedure”, the CEO reports on a quarterly basis to the Board and the statutory auditors on the exercising of powers, providing sufficient information on operations and in particular on any transactions carried out in the exercise of such powers that are atypical or unusual.

Lastly, the Board reports to Shareholders Meetings via the Chairman.

In its meeting on 29/10/2010, the Board decided, to set up a new internal committee, the SDC, to provide the Board with consulting and proposals regarding development options in the Group’s strategic scenarios. Said Committee is formed by the Chairman, the CEO and independent directors Paolo Monferino and Francesco Caio.

20. Assessment of boards of directors has become a consolidated element of corporate governance in the United States, partly as a result of the reaction to the financial scandals that led to the Sarbanes-Oxley Act. The practice is promoted in Italy by the Code.
In the same meeting, the Board also appointed an RPT Committee and assigned it the tasks provided for in the RPT Procedure (approved at the same meeting). 21.

The Board has not, to date, adopted any executive directors succession plan.

1.2 Board of Directors’ powers

In addition to the responsibilities attributed exclusively to it under art. 2381, c.c., and the By-laws, the Board reserved the following powers within its exclusive reserve:

• acquisition, sale or other operations that in any way affect the availability of investments included under non-current financial fixed assets or of companies or company divisions, properties and/or other assets/investments stated under non-current assets where the value of a single operation is over €25 million;
• application to banks and insurance companies to underwrite in the name of the Company personal guarantee and/or collateral in favour of 3rd parties for periods of over 18 months and in excess of €50 million;
• underwriting/issue in the name of the Company of personal guarantee and/or collateral in favour of 3rd parties for periods of over 18 months and in excess of €50 million if the country risk is higher than EU level;
• contracting loans (in whatever form) for periods of over 18 months in excess of €50 million;
• disbursement of gratuitous grants to initiatives of a cultural, artistic, social or humanitarian nature of over €50,000 per contribution.

The powers provided for by the RPT Procedure are also the reserved to the Board.

2. Chairman

The Chairman is the legal representative of the Company and represent it in its relationships with institutions and the media. He promotes the Company’s corporate image and makes sure that programmes under implementation are adequate. External communication, CSR and Internal audit function report to the Chairman.

He draws up the agenda for board meetings, which he calls and chairs, and makes sure that directors are informed in advance of the items on the agenda and reviews and approves all the documentation to be sent to participants. Further, the Chairman:

• defines, together with the CEO, Group strategies to put before the Board and approves the CEO’s operating plans, being constantly updated by periodical meetings with top management on the Company’s business performance and the moral and motivation of employees (also through meetings in Company plants);
• participates in the selection of new personnel for posts reporting directly to the CEO;
• is consulted by the CEO ahead of any creation, modification or elimination of organisational posts reporting directly to the CEO;
• shapes the long-term strategies within which MTPs are developed by the CEO and management team;

21. See section 8.
ensures that the Group operates in compliance with the law and relevant ethical and moral standards and is run on sound principles of conservative accounting/administration; he is assisted in this respect by the internal audit function on his staff;
ensures that directors participate in initiatives designed to deepen their knowledge of the Company and its business, including relevant legislation, so that they can fulfil their tasks more effectively.

Lastly, the Chairman is the executive director in charge of overseeing the operation of the ICS. In this role, the Chairman:
• sees that the main business risks in relation to the characteristics of the business carried on by the Company and the Group are identified and periodically reports to the Board on same;
• orders implementation of the guidelines defined by the Board and oversees the design, implementation and management of the ICS, and constantly monitors its overall adequacy, effectiveness and efficiency;
• provides for the modification of such system in response to changing operating conditions and new legislation and regulations;
• submits proposals to the Board for the appointment, revocation and remuneration of one or more internal control officers.

Meeting on 29/4/2010, the Board invested in the Chairman certain powers (under sole signature or jointly with the CEO) relevant to the corporate and strategic responsibilities associated with his role.

The Chairman is empowered on an exclusive basis to make disbursements of gratuitous grants to initiatives of a cultural, artistic, social or humanitarian nature of up to €50,000 per contribution/year.

The Chairman is also invested with powers of management and administration in order to act as a back-up to the CEO and prevent a management “vacuum” should the CEO be unable to fulfil his duties.

3. Chief Executive Officer

The CEO is responsible for the operating management of the Company. The Board has invested in the CEO all the powers needed for direction and administration of the Company except those reserved exclusively for the Chairman or the Board. In particular, the CEO, personally or through internal managers delegated for the purpose:
• proposes business strategies and collaborates with the Chairman on their definition;
• participates in the detailed definition of long term vision;
• defines operating plans and takes full responsibility for the achievement of management and economic-financial objectives, taking prompt corrective action whenever performance falls below expectations;
• directs and co-ordinates all business functions, ensuring, through rapid and simple decision making processes, that they are fully efficient and compatible with Company strategies;
• ensures that the organisational, administrative and accounting structure is always adequate for the nature and size of the enterprise;
• implements the Board’s resolutions and decisions within the business organisation;
• ensures that the Company is managed efficiently and transparently and works with the Chairman to define action plans for the Internal Audit function;
• ensures that the Company is managed on sound accounting principles and that robust control and monitoring systems are in place;
• ensures compliance with the law on treatment of personal data (law decree 196/2003 and subsequent amendments and integrations);
• ensures compliance with the law on product safety;
• ensures compliance with environmental and workplace safety legislation;
• ensures maximum protection of the Company’s human and economic assets;
• updates the Chairman on business performance and operations in progress;
• he also has all the operating powers (except those strictly reserved for the Board), which he exercises under sole signature except for those of strategic importance requiring joint signature with the Chairman.

In his capacity as the director charged with drawing up the Company’s accounting and legal documents, the CEO certifies, along with the DP, the adequacy and effective application of the procedures provided for in the TUIF and the Investor Protection law and the correspondence of such documents with the accounting records and their capacity to provide a true and fair view of the Group’s financial position, results of the operations and cash flow situation.

4. Human Resources and Remuneration Committee

See the Remuneration report (section 5, Part 1).

5. Appointment of directors and remuneration of directors and top management

5.1 Appointment and remuneration of directors

In compliance with the Investor Protection Law, the Shareholders’ Meeting wrote into the By-laws (art. 14) a provision for list voting of directors and the obligatory filing of lists twenty-five days before the Meeting 22.

The Company does not have an Appointments Committee because the shareholders have never had any difficulty in producing lists of candidates independently. Also regarding lists submitted for appointments to the Board for the 2010-2012 three-year period, prior selection of candidates by the majority shareholder and minority shareholder ensured that candidates had the requisites of expertise and professionalism for the post.

If the Meeting authorises a departure from the prohibition against competition in art. 2390, c.c., the Board looks at the merits of each potential problem and signals any critical points at the next useful Meeting.

22. See note 14 above.
Under the By-laws regarding remuneration, directors are not only entitled to reimbursement of their documented expenses but also to fees pursuant to art. 2389, c.c.

Directors’ remuneration is high enough to attract and motivate people with the qualities and capabilities needed to run the Company successfully. The remuneration of non-executive directors is geared specifically to the work each of them does, including participation in committees, and is in no way tied to the financial results of the Company or the Group. Full details on directors’ emoluments can be found in the Remuneration Report (section 6.1, Part 1).

See Remuneration Report (section 6, Part 1).

See Remuneration Report (section 7, Part 1).

Art. 7 of the Code, as amended in 2010, provides for (1) definition by the Board upon proposals by the HRRC of a general policy for the remuneration of executive directors or directors with special posts and executives with strategic responsibilities and (2) submission to the Shareholders’ Meeting of a report illustrating such policy (issuers were invited to comply in 2011). As required in art. 123–ter, TUIF, the first part of the Remuneration Report, approved by the Board meeting on 21/3/2012, illustrates a) the Company’s policy on the remuneration of members of management and control bodies, general managers and executives with strategic responsibilities for at least the subsequent year and b) the procedures used to adopt and implement such policy. The Company decided to wait for CONSOB’s adoption (23/12/2011) of the Regulation enforcing art. 123–ter, TUIF, before adopting the remuneration policy, which is an integral part of the Remuneration Report.

6. Internal Control System

6.1 Introduction

The ICS is a set of rules, procedures and organisational structures (involving the Board, management and individual operators in the Company) designed to identify, measure, manage and monitor the main business risks to ensure sound conduct of business in line with pre-established objectives. Effective internal control thus helps to defend the Company’s assets and ensure the efficiency and effectiveness of its business operations, the reliability of its financial reporting and compliance with laws and regulations.
The ICS is in line with the Code and the most recent developments in governance and embodies the principles of the main international models. In particular, the Board is responsible for the ICS, it provides it with guidelines and periodically checks that it is working properly, also with support from the ICC.

In the Report, the Board describes the main elements of the ICS and expresses a positive judgement, thus endorsing the assessments made by the ICC and the Statutory Auditors, regarding the effectiveness of the ICS in controlling business risks and monitoring the Group’s economic and financial situation.

The ICS is based on the following three principles:

• unambiguousness and centrality, which require:
  – a clear definition of the levels at which risk management and controls work, in other words the overall scope of the ICS:
    - 1st level – defining and managing the so-called on-line controls built into operating processes to minimize risks;
    - 2nd level – overseeing the process of management and control of risks attaching to operations to ensure coherence with business objectives and applying criteria of segregation to allow for effective monitoring;
    - 3rd level – providing independent assessments of the design and operation of the ICS as a whole through systematic and professional action;
  – an integrated approach covering the various interdependent and co-ordinated aspects of the ICS which, more in general, back up the organizational and corporate governance structure;

• exhaustive and transversal risk assessment:
  this avoids the dangers of partial approaches to specific organisational fields or single legally relevant issues, thus covering significant critical situations across the whole organisation;

• assurance mechanisms: these are required to ensure continual alignment of the ICS’s design and operation with the Group’s governance and control requirements. Application of this principle presupposes independence of and separation between operating and control responsibilities, thus preventing potential conflict of interest between organisational functions and individual positions which might compromise integrated risk control.

The ICS’s main instruments, in addition to the system of assignment of powers, are the Code of Conduct, the Model, the policies, the internal procedures and various activities that verify the existence, adequacy and actual application of the administrative and accounting procedures needed to draft financial statements which the “DP” has to issue in accordance with the Investor Protection law (also definable as the “Internal control system for financial reporting”).

23. Procedural, IT, financial and comportmental controls carried out by both the subjects engaged in a given activity and those responsible for supervising it. All business functions carry out such direct controls in the management of their responsibilities.

24. This level includes the Compliance function (under DALS), GAP, the Health & Safety Dept. (set up within the Technical Dept. to ensure compliance with workplace health and safety standards in the Group), and the Environment and Quality & Process Improvement function (Quality-Environment Dept.).

25. This is done by Internal audit: a function with stringent requisites of independence and organisational autonomy.

26. Risk identification and assessment activities look at all events potentially capable of impacting on business results, such as maximization of revenues or margins, containment of costs, customer service, product quality, efficiency and promptness, and on governance objectives, such as safety, legal compliance, reliability of information, etc.

27. See section 13.


29. For a full description of the financial reporting control system, see Annex 1.
6.2 Internal audit function and internal audit manager

In line with the definition of the “Institute of Internal Auditors”, the function provides the Board, the executive director overseeing the operation of the ICS, the ICC and the Statutory Auditors with professional advice on maintenance and continual improvement of the ICS and assurance, based on checks and assessments, regarding the functionality, completeness and adequacy of the ICS.

This is 3rd level control and its operating phases may be summarized as follows:

- assessment of risks characterizing business processes and operating units (risk assessment) and identification of areas most at risk and thence definition of control priorities (annual audit plan);
- development of the audit plan, identification of critical issues and areas for improvement in 1st and 2nd level control and discussion on corrective actions with operating management;
- monitoring of timings agreed for implementation of corrective actions and their efficacy (follow-up);
- review of the results of the audit activities outlined above with the CEO and his direct reports.

The Board assigns the duties of internal control manager (as defined in the Code) to the head of the Internal Audit function Ferruccio Panicco (Chief Audit Executive), who is a member of the Chairman’s staff (also given that the Chairman is the executive director overseeing the working of the ICS) and does not therefore report to the head of any operating department.

The internal control manager reports (at least quarterly) to the Statutory Audit Committee and the ICC and to the Chairman in his capacity as executive director charged with supervising the ICS on, among other things, activities carried out, and therefore on risk management, compliance with risk management plans and assessment of the adequacy of the ICS itself.

Further, this manager:

- is charged with checking that the ICS is always adequate and fully operational;
- has direct access to all information needed to carry out the function properly;
- has the means (annual budget) and structures needed to carry out the function assigned to him/her (also in terms of numbers and professional qualifications of employees).

The board of directors appoints and fixes the remuneration of the internal control manager on the recommendation of the executive director charged with overseeing the operations of the ICS and having consulted the ICC.

In 2011, the main activities carried out by the Internal Audit function were as follows: (i) supporting the OdV in updating the Model and reviewing the Code of Conduct; (ii) supporting the AFC in testing activities related to compliance with the Investor Protection law and the issue of an independent opinion on the validity of internal controls in financial reporting processes, (iii) carrying out of checks under the 2011 audit plan, covering, among other things, operating audits in certain Italian, UK and Polish plants, a number of financial audits in the Italian, French and Portuguese markets and “business ethics audits” on certain Subsidiaries, (iv) participation in an inter-departmental project to improve the disciplining of accesses to the SAP information system for the purposes of segregation of tasks.
7. Internal Control Committee

The ICC has three members, who are non-executive directors:
• Innocenzo Cipoletta (chairman and independent director).
• Francesco Caio (independent director);
• Antonella Merloni.

The Board deems that all the members of the committee have significant experience in the fields of accounting and finance, said experience being held adequate for the roles the ICC is called upon to provide.

Through the ICS, the Board ensures that its assessments of and resolutions on the ICC, the approval of financial statements and interim reports and relationships between the Company and its external auditors are supported by adequate preparatory work.

In particular, the ICC has the following functions:
• it performs checks on the ICS in line with the strategies adopted by the Board and in this context it also proposes modifications to the system;
• it evaluates the work plan drawn up by the Internal Audit department, from which it receives periodical reports;
• it evaluates proposals from the independent auditors firm regarding their engagement, their audit plans and the results presented in their reports and any letters of recommendation;
• it monitors the efficiency of the audit system;
• together with the "DP" and independent auditors, it evaluates use of the accounting standards adopted and their consistency for the purpose of drafting the consolidated financial statements;
• during the approval stage of interim and annual financial statements, it reports to the Board on its activities and on the adequacy of the ICS.
• it formulates recommendations and opinions to submit to the Board to assist it in its decisions;
• at the request of the relevant executive director, it expresses opinions on aspects pertaining to the identification of the main business risks and the design, development and operation of the ICS;
• it periodically assesses progress in audit activities with respect to plan, thus providing constant monitoring of and guidance for such activities and collects all the information needed to assess the ICS.

The ICC’s tasks are set forth in the resolution that appoints the Committee and the Board approves an annual budget providing the Committee with the resources needed to carry out such tasks.

The ICC operates in accordance with internal rules which provide that, among other things:
• the ICC votes on an absolute majority basis, the chair of the ICC having the casting vote in ties;
• minutes of meetings are kept in an authenticated register whose confidentiality is ensured.

Invited by the chair of the ICC and in relation to the items on the agenda, Group managers and representatives of the Independent Auditors may take part in the ICC’s meetings. For the purposes of its functions, the ICC has full access to information and business functions needed for the carrying out of its tasks, to which end it may also hire external consultants within the limits of the approved annual budget. In 2011, the ICC met six times (attendance was around 72%) and its work included, among other things, reviewing the Internal Audit’s annual plan and recommending control activities. One
of the meetings was held at the commercial subsidiary in Russia, thus affording direct exchange of information with local management regarding potential risks.

Given the complementary nature of matters dealt with and the subjects invited to report to these meetings, all the meetings of the ICC in 2011 were held jointly with the Statutory Audit Committee compatibly with specific responsibilities and functions.

8. Related party transactions

Meeting on 29/10/2010, the Board, in accordance with the RPT Regulation, approved the new RPT Procedure that replaced the one adopted on a voluntary basis in line with the recommendations of the Code in 2003. The new procedure was published within the terms required by the Regulation and came into force on 1/1/2011. The Procedure:

- contains the rules on RPTs adopted by the Group to ensure the transparency and substantial and formal fairness of such RPT transactions carried out by IndesitCo, directly or through its Subsidiaries;
- defines the decision making powers, obligations to justify transactions, information flows (both preliminary and updates on actual implementation) and the transparency profiles attaching to the implementation of RPTs;
- endorses the central importance of the Board in the Group’s corporate governance system, as well as the role of the RPT Committee in ensuring that RPTs are always carried out in the interest of the Company and under economically acceptable and substantially fair terms.

The RPT Procedure makes a distinction between transactions “of greater importance” and “of lesser importance”, transactions through Subsidiaries and operations involving remunerations.

In the case of transactions of lesser importance and transactions through Subsidiaries, the RPT Procedure’s rules are stricter than those in the RPT Regulation in terms of approving RPTs. The following, in fact, must all be approved by the Board:

- financial transactions involving assets or liabilities;
- acquisitions, disposals and other transactions which in any way affect the availability of investments included in the non-current financial assets of companies or business units, real estate and/or other tangible and/or intangible assets recognised and/or which may be recognised under non-current assets, in which the value of the single transaction is over €10 million;
- application to banks and insurance companies for and the underwriting/provision by Group companies of personal guarantees or collateral and/or other forms of binding support in favour of related parties other than Group companies;
- any other transaction in general, where the value involved is more than or equal to €2 million or €10 million as an annual aggregate;
- transactions not carried out at arm’s length or that are atypical or unusual;
- RPTs on which the RPT Committee has expressed a negative opinion.

30. Before examination and approval by the Board and an opinion delivered by the ICC, the RPT Procedure was examined and unanimously approved by a committee of all the independent directors (Battista, Cipolletta and De Cesare).
The Board set up an Internal Committee of three independent directors (Paolo Monferino (chair), Valerio Battista and Paolo De Cesare) to approve, apply, monitor and modify the RPT Procedure. If an RPT involves the remuneration of an executive with strategic responsibilities, the functions of the RPT Committee are carried out by the RC.

The Statutory Audit Committee monitors the compliance of the RPT Procedure with current law and its fairness and application, reporting thereon to the Shareholders’ Meeting pursuant to art. 2429, clause 2, or art. 153, TUIF.

Details of RPTs carried out in 2011 can be found in the notes to the Financial Statements.

9. Treatment of Price-sensitive Information

Disclosure to the public domain of documents and information regarding the Company and the Group, and especially Price-sensitive Information is disciplined by the Disclosures Procedure.

The executive directors are charged with the task of making sure that such information on the Company and Subsidiaries is complete, accurate, clear and transparent and communicated in a timely manner, on an ongoing basis and as widely as possible. Communication of such information to the outside world is organized by External Communication in the manner indicated in the procedure itself.

External Communication is in continual liaison with AFC and DALS to i) ascertain whether a given piece of information is price sensitive for the intents and purposes of current law or if it in any case makes the disclosure of facts or news necessary, and if it is, ii) prepare a press release.

The texts of press releases are drafted on the basis of press release formats approved by Borsa Italiana S.p.A.. Approved communications are then released onto the NIS circuit and published on the Website in the manner required by current legislation.

The procedure authorizes the Chairman and CEO to make public the following:
• information on quantitative forecasts and targets relating to business performance;
• provisional accounting figures and preliminary results for the period to be presented in the Group’s separate and consolidated financial statements and interim and quarterly financial reports as soon as such data is sufficiently certain and thus even before approval by the Board if no board meeting has been planned for the date the figures are to be disclosed.

In such cases, the Chairman or CEO will give the directors and Statutory Auditors prior notice of the contents of said disclosures as and when they deem fit (except in cases where there are particular reasons for prompt disclosure to the market and/or there is a risk of a leak).

31. Said procedure assimilates the principles set forth in “Guida per l’informazione al Mercato” (Guidelines for disclosing information to the market), published by Borsa Italiana S.p.A. in June 2002 and the legal and regulatory modifications introduced under market abuse legislation and may be consulted on the Website.
Directors and department managers and all other persons with material access to news and documents concerning the Company in the course of their duties are under obligation to keep such data confidential and to use them exclusively for the performance of their duties. They must not abuse their privileged access to information, which is prohibited by current legislation, and are under obligation to abide by the Disclosures Procedure for external communication of such documents and information.

Regarding internal management of Price-sensitive Information, the Company introduced a series of procedures to protect all the internal systems that generate consolidated accounting and management information. All subjects who have or may have access to such systems are recorded in the Register.

IndesitCo is committed to ensuring that everyone who accesses (or may access) Price-sensitive Information is aware of their legal and regulatory obligations (and relative sanctions) and above all the rules of corporate governance relating to Price-sensitive Information. To this end, a special disclaimer is handed or read out to participants before all meetings involving the management. Further, all people entered in the Register receive an annual training session.

10. Relations with shareholders

10.1 Head of Investor Relations

To establish ongoing dialogue with institutional investors, other shareholders and the market in general and to guarantee systematic publication of extensive and timely information on its activities, IndesitCo some years ago appointed a Head of Investor Relations.

Financial communication plays a prime role in IndesitCo in the process of creating value for the Group, and in fact the Company fosters a continual flow of information with the financial community and the market. The Head of Investor Relations reports to the Group Chief Financial Officer and works in compliance with the procedure for disclosure to the market and international best practice. The Head of Investor Relations is assisted by various Company functions (esp. the AFC and DALS).

Financial communication procedures are based on constant contacts with financial analysts, institutional investors and shareholders in order to guarantee full and correct perception of strategic decision making and the implementation and impact on business results of such developments.

In 2011, IndesitCo dedicated numerous working days to meetings with analysts and institutional investors, the main ones being:

- four conference calls, on the occasion of the announcement of interim results;
- roadshows addressing financial markets in Milan, London and Paris;
- over 200 conference calls and one-to-one meetings, many of which many of which during the three European conferences organized by Italian and foreign brokers (Geneva, London and Stockholm).

32. As required in section 4 of the Code.
In 2005, IndesitCo introduced “silent periods” on average. In the seven business days prior to approval (and subsequent disclosure to the market) of financial statements, the Company does not authorize any director, executive or employee of the Group to make public any data, news or forecasts concerning the Group’s economic or financial performance or its reference market. The start and end dates of each silent period are posted on the website.

It is standard practice at Shareholders’ Meetings to approve the Group parent company’s financial statements, and for the CEO to report on activities carried out, while the Chairman illustrates the Group’s values and prospects from the point of view of the shareholders.

The Company has also seen fit to enhance dialogue with shareholders by suitably upgrading its website (www.indesitcompany.com), which contains financial information (financial statements, interim and quarterly financial reports, presentations for analysts, trends in the Company’s share prices, a list of coverage of Company stock by financial analysts) and other data and documents of interest to shareholders. Documentation remains on the site for at least two years.

Entitlement to participate in Shareholders’ Meetings and exercise voting rights is certified by a notice to the Company issued by a broker, on the basis of its accounting records, in favour of the subject entitled to vote by the seventh trading day prior to the date of the Meeting (record date). Said notices must be delivered to the Company in the manner indicated in the Notice of Meeting 34.

Regarding art. 11 of the Code, the By-laws do not provide for voting by correspondence or electronically in that this is not deemed useful given the Company’s ownership structure.

Since 2001, the Company has had rules ensuring smooth and efficient conduct of their Shareholders’ Meetings and guaranteeing the right of all shareholders to intervene on the matters on the agenda. These rules were approved by a Shareholders’ Meeting and do not constitute an appendix to the By-laws. They can be consulted on the Website.

The Shareholders’ Meeting held on 3/5/2011 approved a number of modifications to the rules, mainly to bring them into line with the SHRD 35.

11. Statutory Audit Committee

The Statutory Auditors check the legality of the Company’s deeds and procedures by monitoring:
• compliance with laws and the By-laws;
• observance of sound business standards;

33. Such as, among others, the By-laws, rules for Shareholders’ Meetings, company officers, management committees, corporate governance information, governance procedures, the Code of Conduct and the Sustainability Report.
34. Rule amended by SHRD.
35. The modification proposed are detailed in the report to the shareholder’s.
the adequacy of the Company's organisational structure in connection with the ICS and the administrative-accounting system and the reliability of the latter in accurately representing business events;

- implementation of corporate governance rules in accordance with the codes of conduct promulgated by financial market operators or professional bodies which the Company has publicly adopted;

- the adequacy of the instructions imparted by the Company to Group companies pursuant to art. 114, clause 2, TUIF.

Further, following the coming into force of Italian legislation in application of the European directive on Independent auditors, the Statutory Auditors act as an "Internal Control and Statutory Auditing Committee" which oversees:

- the financial reporting process;

- the effectiveness of the internal control, internal audit and risk management systems;

- the statutory auditing of the separate and consolidated financial statements;

- the independence of the Independent auditors, with special regard to any non-auditing services.

In accordance with the RPT regulation, the Statutory Audit Committee monitors the conformity of the procedures adopted to the principles laid down in the Regulation and their application and reports thereon to the Shareholders’ Meeting pursuant to art. 2429, clause 2, c.c., or art. 153, TUIF. The Statutory Audit Committee does not have statutory auditing functions 36.

The By-laws (art. 22) require the Committee to be formed by three standing auditors and two alternate auditors and that appointments be made on the basis of lists submitted by shareholders representing at least 2% 37 of the shares with voting rights in ordinary Meetings. Under the Investor Protection Law, the chairman of the Statutory Audit Committee is appointed from a minority list.

A shareholder that presents a list, on his/her own account or with others, must file with the registered office upon presentation of such list a certificate issued by authorized brokers proving entitlement to exercise rights and a declaration stating under his/her own responsibility that there is no connection with other lists presented, in accordance with the provisions of the applicable law.

Motions to Shareholders’ Meetings proposing candidates for the post of Statutory Auditor must be lodged at Company headquarters at least twenty-five days before the date of the Meeting (1st call).

The choice of candidates must take into account the criteria established in current law and the Company’s By-laws. Nomination proposals must be accompanied by detailed information on candidates’ personal and professional profiles and by statements by the candidates that they accept candidacy, that there are no causes of ineligibility or incompatibility and that they possess the requisites for holding the post prescribed by law and the Company’s By-laws.

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36. The law requires this to be done by Consob authorised independent auditors designated by the shareholders (see section 14).

37. Or any lower percentage subsequently required by law.
The Shareholders’ Meeting on 3/5/2011 appointed the following Statutory Auditors to hold office till the Shareholders’ Meeting to approve the separate financial statements closing 31/12/2013:

- Marco Reboa Chairman, Statutory Audit Committee
- Andrea Amaduzzi Standing auditor
- Luigi Biscozzi Standing auditor
- Michele Casò Alternate auditor
- Francesco Nobili Alternate auditor

Marco Reboa was nominated from a minority list put forward by Fines S.p.A. and Luigi Biscozzi and Andrea Amaduzzi were appointed from the list submitted by Fineldo S.p.A.

The CVs of the standing auditors are attached to the Report under Annex 4, while the structure of the Statutory Audit Committee is described in Annex 5.

The Board believes that Statutory Auditors, as well as having all the legal and statutory requisites in terms of professional and moral standing and independence must also qualify as independent under the terms of the definition in the Code as applicable to directors. Following ascertainment in the Board meeting dated 3/5/2011 and the statutory audit committee meeting on 15/3/2012 (based on personal declarations endorsed by the Statutory Auditors), all the standing auditors possess said independence requisites.

To implement certain recommendations in the Code, the Board of Directors approved the art. 150, TUIF Procedure in March 2003. The procedure, as well as assisting the committee in its control function by enhancing the transparency of the Company’s management, provides that such notices also be sent to directors so they may form a more detailed view of the Company’s business, as recommended by the Code in endorsing the central role of the board of directors as a whole.

The Company has procedures in place that ensure the Statutory Auditors can do their duties effectively. Given the complementary nature of matters dealt with and the subjects invited to report to it, meetings of the Statutory Audit Committee in 2011 were held jointly with the ICC, as already stated, compatibly with specific responsibilities and functions. Further, the Statutory Audit Committee meets at least once a year with the OdV to discuss themes of common interest and receive the OdV’s report on its activities.

The RPT Procedure also applies to the standing auditors, as they are considered “executives with strategic responsibilities” as defined by CONSOB.

Within the framework of the tasks attributed to it by the law, the Statutory Auditors judge the system of ascertaining the independence of directors on the basis of self-certification to be valid. In 2011 too, in view of the definition of “independent director”, they verified the evaluation criteria adopted by the Board and found them adequate, consistent and well grounded.

As detailed in section 1.1 above, the Committee and its chairman in particular were involved in the Board’s self-assessment process. In this connection, it was able to ascertain the substantial satisfaction expressed by the directors as to the working of the Board.

38. The chairman of the Statutory Auditors till 3/5/2011 was Angelo Casó.
The Committee held 12 formal meetings in 2011.

12. Honorary Chairman

The Shareholders’ Meeting on 29/4/2010 modified the By-laws by introducing the possibility of appointing an Honorary Chairman and then appointed Vittorio Merloni to such post. The Honorary Chairman holds office for the same term as the Board and stands down, unless through earlier resignation, upon expiry of the Board’s term of office. The Honorary Chairman may be re-elected.

The Honorary Chairman, where not a director, may take part in meetings of the Board and of the shareholders and express non-binding opinions on the matters discussed by the Board and the shareholders.

The only tasks the Board may assign the Honorary Chairman are those of representing the Company at events other than those typical of routine business, and therefore of a cultural, scientific or charity nature.

As provided for in the By-laws, the Board fixed the Honorary Chairman’s remuneration.

13. Organisational Model and Code of Conduct

The Model was adopted by the Board in 2004, partly to allow the Company to avail itself of the provisions in law decree 231/200139. After new mapping activities in 2009 to keep abreast of both new legislation (regarding offences) and changes in the Company’s organisation, the Model was updated, approved by the OdV and adopted by the Board in a meeting on 25/3/2010.

Fruit of analysis of the risks/offences attaching to IndesitCo’s business, the Model is in line with the principles set forth in law decree 231/2001, with Italian best practice and with Confindustria “Guidelines” and is capable of preventing the offences contemplated in the aforesaid law.

The Model is a further strengthening of rigour, transparency and a sense of responsibility in internal and external relationships and at the same time offers shareholders adequate guarantees of efficient and correct management. In addition to the analysis of risks, the Model contains a list of procedures designed to cover risks attaching to “sensitive processes” and “activities at risk” with respect to offences covered by the aforementioned law decree.

39. The law introduced the “administrative liability” (in practice penal) of companies for certain offences committed in their interest or to their advantage by its directors, Statutory Auditors or employees. The law exempts companies, however, that can show they have adopted and effectively implemented an organisation, management and control model capable of preventing the offences in question.
The Code of Conduct contains the rules of conduct to be observed within the Group in personal conduct and business management and is the basis on which to construct a system of prevention and control. The Code in fact:

- sets forth general principles disciplining the workings of the Company, which acts in compliance with the law;
- contains all the ethical principles that the Group adopts in conducting its business;
- contains a series of rules of conduct to abide by in relationships with certain 3rd parties and in particular with certain "sensitive" interlocutors, of which the public administration is the most important;
- requires that all operations and transactions must be correctly recorded, authorized, verifiable, legitimate, coherent and congruous and that the decision-making process involved must always be verifiable;
- provides for penalties commensurate with the seriousness of the infringements committed.

The following are subject to the Code: IndesitCo's directors and Statutory Auditors and all its employees, all subjects who in any way act in the name and on behalf of IndesitCo and, in certain respects only, also suppliers, clients and agents of the Company.

The Board appointed the OdV, formed by two external independent members specializing in criminal and company law, respectively Bruno Assumma (chairman) and Giovanni Frezzotti, and two internal members, Giuseppe Catalano, head of DALS, and Ferruccio Panicco, Chief Audit Executive. Under the OdV’s rules, tied votes are resolved by the casting vote of its chairman.

In making these appointments, the Board adequately considered the members’ requisites in terms of independence, autonomy, professionalism and integrity, while members of the OdV gave assurances regarding the continuity of action required of their role.

The OdV’s tasks include:

- promoting awareness and knowledge of the Model;
- updating and integrating the Model and the Code of Conduct so that they always reflect business activities and procedures and the relevant legislation;
- monitoring infringements of the Model and code.

The OdV meets quarterly and keeps minutes of its meetings in an authenticated register.

The compliance programme drawn up by the OdV will gradually be extended to all Group companies in line with local legislation equivalent to law decree 231/2001 and in any case such as to guarantee adequate coverage of risks relating to the offences contemplated in the law, in all regions where the Group operates. As an integral part of this compliance plan, the following will be adopted by the entire Group:

- the Code of Conduct;
- the system for assignment of powers of attorney;
- the body of rules and procedures disciplining the Group’s operations and business functions.

40. Published on the Website.
41. In the meeting on 29/10/2008. The OdV in office was re-appointed in the meeting on 25/3/2011.
The Company continually reviews the Model, also in view of new legislation and of the increasing number of offences punishable under law decree 231/2001.

14. Independent auditors

The following services:
- audit of IndesitCo’s separate financial statements and the Group consolidated financial statements, pursuant to art. 14 and 16, law decree 39/2010;
- check over the year that the Company’s accounts are kept properly and that the accounting entries accurately reflect the Company’s operations pursuant to art. 14, clause 1b, law decree 39/2010;
- limited accounting audit of the condensed interim consolidated financial statements in accordance with the provisions of Consob communication 97001574, 20/2/1997.

were assigned to KPMG S.p.A. for the period 2004-2012, ie. up to the approval of the financial statements at 31/12/2012, by virtue of resolutions of the Shareholders’ Meetings on 5/5/2004 (originally for the 2004-2006 three-year period) and 3/5/2007 (the Investor Protection law, in fact, extended the term for assignment of independent auditing of accounts to nine years).

For reasons of rotation and compliance with art. 17, clause 4, law decree 39/2010, KPMG S.p.A. changed the partner in charge of the audit for the last three years of the engagement (2010-2012).

In March 2012, the Committee approved a procedure disciplining the Group’s assignment of engagement to independent auditors and subjects related to them (so-called network) to strengthen the measures already in place to ensure independent auditors’ independence requisites.

To allow a smooth transition between audit firms, a motion will be put before the shareholders’ meeting called to approve the financial statements in which a statutory audit firm will be proposed for the nine-year period 2013-2021 one year in advance of the term of the current auditor’s mandate (approval of the 2012 financial statements).

15. Officer charged with drafting the Company’s accounting and corporate documents

In accordance with the By-laws, this Officer is chosen by the board of directors, after obtaining a favourable opinion from the statutory audit committee, from amongst persons with sufficiently long experience in the same and/or other management functions in administration and/or finance and/or control in listed and/or large companies. The officer charged with preparing the Company’s accounting documents must have the same requisites of integrity as directors 42.

42. Meeting on 27/10/2011, the Board appointed, pursuant to the By-laws, Group Chief Financial Officer Stefano Cavacini to this position as of 1/1/2012. The DP in office till 31/12/2011, Andrea Crenna, was appointed by the Board on 3/5/2007.
The DP has the task of drawing up adequate administrative and accounting procedures regarding the disclosure of accounting information to the market and overseeing compliance with such procedures to guarantee a high level of internal control over financial reporting.

The risk management and financial reporting control system, for which the DP has certain responsibilities, is described in detail in Annex 1.
Annex

Annex 1 – Main characteristics of the existing risk management and internal control systems in relation to the financial reporting process pursuant to art. 123-bis, clause 2, b), TUIF

1. Introduction

The risk management system cannot, indeed must not, be considered as separate from the ICS in relation to the financial reporting process; both are parts of the same system, a system designed to ensure the reliability, accuracy, trustworthiness and timeliness of financial reporting.

When the Investor Protection law came into force, the Group initiated a project to adjust to its provisions by adopting specific guidelines on designing, implementing, monitoring and updating the financial reporting risk control system.

In defining the rules and methods for developing and operating the system, reference was made to national and international best practices (such as the CoSO Internal Control Integrated Framework, proposed by the Committee of Sponsoring Organisations of the Treadway Commission and the COBIT Framework).

In this project, criteria were defined for identifying:

- the perimeter of Group companies involved, on the basis of their impact on the consolidated financial statements;
- relevant processes in terms of potential impact on financial reporting;
- risks attaching to failure to achieve control objectives (eg. balance sheet assertions and other objectives related to financial reporting).

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1. For further details on the existing risk management and internal control system in relation to the financial reporting process (including the consolidated accounts), see the following sections of the Report: 6 (Internal Control System), 7 (Internal Control System), 9 (Treatment of Price Sensitive Information), 15 (Officer charged with drafting the Company’s accounting and corporate documents).
2. Reliability (of reporting): having the characteristics of correctness and conformity to generally accepted accounting standards and the requisites specified in laws and rules.
3. Accuracy (of reporting): having the characteristics of neutrality and precision. Information is deemed neutral if free from attempts to influence users’ decisions to obtain a particular result.
4. Trustworthiness (of reporting): having the characteristics of clarity and completeness enabling investors to make informed decisions. Information is deemed clear if it aids understanding the more complex aspects of the business without going to excessive length.
5. Timeliness (of reporting): information disclosed within the legal term.
6. A private, voluntary organisation based in the United States providing guidelines for directors of public and private companies on corporate governance, business ethics, internal control, fraud, risk management and financial reporting.
7. Control Objectives for IT and related technology is a set of rules drawn up by the IT Governance Institute, a US body whose objective is to define and improve IT standards in businesses.
8. Risk: the possibility of an event whose occurrence may jeopardize achievement of the System’s objectives (ie. the accuracy, reliability, trustworthiness and timeliness of financial reporting).
9. Control objectives: objectives that the internal control system for financial reporting sets itself in order to ensure truthful and accurate representation, including “financial statement assertions” (existence and occurrence, completeness, rights and obligations, assessment and registration, format and disclosures) and “other control objectives” (eg. observance of authorized limits, segregation of incompatible tasks, checks on the physical security and existence of assets, documentation and traceability of transactions, etc.).
The perimeter of relevance was identified taking the following into account:

- significant accounts, in terms of materiality 10;
- processes that generate the significant accounts;
- the relevance of the aforementioned processes, identified at the level of each legal entity 11.

Subsequently, an overall analysis of risks/controls at company/group level ("entity level controls") was carried out and risks/controls at process level ("process level controls") were identified.

For the entity level risks/controls — in line with the reference model — an assessment (using specific checklists) was made of certain key components of the ICS coming under the following five main areas:

- company control culture (sensibility on the part of top management in formalizing control roles and responsibilities and a system of internal communication ensuring overall coherence with business strategies and objectives);
- risk assessment process (continual process of identification and analysis of endogenous and exogenous risks capable of compromising the achievement of business objectives);
- controls structure (rigorous methodologies in the design and implementation of control activities to guarantee, for the top management, proper application of instructions given);
- reliable information systems and communication flows (integrity and completeness of data and information);
- monitoring (on a continual basis to ensure maintenance and improvement of the internal control system).

The process level risks, on the other hand, were fed into a set of matrixes with processes/sub-processes/activities (Risk and Control Matrix or RCM) and assessed in terms of potential impact on the precision of financial statements data and the probability of occurrence assuming no controls ("inherent level" evaluation), to make a distinction between "primary" controls (indispensable for ensuring coverage of the main risks) and "secondary" controls.

Where likely to impact significantly on financial reporting, the risks identified, including unintentional error 12 and fraud 13, were subjected to gap analysis with respect to the relevant best practice. A remediation plan was then defined for corrective measures to remedy shortcomings and inadequacies in specific aspects of the existing control model.

10. The selection of significant accounts serves to obtain a minimum coverage of 90% of the four classes of item in the consolidated financial statements: Revenues, Costs, Assets, Liabilities; the remaining 10% was further analyzed to make sure it was made up of items which, if considered singly, would count for less than 1% of their respective classes and the processes associated with such items would already be included in those generating the 90% of balances selected.

11. The contribution (%) of each Material Control Unit (legal entity) to the significant accounts identified was analyzed with the objective of a minimum coverage of 75% of the single balances, as required by the PCAOB, Public Company Accounting Oversight Board.

12. Error: in the ICS, this means any unintentional act or failure to act resulting in a deceptive statement in reporting.

13. Fraud: in the ICS, this means any intentional act or failure to act resulting in a deceptive statement in reporting.
a) Phases of the existing risk management and internal control system in relation to the financial reporting process

To ensure the long-term robustness of the financial reporting risk control system, the Group has put together various continual monitoring instruments and activities to guarantee that the administrative and accounting procedures serving the preparation of financial statements are always in place, adequate and effectively applied.

Such instruments and activities, in support of the DP and the certification he or she must issue pursuant to the Investor Protection law 14, may be summarized as follows:

I. the RCMs and relative management activities, in turn organized in four distinct phases (scoping, risks and controls analysis, testing and reporting, remediation);
II. updates of the Manual;
III. the sub-certification system;
IV. analysis and strengthening of administrative/accounting procedures or procedures relating to business processes with potential and significant impact on financial reporting.

Responsibility for carrying out the aforementioned activities and co-ordinating the various subjects involved lies with a function within the Group Accounting Department (GAP) whose task is to monitor the Group’s administration processes, including those relevant for the purposes of the Investor Protection law.

1. Risk and Control Matrix

RCM management activities are carried out in four main phases.

1) Scoping

The Group carries out an annual updating of the analysis perimeter of the administrative/accounting controls system to ensure it covers the financial reporting risks relative to the more significant account items in the consolidation perimeter.

This involves measuring the impact of each legal entity in the Group on the consolidated financial statements and also takes into account the relevance that the significant accounts and relative administrative/accounting process have on the statements (quantitative analysis). These results are supplemented, if necessary, after a qualitative analysis, which may focus on specific financial statement items, Group structure, significant changes in business conditions, substantial shortcomings in terms of controls over financial reporting processes, etc.

In 2011, following the annual scoping activity, the RCM relevance perimeter was extended to the newly formed legal entity in Ukraine.

2) Risks and controls analysis

The mappings of relevant processes/sub-processes/activities and relative controls (at both entity and process level) are periodically analyzed and assessed to ensure ongoing correspondence with reality and the validity of risk coverage.

The management responsible for the relevant processes produces an annual review of the descriptions of the activities carried out and actual controls put in place to avoid misalignment in the RCMs due to change occurring over the last year (in business procedures, re-engineering of processes, organisational restructuring, etc.).

3) Testing and reporting

The objective here is to make sure that the controls designed to reduce the identified risks to an acceptable level are operative in the period considered and actually carried out according to plan.

In line with the Group’s organisational structure, characterized by a prevalently functional model, activities in this phase privilege a structural approach to operating processes (procurement, sales, personnel, etc.) whilst also applying a certain logic of sub-division of activities by legal entity.

Such activities thus involve:
- line (or 1st level) monitoring by the operating management in charge of major processes/activities;
- 2nd level monitoring by GAP; this too is functional/process-based;
- 2nd level monitoring of individual companies (operating horizontally across all the processes of the legal entity) by a newly created figure, the Financial Compliance Officer;  
- 3rd level monitoring by the Internal Audit function.

Having been reviewed by Internal Audit with the DP and the ICS, the results of 3rd level monitoring provide an independent assessment for the executive director that oversees the operation of the ICS, for the ICC and the Statutory Audit Committee.

4) Remediation

On the basis of the results of the monitoring activities, the risk/control owners belonging to line management, backed up by central control functions (GAP and Internal Audit), identify corrective action to improve the ICS and the follow-up activities (defining timings and responsibilities for each of the points in the specific remedial plans).

II. Group Reporting Manual

One of the initiatives designed to maintain an effective financial reporting risk management and control system is the Group’s new Manual (released 1/1/2008).

15. This usually coincides with the Subsidiary's administrative manager and/or market controller, who has specific tasks and responsibilities in terms of compliance, as formally recognized in the job profiling of the Group’s Finance area.
The Manual sets forth the Group’s accounting standards, which are based on IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and which all the Subsidiaries must use in order to ensure uniformity of content, accounting items and relative evaluation criteria. Such uniformity is vital for a truthful and fair view representation of business events in the Company’s records and communication to the market, including interim figures.

The Manual also provides for a Group chart of accounts to guarantee not only uniformity of coding but also unambiguousness in the accounting of business events that characterize the operations of the Group’s various Subsidiaries.

In addition to defining Group reporting rules for the various business processes, the Manual provides principles and guidelines to apply across the Group in relation to obligations under art. 154-bis, TUIF (drafting of corporate accounting documents and relative attestations).

**III. The sub-certification system**

In view of current law and international best practice, the Manual introduced a formal and material basis for the certification issued by the DP pursuant to the Investor Protection law: in the form of a series of sub-certifications (“cascade” system) on the part of subjects with operating and/or administrative responsibilities who have been assigned powers of management or reporting that entail the sharing of the legal responsibilities of the DP, at least from an internal point of view within the organisation of the Group and within the bounds of their particular duties.

To cover both the responsibilities attaching to the organisational units and responsibility for producing the Reporting Packages (produced by the legal entities for the purposes of drafting the Group’s consolidated financial statements), two separate types of attestation were defined:

- attestation of single reporting items in the income statement issued by the management of the organisational units with operating and control powers;
- attestation of subsidiaries’ Reporting Packages issued by their boards of directors.

In both cases (differing substantially only in the definition of the relevant context) the subjects certify that:

- they have implemented adequate accounting and administrative procedures on the basis of the DP’s guidelines;
- said procedures were actually applied during the period the accounting data refer to;
- such data corresponds to the accounting records and entries;
- such data give a truthful and fair picture of the financial position and results of the operations of the company they are responsible for.

To further strengthen the necessary process of compliance, the Financial Compliance Officer is appointed as a member of the management bodies of subsidiaries that contribute in various ways to the Group’s financial reporting, and provides the necessary assurance regarding the information required for the purposes of drafting the consolidated financial statements and the sub-attestations.
IV. Standardization of administrative and accounting procedures

Since 2009, the Group has applied an obligatory procedural standard to meet the following needs:

- to ensure uniformity of content in all corporate procedures by providing an obligatory template and indicating the minimum information content for each type of document (guidelines, procedures, instructions, specifications, modules, etc.) in terms of responsibilities, timings and points of control within the process;
- to have formal judgements on conformity to the procedures relevant for the purposes of the Investor Protection law 19;
- to guarantee univocal in document management by filing in a special repository accessible to everyone;
- to establish a chain of official approval (with a traceable digital signature system) for each procedure.

In 2011, 104 procedures relevant for the purposes of the Investor Protection law were published in observance of the new standards. In 2012, existing procedures will continue to be updated (also in terms of checking compliance with the Investor Protection law).

b) Information flows between functions

To favour rational and efficient co-operation between the subjects involved in the ICS and guarantee a systematic and timely flow of information between the DP, boards of directors and control bodies within the framework of the ICS, the interrelations, spheres of operation and reporting flows between such bodies have all been properly defined.

Administration and control bodies

The DP reports to the CEO on a continual basis, also verbally, regarding:

- the ways in which management and control of the process of drawing up accounting documents are carried out;
- critical issues;
- plans and actions to overcome problems, and the results obtained;
- any insufficiency of means or resources available.

The DP reports annually to the Board, and with different frequencies to the ICC and the Statutory auditors, on the conformity of the financial reporting control system and on accounting aspects within his brief, also for the purpose of establishing useful flows of information with such bodies, co-ordinating their respective control activities and also focusing the DP’s own efforts on the areas deemed most at risk.

The DP must also report to the control bodies and the Board at any time, either directly or through the CEO, in the event that 1) he or she is no longer able to fulfil his or her tasks or 2) about any anomaly.

19. Analysis of the importance of each procedure for the purposes of the Investor Protection law and the consequent integration, revision or redrafting activities are carried out by GAP, all procedures relevant for the purposes of the Investor Protection law must be approved by the DP.
deficiency and criticality of the administrative/accounting system, deemed particularly if relevant and
3) to signal facts of a critical nature that might require urgent decisions on the part of such bodies.

The Board, the ICC and the Statutory Auditors may ask the DP to report to them on matters within his
or her sphere of competence.

In 2011, the DP took part in two joint ICC/statutory auditors meetings and reported to the Board on his
activities in their meeting in October.

The DP has access to all the documents that impact on the Company’s income, equity and financial
position.

The DP liaises with the independent auditors concerning assessment of controls relating to
administrative and accounting processes.

**Internal Audit**

The 3rd level monitoring mentioned above is only a part of the wide-ranging working relationships
between the DP and the Internal Audit function, which include:

- ongoing consulting on the analysis activities of the ICS over financial reporting, as well as on the
  adequacy of the controls implemented;
- signalling of critical areas found during their work that could impact on the ICS regarding processes
demed sensitive by the DP and relative remedial actions;
- checks requested by the DP to support assessments of the adequacy and efficiency of
  administrative/accounting procedures.
Annex 2 – Career profiles of directors and lists of top management posts held in other listed companies, banks, insurance and finance companies and other large organizations

**Andrea Merloni**

He was born in Rome in 1967. He has been chairman of Indesit Company since 29th April 2010 (formerly vice-chairman since April 2008 and a member of its board of directors since 1996).

From 2005 to 2007 as a director of Indesit Company S.p.A. he was in charge of “new business opportunities”. Within Indesit Company Group, from 2000 to 2007, he was chairman and CEO at WRAP spa, a spin-off from Indesit Company S.p.A. formed to develop the Company’s patents and know-how in the field of household appliance electronics.

In 1996 he bought the Benelli S.p.A. brand and relaunched it in the scooter and large motorbike industry; he was its chairman and CEO till 2005.

From 1992 to 1996 he was chairman of Aermarche S.p.A., an air transport service company.

He is a director of Fineldo S.p.A. (Vittorio Merloni’s family holding company), Merloni MP&S srl and Evolve S.p.A.

He is a graduate in “Political Sciences”.

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<th>Company</th>
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<tr>
<td>Alpha 67 S.p.A.</td>
<td>Sole Director</td>
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<tr>
<td>Fineldo S.p.A.</td>
<td>Director</td>
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<td>Falck Renewables S.p.A.</td>
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**Marco Milani**


Having joined Indesit Company in 1980, he held increasingly important posts, both industrial and commercial, in Italy and above all abroad. In 1998 he became head of the CIS (former Soviet Republics) and Eastern European markets, based in Moscow, till the acquisition of Stinol in 2000. Back in Italy, he took over as COO and in March 2002 was appointed CEO at Indesit Company UK, formed as a result of the acquisition of GDA Hotpoint, which he guided to full integration.

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<tr>
<td>Carraro S.p.A.</td>
<td>Director</td>
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</table>

**Valerio Battista**

He is Prysmian S.p.A.’s Chief Executive Officer and General Manager and is at the head of the Prysmian Group organisation. He gained 17 years experience with the Pirelli Group and headed the Energy Cables and Systems business unit for five years, including the period 2002-2003 during which the Group successfully completed its reorganisation plan. He graduated in Mechanical Engineering from Florence University in 1981. He joined UnoAErre in 1983 as Head of its Technical Office. In September 1987 he joined the Operations Department in the Steel Cord division of Pirelli & C. spa Group in Figline Valdarno. In 1997 he became Director of the Steel Cord division of Pirelli Tyre Division where he then became Purchasing Director in 2001.

He became CEO of the Group’s Energy Cables and Systems business unit in February 2002 and CEO of the Telecom Cables and Systems unit in December 2004.

<table>
<thead>
<tr>
<th>Company</th>
<th>Posts held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prysmian S.p.A.</td>
<td>CEO &amp; General Manager</td>
</tr>
</tbody>
</table>
Francesco Caio

Born in Naples in 1957 he took a degree in Engineering at the Politecnico di Milano in 1980. In 1985 he earned an MBA at Insead in Fontainebleau in France. He has been Vice Chairman Europe of investment bank Nomura Int. in London since 2008. In 2008 and 2009 he was a consultant to the English and Italian governments for the establishment of industrial policy plans for the development of broadband telecommunications networks. In his career he has held senior management posts in groups operating in the telecommunications, technology and consumer durables industries. From 2003 to 2006, CEO of Cable & Wireless — fixed and mobile telecommunications in more than 25 countries — (London). From 2000 to 2006, CEO of Netscalibur Internet services for businesses (London and Milan). From 1997 to 2000, CEO of Merloni Elettrodomestici S.p.A. (now Indesit Company) in Fabriano. From 1993 to 1996, CEO of Omnitel — the first private mobile operator in Italy (now Vodafone Italy) and then CEO of Olivetti. He has been an independent director of Invensys PLC (London) since 2009. He was an independent director of Motorola (Chicago) from 2000 to 2003 and Equant (New York/Amsterdam) from 1997 to 2000.

<table>
<thead>
<tr>
<th>Company</th>
<th>Posts held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avio S.p.A.</td>
<td>CEO</td>
</tr>
<tr>
<td>Nomura</td>
<td>Advisory Board</td>
</tr>
<tr>
<td>Invensys Plc.</td>
<td></td>
</tr>
<tr>
<td>Politecnico Milano</td>
<td></td>
</tr>
</tbody>
</table>
Born in Rome in 1941, he graduated in Statistics from “La Sapienza” University in Rome in 1965. He is Chairman of UBS Italia SIM S.p.A and Chairman of The University of Trento. He was Chairman of Ferrovie dello Stato (from 2006 to 2010), of the daily financial newspaper Il Sole 24 Ore (from 2004 to 2007), of UBS Corporate Finance Italia S.p.A. (from 2002 to 2006) and of the Marzotto Group (from 2000 to 2003) and also held the position of General Director of Confindustria (the Italian Industry Association) for ten years (1990-2000). He has been an officer and executive of the OECD (Organisation for Economic Co-operation and Development) and the ISCO (Italian Institute for Studies on Economic Cycles). As a professor of Economics, he has taught at the University of Rome “La Sapienza”, at the University of Reggio Calabria, at the University of Florence “Cesare Alfieri” and at the Roman University “LUISS–Guido Carli” (where he was also on the board of directors). He is on the boards of Fondazione Censis, Fondazione Musica per Roma, and Fondazione Lars Magnus Ericsson. He is presently on numerous scientific committees, including Economia Italiana, Rivista di Politica Economica and Fondazione NordEst. He is a member of a number of non-profit organisations such as the Italian Statistics Society, the Italian Economists Society, Demographics and Statistics, the ISTAO (Istituto Adriano Olivetti per la Gestione Economica e delle Aziende) and of the Italian Institute for International Affairs (IAI). He is a freelance journalist and economics commentator for a number of newspapers. He is also the author of a large number of scientific papers and books. Innocenzo Cipolletta is also a Knight of the Grand Cross of the Order of Merit of the Italian Republic (1994).

<table>
<thead>
<tr>
<th>Company</th>
<th>Posts held</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBS Italia Sim.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Poltrona Frau S.p.A.</td>
<td>Director</td>
</tr>
<tr>
<td>iGuzzini S.p.A.</td>
<td></td>
</tr>
<tr>
<td>Ceramiche Piemme S.p.A.</td>
<td></td>
</tr>
<tr>
<td>Laterza-Agorà S.r.l.</td>
<td></td>
</tr>
<tr>
<td>Civita Servizi S.p.A.</td>
<td></td>
</tr>
<tr>
<td>Lunelli S.p.A.</td>
<td></td>
</tr>
</tbody>
</table>
He started his career in 1983 in the Laundry products marketing Department of Procter and Gamble Italy. In his 24-year career in Procter & Gamble he worked in Brussels, London and Kobe (Japan) before moving to Geneva in 2002 as President Global Prestige Beauty and Personal Care. He was responsible for Profit and Loss, Innovation, Manufacturing, and Marketing of one of Procter & Gamble's fastest growing and most dynamic businesses, with global sales of US$3-4 billion. He oversaw 2000 managers, 5 manufacturing sites and 4 major research centers. Key brands managed were Olaz, Max Factor, SKII, Safeguard, Camay, and the fine fragrances portfolio with Hugo Boss, Lacoste, Gucci, Escada. In this capacity he became a member of the Global Executive Committee including the top 40 managers of the company and was involved in the acquisition and integration of Wella and Gillette Company.

He has been chairman and CEO for Printemps Department stores, Paris, since 2007. In this position he is leading the Luxury Department store chain in France, with sales of over €1 billion, 4,000 employees and 17 stores across France. The company was acquired in 2007 by a private equity group including REEF Fund (Deutsche Bank) and the Borletti Group. As the first CEO appointed by the new shareholder, he is in charge of the complete repositioning of the department store chain with an investment budget of €280 million over 5 years. Printemps' flagship store has been revamped to become one of the most iconic department stores in the world, with a renovated Luxury area featuring the best luxury brands like Cartier, Chanel, Bulgari, Dior, Gucci, Louis Vuitton, Hermès, Yves St Laurent, Prada, Tiffany, etc.

**Company** | **Posts held**
---|---
Printemps Group | CEO and General Manager

Born in 1959, he graduated in Economics from the University of Rome in 1983, and completed a Master in International Economics and Monetary Theory at Rochester University, New York (USA), in 1986. He is a member of the Group Executive Committee and Chief Executive Officer of General Insurance of Zürich Financial Services Ltd (Zurich). He joined Zurich in October 2007.

He started his professional career in management consulting, working with McKinsey & Company’s Milan office from 1986 until 1994 becoming a partner in 1992 and leader partner in the insurance segment. In 1995, he joined Ras (Allianz Group) in Milan as head of the Claims Division. In 2000, he became the company’s chief executive officer. He was appointed head of Allianz’s Life Sustainability business in Munich in 2004, and later that year he was appointed to Allianz AG’s executive board, with responsibility for France, Italy, Spain, Portugal, Greece and Turkey. In April 2005, he joined the Sanpaolo IMI Group in Milan as the CEO of EurizonVita. In October 2005, he was appointed Chief Executive Officer of EFG (Eurizon Financial Group), the company holding the Sanpaolo IMI Group’s investments in Eurizon Vita and Banca Fideuram, and Eurizon Capital Sgr.

**Company** | **Posts held**
---|---
General Insurance Zurich Financial Services | CEO
Gruppo Editoriale L’Espresso S.p.A. | Director
Saras S.p.A. |
Antonella Merloni

Born in Rome in 1965, she graduated in economics and commerce at Bologna University. She is currently chairman of Fineldo S.p.A. From January 1990 to January 1991 she trained with the accounting firm Poli e Associati in Milan. From January 1991 to September 1996 she was head of Indesit Company communication in the Eastern Europe area, subsequently becoming manager for the Czech market and then the Romanian market. She has been chairman of MP&S since 1996. From March 2001 to March 2002 she worked in the advisory and M&A division of Cofiri S.p.A. From May 2002 to June 2006 she was chairman and CEO of Faber Factor S.p.A., a factoring and leasing company.

<table>
<thead>
<tr>
<th>Company</th>
<th>Posts held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fineldo S.p.A.</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

Aristide Merloni

Born in Rome in 1967, he graduated in Political Sciences at the University of Milan in 1996. As Project Leader he followed the development of the Merloni Group plants in Poland (1996-1998). Between 1998-1999 he was in the USA, at GEA Boston, as Senior Market Developer. From 2000 to 2005 he was chairman of Motonline.com. He has been chairman of Merloni Progetti S.p.A. since 2004.

<table>
<thead>
<tr>
<th>Company</th>
<th>Posts held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merloni Progetti S.p.A.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Fineldo S.p.A.</td>
<td>Director</td>
</tr>
</tbody>
</table>

Maria Paola Merloni

She graduated in Political Sciences and since 1989 has held posts of increasing responsibility in the administration area and then in the commercial area of Indesit Company (formerly Merloni Elettrodomestici). She has been in charge of Institutional Relations since 2005 and became a director in 2008. From 1997 to 2010 she was sole director of “MCP Eventi”, a company that designs and organizes corporate and cultural events in Italy and other countries. Since 1997 she has held important posts on boards of directors of prestigious companies and the management committees of important associations: CEO of Fineldo (the Merloni family financial holding, of which she is still a director), director of Cinecittà Studios, Panini Spa and Fondazione “Teatro delle Muse” (Ancona), member of the management committee of Associazione Industriali, province of Ancona, Chairwoman of Confindustria Marche, member of the governing body of Confindustria at national level and member of the management committee of Assonime. In 2006 she became a member of parliament (Ulivo list, DL-Margherita Marche constituency) and a member of Parliamentary Commission 10 for Productive Activities, Commerce and Tourism and Parliamentary Commission 11 for Public and Private Works. In 2008 she won a seat in parliament with the “Partito Democratico” (as head of the Marche constituency committee), she was shadow-minister for European Community policies and she is a member of Parliamentary Commission 14 for European Union policies and member of Parliamentary Commission of Inquiry into the phenomenon of counterfeiting and commercial piracy. She also sits on the national direction of the “Partito Democratico”.

<table>
<thead>
<tr>
<th>Company</th>
<th>Posts held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fineldo S.p.A.</td>
<td>Director</td>
</tr>
</tbody>
</table>
Born in Novara in 1946, he took a degree in mechanical engineering at the Politecnico in Turin and joined Fiat in 1973, initially in steel plant design and construction and then in the purchasing department.

In 1981, he moved to Chicago, Illinois, as senior vice president, Worldwide Procurement and Material Management, at Fiat Allis, a joint venture between Fiat’s construction equipment business and the American Allis Chalmers group.

In the 80th he became general manager of the company’s Latin American subsidiary in Brazil and in 1986 its COO. In 1987 he was appointed COO of Fiat Agri, Fiat’s farm machinery division.

Following the 1991 acquisition of Ford New Holland and the creation of New Holland, he was made executive vice president of the newly merged company, leading Strategies and Business Development from its headquarters in London.

From 1996 to 2000 he was executive vice president of Fiat Group with responsibility for the following components manufacturers and other industrial operations: Magneti Marelli, Teksid, Comau-Pico, FiatAvio, Fiat Ferrovia, Fiat Engineering and Centro Ricerche Fiat.

In 2000, he went back to Chicago as chairman and CEO of CNH (Case New Holland), a world leading manufacturer of farming equipment and construction machinery (with sales of $12 billion) formed by the merger of New Holland and Case Corporation.

In 2005, he returned to Italy to become CEO of IVECO, a leading European commercial vehicle maker (sales of €11 billion) and its financial joint ventures with Barclays.

He has been at the head of the Health department at Regione Piemonte since December 2010.

<table>
<thead>
<tr>
<th>Company</th>
<th>Posts held</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNH Global N.V.</td>
<td>Director</td>
</tr>
<tr>
<td>Ferrari S.p.A.</td>
<td></td>
</tr>
<tr>
<td>Alleanza Toro S.p.A.</td>
<td></td>
</tr>
</tbody>
</table>
Annex 3 – Structure of the Board of Directors and of the Committees of Indesit Company S.p.A.

### Board of Directors

<table>
<thead>
<tr>
<th>Office</th>
<th>Name</th>
<th>Executive</th>
<th>Non-executive</th>
<th>Indep.</th>
<th>Indep. TUIF</th>
<th>Number of posts held</th>
<th>Number of posts held</th>
<th>Internal Control Committee</th>
<th>Human Resources &amp; Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Andrea Merloni</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>CEO</td>
<td>Marco Milani</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Valerio Battista</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>100%</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Francesco Caio</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>100%</td>
<td>3</td>
<td>2</td>
<td>X 50%</td>
</tr>
<tr>
<td>Director</td>
<td>Innocenzo Cipolletta</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>83.33%</td>
<td>1</td>
<td>6</td>
<td>X 100%</td>
</tr>
<tr>
<td>Director</td>
<td>Paolo De Cesare</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>100%</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Mario Greco</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>50%</td>
<td>2</td>
<td>1</td>
<td>X 100%</td>
</tr>
<tr>
<td>Director</td>
<td>Antonella Merloni</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>100%</td>
<td>0</td>
<td>1</td>
<td>X 66.66%</td>
</tr>
<tr>
<td>Director</td>
<td>Aristide Merloni</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>100%</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Maria Paola Merloni</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>83.33%</td>
<td>0</td>
<td>1</td>
<td>X 33.33%</td>
</tr>
<tr>
<td>Director</td>
<td>Paolo Monferino</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>83.33%</td>
<td>2</td>
<td>1</td>
<td>X 100%</td>
</tr>
</tbody>
</table>

**Number of meetings in 2011:**

- Board: 6
- Internal Control Committee: 6
- Human Resources & Remuneration Committee: 3

### NOTES

* Percentage of attendance by directors at meetings of the Board or Committees.
** Number of posts held in other listed companies, including foreign ones.
*** Number of posts held in other financial companies, banks, insurance companies or other large organisations.
**** "X" indicates the chair of the Committee.
Annex 4 – Curriculum vitae of the members of the board of Statutory Auditors of Indesit Company S.p.A.

Marco Reboa

Born in 1955, he graduated in Business Economics at Università Commerciale “Luigi Bocconi” in Milan in 1977/78 and enrolled in the Milan Register of Public Chartered Accountants in 1982; he became a registered auditor (D.M. 12 April 1995). He is currently something professor in the faculty of Jurisprudence, Libero Istituto Universitario Carlo Cattaneo, Castellanza, and practices as an auditor in Milan, specializing, in particular, in extraordinary finance operations. In recent years he has published books and articles on financial reporting, economic appraisals and corporate governance. He is editor of “Rivista dei Dottori Commercialisti”.

Andrea Amaduzzi


He enrolled in the Milan Register of Public Chartered Accountants in 1996 and has been a registered auditor since 1999.

He is a professor of “Business Economics” at the Economics Faculty of Università degli Studi of Milan, Bicocca.

At the Economics Faculty of “Università degli Studi of Milan, Bicocca”, he is Co-ordinator of the “Business Economics” section of the “Business Economics Sciences” Department, and of the “Business Economics Sciences” postgraduate degree course and a member of the academic board for “Business Economics and Strategy” research doctorate studies. He also teaches “Financial statements” and “Company appraisals”.

He is also the author of numerous publications, mainly on international accounting standards and company and assets appraisals.

Luigi Biscozzi

Born in Salice Salentino (LE) in 1934, he graduated in business economics (Università Commerciale Luigi Bocconi, Milan) and enrolled in the Milan Register of Public Chartered Accountants in 1966. He has been an official auditor since 1972 and a registered auditor since 1995.

He was the tax partner at Peat Marwick & Mitchell (now KPMG) in Milan from 1965 to 1976. In 1976 he was founder partner of Studio Legale e Tributario L. Biscozzi - A. Fantozzi, now Studio Legale e Tributario Biscozzi Nobili.
### Annex 5 – Structure of the board of Statutory Auditors of Indesit Company S.p.A.

<table>
<thead>
<tr>
<th>Post held</th>
<th>Member</th>
<th>Independence pursuant to Code</th>
<th>Committee meeting attendance</th>
<th>BoD meeting attendance</th>
<th>Number other posts *</th>
<th>Minority list designated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman **</td>
<td>Angelo Casò</td>
<td>X</td>
<td>100%</td>
<td>100%</td>
<td>n/a</td>
<td>X</td>
</tr>
<tr>
<td>Chairman ***</td>
<td>Marco Reboa</td>
<td>X</td>
<td>100%</td>
<td>100%</td>
<td>4</td>
<td>X</td>
</tr>
<tr>
<td>Standing auditor</td>
<td>Andrea Amaduzzi</td>
<td>X</td>
<td>100%</td>
<td>100%</td>
<td>7</td>
<td>X</td>
</tr>
<tr>
<td>Standing auditor</td>
<td>Luigi Biscozzi</td>
<td>X</td>
<td>83.33%</td>
<td>100%</td>
<td>4</td>
<td>X</td>
</tr>
</tbody>
</table>

**NOTE**
Number of Meetings in 2011: 12
Quorum for submission of lists by minority shareholders for one or more standing auditors (ex art. 148, TUIF): 2%.

* This column shows the number of administration or control posts held by the person and relevant as per art. 148-bis, TUIF. The full list of posts held is attached to the report prepared by the Statutory Auditors pursuant to art. 153, clause 1, TUIF.

** in office till 3 May 2011.

*** in office since 3 May 2011.
Annex 6 – Report on the remuneration of Indesit Company S.p.A. executives with strategic responsibilities drawn up pursuant to art. 123-ter, TUIF, and art. 84-quarter, IR

1. Introduction

This report, drawn up by the RC and approved by the Board pursuant to art. 123-ter, TUIF, and art. 84-quarter, IR (the “Remuneration Report”):

- illustrates the Policy and procedures used to adopt and implement it (Section I);
- provides an adequate, analytical representation of the remuneration actually paid to ESR (Section II).

Structured according to the guidelines provided in the aforesaid art. 84-quarter, IR, and in compliance with Annex 3A, Schedule 7-bis and Schedule 7-ter referred to therein, the Remuneration Report is attached to the Report of corporate governance and ownership published by the Company within 21 days prior to the date of the Shareholders’ Meeting called to approve the financial statements, and can be consulted on the Website.

Section I of the Remuneration Report is submitted to the Shareholders’ Meeting for the purposes of both the aforesaid art. 123-ter, TUIF, and art. 84-quarter, Issuers’ Regulations, in accordance with both art. 13, clause 3.3, RPT Regulation, and art. 6.1, f), RPT Procedure.

Words initialled with a capital letter have the meanings given in the Glossary or the Remuneration Report Glossary.

2. Remuneration Report Glossary

- “Executive directors”:
  members of the Board with executive functions for the purposes of art. 2389 c. c;

- “CCNLD”:
  national collective employment contract for managers in industrial companies;

- “Executives with strategic responsibilities” (or “ESR”):
  persons with direct or indirect powers over and responsibilities for the planning, direction and control of the Company business; for the purposes of this document they are: all the members of the Board and the standing statutory auditors, as well as the Chief Division Officers, the Chief Financial Officer, the Chief Supply Chain & IT Officer, the Chief Commercial Officer and the Group HR Director, such Officers being appointed by the Board (referred to as “Other ESR”);

- “MBO”:
  the variable part of annual remuneration obtainable on achieving predefined business objectives, explained in section 10 of this Policy;

- “L-TRI Plan”:
  Long-Term Retention Incentive plan illustrated in section 11 of this Policy;

- “GAR”:
  the fixed Gross Annual part of Remuneration of employees of Group companies;
• **“Total gross annual remuneration or Overall remuneration”**: 
  the sum of the fixed gross annual component, the variable annual component (MBO) that a 
  beneficiary receives on attaining target objectives and annualization of the variable medium/long-
  term target component (L-TRI) where applicable.
Section I – IndesitCo’s general policy on the remuneration of executives with strategic responsibilities

1. Introduction
This document illustrates IndesitCo’s general policy on the remuneration of executives with strategic responsibilities (ESR) and the procedures used to adopt and implement said policy (the “Policy”).

The Policy was defined by the Board on the basis of a proposal by the RC, in line with Issuers’ Regulations, the recommendations in art. 6 of the Code and the RPT Procedure.

2. Contents of the Policy
This Policy defines principles and guidelines for the remuneration of:
• the members of the Board;
• the standing members of the Statutory Audit Committee;
• the Other ESR;
• the officer charged with preparing the Company’s accounting documents;
• the Internal Control officer.

The RC plays a central role in the process of defining the Policy, as established by section 5 hereunder. The Board approves the Policy, which is subsequently submitted to the shareholders in accordance with the provisions of art. 123-ter, TUIF, art. 84-quater, Issuers’ Regulations, and art. 6 of the Code.

In drafting the Policy, the RC availed itself of consulting and assistance from Mario Consiglio, who in addition to acting as secretary/coordinator of the HRRC, has decades of experience in human resources management.

3. General principles
The Policy’s aim is to guarantee adequate balancing between the fixed and variable components of the remuneration of the persons in special positions or with strategic functions indicated in section 2 above, and to attract and retain resources capable of successfully pursuing the Group’s strategic objectives.

Said scope includes the definition of guidelines for implementing and actuating remuneration programmes and plans based on a set of remunerative elements depending on roles and responsibilities.

Special efforts are made to ensure a direct link, reflecting the Group’s strategic objectives and its risk management policy, between performance and the variable part of remuneration (with suitable balancing of short- and medium/long-term components). The fixed part of remuneration is in any case deemed sufficient to compensate the work of executive directors and other ESR in the event that the variable components are not paid due to failure to achieve the objectives approved by the Board.

Overall Remuneration is also defined using studies by specialists in remuneration analysis to ensure that levels are as competitive as possible and in line with the market.

4. Process of determination and approval of the Policy
Pursuant to art. 2389 c.c., the remuneration of the entire Board is fixed at the time of its appointment: the shareholders’ meeting, in fact, decides on the overall amount of remuneration for the Board (see 6.1 hereunder).

The remuneration of directors holding special posts is fixed, in accordance with art. 2389, clause 3, c.c., and the RPT Procedure, by the Board on the basis of proposals from the RC, having heard the opinion...
of the statutory audit committee. In expressing their opinion as required by the aforementioned law and procedure, the statutory auditors also make sure that proposals are in line with the Policy and the RPT Procedure.

Subject to the provisions of the RPT Procedure, remuneration of Other ESR is fixed by the CEO in concert with the Chairman, as required by the Policy.

Regarding the variable part of the annual remuneration of ESR who are entitled to it under this Policy, the Board first consults the RC and the Statutory Audit Committee (the latter pursuant to art. 2389, clause 3, c.c.) on the occasion of approving the consolidated financial statements for each year and the annual budget, it ascertains the percentage of accomplishment of the year’s objectives and determines the level of payment of the incentive, as well as setting objectives and the incentive scale for the new year.

Section 6 of this document illustrates how the remuneration of each ESR is determined.

The Report indicates, in the second part:
• in detail, the emoluments paid to directors and statutory auditors;
• cumulatively, the remuneration paid to Other ESR.

The Board set up an HRRC consisting of three non-executive directors, of whom two independent.

The following have been the members of the HRRC since 29/4/2010:
• Mario Greco (HRRC chairman and independent director);
• Maria Paola Merloni;
• Paolo Monferino (independent director).

As required by art. 6 of the Code and the RPT Procedure, when the HRRC has to vote on matters of ESR remuneration, it meets as the RC and therefore only in the presence of independent directors and the chairman of the statutory auditors (who is not, however, entitled to vote).

The RC performs the following functions in particular:
• it periodically reviews the adequacy, overall coherence and actual application of the general policy used for remuneration of ESR and makes recommendations to the Board on such matters;
• its makes recommendations to the Board regarding the remuneration of executive directors and directors holding special posts and the setting of performance objectives to correlate with the variable part of such remuneration;
• it monitors application of decisions adopted by the Board and verifies, in particular, the attainment of objectives;
• in accordance with the rules in the RPT Procedure, it expresses a reasoned opinion on decisions and any other kind of operation concerning remuneration;
• it makes recommendations to the Board regarding the remuneration of the honorary chairman;
• it drafts the Report.

At least once a year, on submitting the Remuneration Report, the Group HR Director reports to the RC on compliance with the Policy.
The Board has also assigned more detailed tasks to the HRRC, in its plenary form, namely:

• to assess the adequacy of the organization, management development plans and variable remuneration systems adopted for the management and report to the Board on such matters;
• to express opinions and/or recommend organizational and managerial training initiatives to align human resources as a whole with the current and future needs of the Company and the Group;
• to identify and recommend any organizational action needed to improve the efficiency and efficacy of the structure and facilitate more direct knowledge and development of potential managerial resources;
• to give opinions on ethical codes and regulations regarding employees.

The HRRC is allocated an annual budget for the carrying out of its activities and engages independent consultants to provide information on market standards for remuneration systems. The HRRC may invite Group executives, operating area managers and executive directors to its meetings when deemed necessary in connection with the items on its agenda.

The HRRC has a set of internal rules, requiring, among other things, regular meetings and the drawing up of minutes.

In the case of remunerations falling within the relevance ratios in art. 3.1, RPT Procedure, the RC will carry out its functions having brought into the Committee a member from the RPT Committee appointed by the Board. In the case of remunerations concerning one or both of the independent members of the RC, the RC will be replaced by the RPT Committee for the purposes of carrying out the tasks provided for in the RPT Procedure.

During the approval of this document, the Board ascertained that at least two members of the HRRC have adequate experience in accounting and finance.

6.1 Remuneration provided for all members of the Board

The level of directors’ remuneration is such as to attract and motivate people with the qualities and capabilities needed to successfully lead the Company and the Group.

On appointing the Board, the shareholders’ meeting fixed the fees due to the entire Board at a total of €920,000. The Board, in turn, voted to apportion the aforesaid global amount as follows:

• each director to receive one attendance fee for taking part in each Board meeting (€10,000);
• directors sitting on the HRRC and ICC to receive an additional annual fee of €20,000, while for the chairmen of said committees the additional annual fee is to be of €25,000;
• directors sitting on the RPT Committee to receive an additional annual fee of €10,000, while for the chairman of said committee the additional annual fee is to be of €15,000;
• non-executive directors sitting on the SDC to receive an additional annual fee of €15,000.

The remuneration of non-executive directors thus reflects the work required of each of them, including participation in committee work, and is in no way tied to the income results of the Company or Group.

Directors are legally entitled to reimbursement of expenses incurred.
6.2 Remuneration criteria for executive directors and Other ESR

In addition to the provisions of 6.1 above, executive directors are entitled to a further fee depending on the post they hold and its relative responsibilities, as provided for in section 4. A part of executive directors’ remuneration is also formed by amounts tied to the attainment of income results (the bonus or variable incentive systems dealt with in the sections hereunder) such as to ensure interest in creating value for shareholders in the short and medium/long term. The parameters for the CEO are identical to those used for the Other ESR, in line with the CEO’s top management status within the organization.

The Chairman’s remuneration is formed by the following:
• a fixed annual part, established at the time of appointment and adjusted over time in line with the market;
• a variable annual part obtainable on achieving predefined business objectives (MBO), which is equal to a pre-established percentage of the fixed part accrued over the year (the incentive obtainable on full attainment of the objectives is 50% of the fixed part: for further details, see section 10).

The CEO’s remuneration is formed by the following:
• a fixed gross annual part (GAR), which is defined at the time of appointment on the basis of the chosen positioning with respect to the relevant market (in accordance with the guidelines in section 3 above) and the levels of responsibility and complexity involved;
• a variable annual part obtainable on achieving predefined business objectives (MBO), which is equal to a pre-established percentage of the fixed part accrued over the year (the incentive obtainable on full attainment of the objectives is 50% of the fixed part: for further details, see section 10).
• a medium/long-term variable part (L-TRI) which, on achievement of the objectives assigned during the 3-year period, provides an incentive calculated on the basis of the amount paid annually under the MBO Plan, as illustrated in greater detail in section 11.

The remuneration of Other ESR is formed by the following:
• a fixed annual part (GAR), which is defined on the basis of the chosen positioning with respect to the relevant market (in accordance with the guidelines in section 3 above) and the levels of responsibility and complexity involved, professional standing and experience. This part is adjusted over time in step with the market and in relation to capacities acquired and above all performance delivered;
• a variable annual part (MBO) and a medium/long-term variable part (LTRI) with parameters identical to those of the CEO.

The Chairman, CEO and the Other ESR are also granted benefits in line with the Group’s policies. Further information on variable components and benefits can be found in sections 10, 11 and 12 (respectively “MBO Plan”, “LTRI Plan” and “Benefits”).

6.3 Remuneration of statutory auditors

The remuneration of the members of the Statutory Audit Committee is fixed by the Shareholders’ meeting on the basis of proposals from the Board or the shareholders themselves and consists of a fixed gross annual sum.

For the 3-year period 2011-2013, the shareholders’ meeting fixed the annual fee for the Chairman of the Statutory Audit Committee at €80,000 and an annual fee of €60,000 for each of the two standing statutory auditors.
The statutory auditors are entitled to reimbursement of documented expenses incurred, as provided for in the shareholders’ resolution.

6.4 Remuneration of the officer charged with preparing the Company’s accounting documents (DP)
The DP’s remuneration is fixed on the basis of the functions assigned to him.

The criteria used to determine such remuneration do not differ from those for the remuneration of Other ESR, given that the DP is the Chief Financial Officer and is therefore considered a key management figure vital for the achievement of the Group’s objectives.

6.5 Remuneration of the Internal Control Officer
The Internal Control Officer’s remuneration is defined by the Board on the recommendation of the executive director charged with supervising the workings of the ICS and after hearing the opinions of the ICC and Statutory Audit Committee, and is in line with the functions assigned to him.

6.6 Directors & Officers Liability (D&O)
In line with standard practice, the Company has stipulated a “Directors & Officers Liability” insurance policy. This annual insurance cover is designed to hold the Company harmless against all financial damage caused to it by any ESR liable under civil law for their behaviour, whether individual or collective, of omission or commission, momentary or continued, with imprudence and/or negligence, in breach of obligations and/or duties established in relation to the exercise of their functions under the law, regulations, articles of association, by-laws and/or resolutions of the shareholders’ meeting or Board meetings (negligent behaviour), excluding penal sanctions and administrative sanctions imposed by the relevant authorities under current legislation.

7. Stock-option plans
The Company was one of the first listed issuers to adopt stock-option plans to integrate the remuneration system for directors in key positions, executives and middle managers with an instrument that creates value over time and thus motivates permanence in the Group in the medium- and long-term.

The last allocation of stock options was in 2003. All the plans for directors have already terminated, while a number of Other ESR are still beneficiaries of allocated options.

The financial statements include a table providing full details of the plan over the years, while Table 2 provides cumulative/nominative data relative to the options allocated to Other ESR.

8. Transfer policy
In cases of transfer of the CEO or Other ESR, all the conditions provided for by the “Contratto Collettivo Nazionale Dirigenti” (CCNLD) apply. Better conditions may be provided, subject to the RPT Procedure, in view of special company needs.

20. The variable part of the DP’s annual remuneration is calculated on the basis of achievement of individual objectives fixed by the ICC, the access trigger being attainment of the minimum level of business objectives set by the MBO plan for the management.
9. Indemnity in cases of resignation, dismissal without just cause or discontinuation of relationship following a public takeover bid

In the case of the CEO, given the fundamental link between the post of director and the role he plays in the management structure, the Board decided, when conferring this directorship for the 2010-2012 period, to adopt the RC’s proposal to enter a framework agreement under which the supplementary indemnity due to the CEO pursuant to art. 19, clauses 15 and 16, CCNL, also applies in the case of resigning from his management employment relationship for a just cause as allowed by law, i.e. in cases of resignation within sixty days of the occurrence of one or more of the following conditions excluding contingent incapacity to perform:

I) early revocation (or forfeiture not for just cause) of the office of director and/or CEO of the Company not followed up within the subsequent 40 days of said revocation/forfeiture by conferral of the same posts on the same conditions (remuneration, duration and range of powers);

II) significant reduction of powers and authority currently invested in the CEO to an extent that substantially affects such office and role, i.e. should he be prevented from effectively exercising the powers and authority invested in him.

In such cases, the supplementary indemnity is fixed in an amount no less than the maximum allowed by the CCNL at the time of stipulating the framework contract. Said indemnity, together with severance indemnity and any indemnity in lieu of notice (provided for in the CCNL), shall be calculated by summing the following: fixed remuneration, equivalent value of benefits, average of MBO amounts received over the last three-year period, and the average of amounts received over the last three-year period arising from participation in the L-TRI Plan (or in any shorter period in the case of rights to payment of cash amounts maturing in under three years).

The stipulated framework contract does not provide for:

- agreements concerning assignment or maintenance of non-cash benefits after discontinuation of the relationship with the Company;
- stipulation of consultancy contracts for the period following discontinuation of the employment relationship;
- no-competition commitments and relative consideration;
- indemnity in the case of a take-over bid.

Subject to the provisions of the RPT Procedure, agreements to terminate employment relationships with Other ESR in advance may be decided by the CEO in concert with the Chairman.

10. Short-term incentives: the annual incentive plan (MBO Plan)

The MBO Plan generates the variable part of total gross annual remuneration and is obtained by achieving predefined short-term business objectives. Each objective is tied to an incentive scale which determines a bonus on the basis of the degree to which the objective is achieved. It provides for both minimum values, below which the Company does not pay an incentive, and maximum values, over which the Company will in any case pay only the maximum percentage agreed.

The objectives fixed by the Plan for executive directors and Other ESR are also linked to economic-financial indicators (for 2012, the RC chose EBIT and Free Cash Flow) and respect the criteria of specific objectives, objective measurability and definite time scales. They are set on the basis of the budget approved by the Board for the year to which the incentive refers, as detailed in section 4.

The MBO Plan for the management regulates the payment of an amount calculated on a predefined percentage of the remuneration accrued in the year in question. Such percentage varies with the position

21. When calculating the percentage of achievement of objectives, the Board may, if recommended by the RC, take into account the impact of non-operating/extraordinary factors (positive and negative).
11. Medium/long-term incentives: L-TRI Plan

Since 2009, a select number of managers (including the CEO and Other ESR) have been participating in the L-TRI Plan.

This long-term retention plan is based on the accumulation of a sum equal to the MBO paid out annually and is designed to retain within the Group the skills developed by key managers over the course of the years and at the same time to favour improvement of income and managerial results in the long term.

As no payment is provided for in the initial 3-year vesting period, the Group ensures that payment of a relevant portion of the variable part of remuneration is deferred over an adequate time frame with respect to maturity, in line with the characteristics of the business performed and its risk profiles.

Following approval of the consolidated financial statements for the year corresponding to the third year of a beneficiary’s participation in the plan, a third of the amount accrued will be paid and the sum thus disbursed is the incentive. The remaining two-thirds not paid will be written to the beneficiary’s account and in each successive year of the plan, this sum will be increased by the amount normally equal to what the beneficiary has actually received under the MBO Plan for that year. The sum of these amounts will form the base for calculating and paying the incentive for the next year, and so on till the closing or revocation of the plan, when the amounts accrued and not settled will immediately be paid to the beneficiary. Assuming achievement of the objectives set each year over the three years, the ratio of the medium/long-term component to the entire variable part of total remuneration will be the same as that of the short-term part.

No expiry date has been set for the Plan. On approval of the financial statements for 2010, the vesting period closed for a number of the participants (including the CEO and the Other ESR) and the first payment was made.

12. Benefits

A number of non-cash benefits are provided to ensure total remuneration is as competitive as possible and in line with market best practice.

The Chairman is granted professional and non-professional accident, life and health insurance policies. Other benefits usually associated with such a position are also provided.

The CEO and Other ESR receive certain benefits in excess of those guaranteed by the CCNLD, including professional and non-professional accident and permanent invalidity policies, a CCNLD life insurance policy and a supplementary one in excess of such policy, and a health insurance policy. Other benefits usually associated with such positions are also provided.

22. The MBO plan is disciplined by a regulation applying to the entire Group. Said regulation defines, among other things, the procedures for fixing, calculating final balances and paying incentives.
23. For the CEO and a limited number of executives, such sum is twice the amount of MBO paid, as provided for in the Group-wide regulation. Said regulation defines, among other things, the procedures for fixing, calculating final balances and paying incentives under the L-TRI Plan.
25. Calculation of the long-term incentive is also based on the amount of MBO disbursed. In the case provided for in note 2) above, medium/long term incentives, assuming achievement of objectives, would account for 2/3 of the entire variable part of total Gross Annual Remuneration.
Section II – Part 1

The items comprising the remuneration of each ESR are in line with the Policy illustrated in Section I in that they were already adopted by the Company for 2011. Further details on individual remuneration items may therefore be found in Section I.

Section II – Part 2

Table 1 – Remuneration paid to members of management and control boards, general managers and other executives with strategic responsibilities

<table>
<thead>
<tr>
<th>Name and surname</th>
<th>Post (A)</th>
<th>Period spent in office (C)</th>
<th>Expiry of mandate (D)</th>
<th>Fixed remuneration (E) (1)</th>
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* In Column (2) the fee refers to participation in the RPT Committee.
** In Column (2) the fee refers to participation in the Internal Control Committee (€20,000) and the Strategic Development Committee (€15,000).
*** In Column (2) the fee refers to participation as chairman of the Internal Control Committee.
**** In Column (2) the fee refers to participation as chairman of the Human Resources & Remuneration Committee.
***** In Column (2) the fee refers to participation in the Internal Control Committee.
****** In Column (2) the fee refers to participation in the Human Resources & Remuneration Committee.
The items comprising the remuneration of each ESR are in line with the Policy illustrated in Section I in that they were already adopted by the Company for 2011. Further details on individual remuneration items may therefore be found in Section I.

### Table 1 – Remuneration paid to members of management and control boards, general managers and other executives with strategic responsibilities

<table>
<thead>
<tr>
<th>Name and surname</th>
<th>Post</th>
<th>Period spent in office</th>
<th>Expiry of mandate</th>
<th>Fixed remuneration (E)</th>
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<th>Non-cash benefits (E) (4)</th>
<th>Other remuneration (E) (5)</th>
<th>Total (E) (6)</th>
<th>Fair Value of equity remuneration (E) (7)</th>
<th>End of mandate or discontinuation of work relationship indemnity (E) (8)</th>
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*In Column (2) the fee refers to participation in the Human Resources & Remuneration Committee (€20,000), the Strategic Development Committee (€15,000) and as chairman of the RPT Committee (€15,000).*

*For the CEO, in Column (1), the figure includes remuneration in his capacity as employee plus a €60,000 (gross) fee as a director. In column (3), the amount for Bonuses and other incentives as a director amounts to €677,222 (gross).*

*At 31/12/2011, the Other ESR are: Chief Financial Officer, Chief Supply Chain & IT Officer, Chief Commercial Officer, Chief Marketing Officer, Chief Technical Officer.*
Table 2 – Stock-options allocated to members of management and control boards, general managers and other executives with strategic responsibilities

<table>
<thead>
<tr>
<th>Name and surname (A)</th>
<th>Post held (B)</th>
<th>Plan (1)</th>
<th>Options held at 31/12/2010</th>
<th>Options allocated during 2011</th>
<th>Options exercised during 2011</th>
<th>Options matured in 2011</th>
<th>Options held at 31/12/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of options (2)</td>
<td>Exercise price (3)</td>
<td>Period of possible exercise (from to) (4)</td>
<td>Number of options (5)</td>
<td>Exercise price (6)</td>
</tr>
<tr>
<td>Other ESR *</td>
<td></td>
<td></td>
<td>30,000</td>
<td>7.9258</td>
<td>1/1–31/12</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Other ESR *</td>
<td></td>
<td></td>
<td>35,000</td>
<td>12.6479</td>
<td>1/1–31/12</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>65,000</td>
<td></td>
<td></td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

* At 31/12/2011, the Other ESR are: Chief Financial Officer, Chief Supply Chain & IT Officer, Chief Commercial Officer, Chief Marketing Officer, Chief Technical Officer.

Table 3 – Long-term cash incentive plans for members of management and control boards, general managers and executives with strategic responsibilities

<table>
<thead>
<tr>
<th>Surname and name (A)</th>
<th>Post (B)</th>
<th>Plan (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrea Merloni</td>
<td>Chairman BoD</td>
<td>MBO Plan</td>
</tr>
<tr>
<td>Marco Milani</td>
<td>Chief Executive Officer</td>
<td>MBO Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>L-TRI Plan</td>
</tr>
<tr>
<td>Other ESR *</td>
<td></td>
<td>MBO Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>L-TRI Plan</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* At 31/12/2011, the Other ESR are: Chief Financial Officer, Chief Supply Chain & IT Officer, Chief Commercial Officer, Chief Marketing Officer, Chief Technical Officer.
### Table 2 – Stock-options allocated to members of management and control boards, general managers and other executives with strategic responsibilities

<table>
<thead>
<tr>
<th>Name and surname</th>
<th>Post held</th>
<th>Plan (1)</th>
<th>Number of options (2)</th>
<th>Exercise price (3)</th>
<th>Period of possible exercise (from to) (4)</th>
<th>Number of options (5)</th>
<th>Exercise price (6)</th>
<th>Period of possible exercise (from to) (7)</th>
<th>Fair value at date of allocation (8)</th>
<th>Date of allocation (9)</th>
<th>Market price of underlying shares at date of exercise (10)</th>
<th>Number of options (11)</th>
<th>Exercise price (12)</th>
<th>Market price of underlying shares at date of exercise (13)</th>
<th>Number of options (14)</th>
<th>Number of options (15) = (2) + (5) – (11) – (14)</th>
<th>Fair value (16)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other ESR</strong> *</td>
<td><strong>Stock option plan for Group executives and line managers initiated in 1998</strong></td>
<td>Options entitle holders to be issued one ordinary Indesit Company S.p.A. share</td>
<td>30,000</td>
<td>7.9258</td>
<td>1/1–31/12</td>
<td>0</td>
<td>n.d.</td>
<td>n/a</td>
<td>0</td>
<td>n.d.</td>
<td>n/a</td>
<td>0</td>
<td>30,000</td>
<td>1/1–31/12</td>
<td>85,917</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other ESR</strong> *</td>
<td><strong>Stock option plan for Group executives and line managers initiated in 1998</strong></td>
<td></td>
<td>35,000</td>
<td>12.6479</td>
<td>1/1–31/12</td>
<td>0</td>
<td>n.d.</td>
<td>n/a</td>
<td>0</td>
<td>n.d.</td>
<td>n/a</td>
<td>0</td>
<td>35,000</td>
<td>1/1–31/12</td>
<td>100,237</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>65,000</td>
<td></td>
<td></td>
<td>0</td>
<td>n.d.</td>
<td>n/a</td>
<td>0</td>
<td>n.d.</td>
<td>n/a</td>
<td>65,000</td>
<td>1/1–31/12</td>
<td>186,154</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* At 31/12/2011, the Other ESR are: Chief Financial Officer, Chief Supply Chain & IT Officer, Chief Commercial Officer, Chief Marketing Officer, Chief Technical Officer. At 31/12/2011, three ESR hold stock options.

### Table 3 – Long-term cash incentive plans for members of management and control boards, general managers and executives with strategic responsibilities

<table>
<thead>
<tr>
<th>Surname and name</th>
<th>Post</th>
<th>Plan (1)</th>
<th>Payable/Paid (2)</th>
<th>Deferred (B)</th>
<th>Period of deferral (C)</th>
<th>No longer payable (A)</th>
<th>Payable/Paid (B)</th>
<th>Still deferred (C)</th>
<th>Other bonuses (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrea Merloni</td>
<td>Chairman BoD</td>
<td>MBO Plan</td>
<td>346,660.00</td>
<td>0</td>
<td>Average deferral: 3 years</td>
<td>346,660.00</td>
<td>0</td>
<td>Average deferral: 3 years</td>
<td>346,660.00</td>
</tr>
<tr>
<td>Marco Milani</td>
<td>Chief Executive Officer</td>
<td>MBO Plan</td>
<td>459,325.00</td>
<td>0</td>
<td>Average deferral: 3 years</td>
<td>459,325.00</td>
<td>0</td>
<td>Average deferral: 3 years</td>
<td>459,325.00</td>
</tr>
<tr>
<td>Andrea Merloni</td>
<td>Chairman BoD</td>
<td>L-TRI Plan</td>
<td>306,217.00</td>
<td>612,433.00</td>
<td>Average deferral: 3 years</td>
<td>306,217.00</td>
<td>612,433.00</td>
<td>Average deferral: 3 years</td>
<td>306,217.00</td>
</tr>
<tr>
<td>Andrea Merloni</td>
<td>Chairman BoD</td>
<td>L-TRI Plan</td>
<td>736,652.50</td>
<td>0</td>
<td>Average deferral: 3 years</td>
<td>736,652.50</td>
<td>0</td>
<td>Average deferral: 3 years</td>
<td>736,652.50</td>
</tr>
<tr>
<td>Andrea Merloni</td>
<td>Chairman BoD</td>
<td>Other ESR</td>
<td>491,101.67</td>
<td>982,203.33</td>
<td>Average deferral: 3 years</td>
<td>491,101.67</td>
<td>982,203.33</td>
<td>Average deferral: 3 years</td>
<td>491,101.67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>2,339,956.17</td>
<td>1,594,636.33</td>
<td></td>
<td>2,174,500.95</td>
<td>4,349,001.91</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 4 – Shares held by members of management and control boards and general managers

<table>
<thead>
<tr>
<th>Surname and name</th>
<th>Post</th>
<th>Company</th>
<th>Type of ownership</th>
<th>Number of shares held at 31/12/2010</th>
<th>Number of shares purchased</th>
<th>Number of shares sold</th>
<th>Number of shares held at 31/12/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrea Merloni</td>
<td>Chairman</td>
<td>Indesit Company S.p.A. – ordinary shares</td>
<td>Indirect, through Alpha 67 S.r.l. Unipersonale</td>
<td>265,840</td>
<td></td>
<td></td>
<td>265,840</td>
</tr>
<tr>
<td>Marco Milani</td>
<td>CEO and General Manager</td>
<td>Indesit Company S.p.A. – ordinary shares</td>
<td>Direct</td>
<td>100,000</td>
<td></td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>Antonella Merloni</td>
<td>Director</td>
<td>Indesit Company S.p.A. – ordinary shares</td>
<td>Direct</td>
<td>276,030</td>
<td></td>
<td></td>
<td>276,030</td>
</tr>
<tr>
<td>Aristide Merloni</td>
<td>Director</td>
<td>Indesit Company S.p.A. – ordinary shares</td>
<td>Direct</td>
<td>275,840</td>
<td></td>
<td></td>
<td>275,840</td>
</tr>
<tr>
<td>Maria Paola Merloni</td>
<td>Director</td>
<td>Indesit Company S.p.A. – ordinary shares</td>
<td>Direct</td>
<td>239,900</td>
<td>3,000</td>
<td></td>
<td>242,900</td>
</tr>
</tbody>
</table>

Shares held by Other ESR

<table>
<thead>
<tr>
<th>Number of executives with strategic responsibilities</th>
<th>Company</th>
<th>Type of ownership</th>
<th>Number of shares held at 31/12/2010</th>
<th>Number of shares purchased</th>
<th>Number of shares sold</th>
<th>Number of shares held at 31/12/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other ESR *</td>
<td>n/a</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* At 31/12/2011, the Other ESR are: Chief Financial Officer, Chief Supply Chain & IT Officer, Chief Commercial Officer, Chief Marketing Officer, Chief Technical Officer.
Report on corporate governance 2011

Report at 21 March 2012 on 2011 (pursuant to art. 123-bis, TUF - Ordinary management and control model)