

Approved by resolution of the Supervisory Board of Gorenje, d.d.
Minutes of the Supervisory Board meeting dated April 24, 2014
Supervisory Board chairman on this April 24, 2014

Code of Conduct at Gorenje Group

Table of contents

PREAMBLE

1	THE COMPANY'S VALUES	2
2	THE COMPANY'S ETHICAL PRINCIPLES	4
3	ETHICAL STANDARDS FOR THE COMPANY'S RELATIONSHIP WITH ITS STAKEHOLDERS	6
1.	<i>Employees and Officers</i>	6
2.	<i>Customers</i>	7
3.	<i>Relations With Its Business Partners</i>	7
4.	<i>Government</i>	8
5.	<i>Society and the Wider Community</i>	8
4	IMPLEMENTATION	9
1.	<i>Means to Obtain Advice</i>	9
2.	<i>Processes and Responsibility</i>	9
3.	<i>Code of Conduct awareness program</i>	10
4.	<i>Communication and exchange of ideas</i>	10
5.	<i>Internal control</i>	10
6.	<i>Social dialogue</i>	10

Preamble

The purpose of this Code of Conduct is to:

- Commit the Company to the highest standards of business and ethical behaviour;
- Encourage ethical conduct and sanction misconduct within the Company; and
- Develop an ethical culture within the Company that is based on such standards and conduct, and that will be applied by directors, management and employees alike.

By adopting, following and updating this Code of Conduct on a regular basis, together with the Company's corporate governance code, statute and regulations, the Company confirms its desire to demonstrably lead and promote good ethical behaviour. Ethics and good business practice are not simply a question of obeying the law. Consequently, and in order to foster the confidence of its shareholders, employees, investors and the public, this Code of Conduct goes beyond the legal and regulatory framework currently prevalent in Slovenia. It embraces both national and internationally recognized principles and practices.¹

The Company's governing bodies and employees understand this Code of Conduct as their joint obligation, and obligate themselves to ensure that its spirit and provisions are respected and acted upon throughout the Company and its subsidiaries and dependent companies. The Code of Conduct is the base document for development of Gorenje Group's corporate values, and a starting point for the development and management of corporate culture consistently with the Code's contents,

This Code of Conduct shall be reviewed and updated on an annual basis and published internally via the Company's Intranet site, as well as on the Company's Internet site at www.gorenje.com.

The company will set out in a separate annex matters of practice for implementation that are agreed from time to time by the Supervisory Board and the Management Board.

¹ Internationally recognized principles include, among others, the Sullivan Principles (www.globalsullivanprinciples.org/), UN Principles on Corporate Ethics (www.unglobalcompact.org/), Coalition for Environmentally Responsible Economies (www.ceres.org/), ILO standards on labour issues (www.ilo.org), the OECD Conventions on Bribery and Corruption and OECD Guidelines for Multi-national Enterprises (www.oecd.org).

1 The Company's Values

In all internal and external relationships, the Company demonstrates its commitment to

- Obey the Law;
- The Slovene Code of Corporate governance;
- The Statute of the company;
- The Rules of Procedure of the company;
- International Accounting Standards
- vision and mission of the company, its strategy and its budgets:²

Moreover, the company laid down a broader system of values for the following medium-term development cycle, according to which Gorenje Group corporate culture will be upgraded.

There are two key values:

RESPONSIBILITY and INNOVATION

Innovative and responsible conduct is defined at the level of an individual and at the company level. At the level of an individual, it involves the conduct of all employees of the company and conduct of the leaders who set an example to their co-workers as to what conduct is acceptable and desirable at the company.

With regard to the company, the Code defines the way in which the values are manifest and reflected at the company level and the level of mission and vision, in relation to the society and the environment, consumers, customers, clients, and the brand.

Responsibility and innovation at Gorenje

INDIVIDUAL	RESPONSIBILITY	INNOVATION
EMPLOYEE	I carry out my tasks responsibly; I have a responsible attitude to others and to Gorenje.	I am open to fresh ideas. I am constantly searching for and implementing improvements, and I am willing to take risks within reasonable limits.
LEADER	I carry out my tasks responsibly; I have a responsible attitude to co-workers and to Gorenje, and I set an example for others.	I am open to fresh ideas. I am constantly searching for and implementing improvements; I am willing to take risks and I encourage my co-workers to do the same.
COMPANY		
GORENJE	We have a set of clearly defined rules and delineated responsibilities which we	We provide the conditions and advance the systems that encourage the employees to

² Company values often focus on delivering quality products and services; leadership (in terms of innovation, and research and development); promoting shareholder value; protecting the environment; satisfying customers; acting with honesty, integrity and respect for people; etc.

	observe and transfer to all our companies.	creativity and development of innovative products and services.
SUPPLIERS, BUSINESS PARTNERS	We are developing long-term partner relationships based on sustainable development of everyone involved.	We encourage innovativeness of our suppliers and our business partners, and we work together to find new solutions.
STAKEHOLDERS (OWNERS)	We generate sustainable value for all stakeholders.	We work with the owners and all other stakeholders to find new approaches, ideas, and methods of operations.
SOCIETY AND ENVIRONMENT	We support broad and local socially beneficial activities and decisions that bear a sustainably positive effect and which contribute to the progress of the society.	Our innovative products, technologies, and services contribute to a higher quality of life in the immediate and broad environment.
MISSION, VISION	In defining our medium-term and long-term mission and vision, we consider the employees, shareholders, customers, business partners, and the environment.	By generating new ideas and operating methods, we ensure long-term existence of the company.
BRANDS	We systematically manage the long-term development of our brands and keep our brand promise.	We are developing advanced and innovative home appliances full of fresh idea, consistently with the identity and strategy of our brands.
CONSUMERS (BUYERS, CUSTOMERS)	Our technologically perfected superiorly designed and energy-efficient home appliances improve the quality of living for the users of our products.	We create innovative products and services that are user-friendly and which offer ever new, functional solutions, features, characteristics, and benefits.

In addition to the two fundamental values, our corporate value system includes six more values that support and follow the basic two. These include:

- openness of thinking,
- team spirit,
- respect,
- efficiency,
- goal-orientation,
- commitment.

2 The Company's Ethical Principles

The Company is committed to act ethically in all aspects of its business. In addition to the values of corporate culture, the following values are considered ethical standards that upgrade the value system:

- Honesty;
- Integrity;
- Fairness;
- Transparency.

The company expects consistent adherence to the values and ethical criteria in relations with every individual or entity it works with.

Company ethical standards are focused on the following fields: employees, customers, business partner relations, government institutions, broad society, and the public.³ These ethical standards apply to the entire Gorenje Group (for all subsidiaries and associated companies both in Slovenia and abroad).

The Company's ethics standards are based on:

- Respect for the rule of law, Slovene or relevant local laws and regulations;
- Respect for human rights;
- Conducting business with integrity and fairness, renouncing bribery and corruption or similar unacceptable business practices, and not give or accept gifts and entertainment unless they fall under business custom, are immaterial and infrequent;
- Creating mutual advantage in all the Company's relationships;
- Building and fostering trust; and
- Demonstrating respect for the community the Company operates in, as well as for the environment.

The Company shall develop specific, measurable targets for improving ethical behaviour.

³ The Company's areas of focus will depend largely on the industry in which it operates and its business sector. Thus, a company in the banking sector may wish to focus on issues different than those of a company in the oil sector (e.g. financial control, insider trading and/or money laundering vs. environmental protection). Areas of focus can be structured around topics and/or relationships. Topics include health, safety and environmental concerns; bribery and corruption; legality; conflicts of interest; human rights; gifts and entertainment; control and finance; etc. Relationships can include relations with employees; customers; business partners; suppliers; joint-venture partners; etc.

3 Ethical Standards for the Company's Relationship with its Stakeholders⁴

3. 1. Employees and Officers

The Company values its employees as the keystone to success. The Company is thus committed to treating all employees with dignity, trust and respect, and to building a long-term relationship based on Slovene labour laws and the respect of human rights.

It is the Company's policy to provide for and regularly improve upon a healthy, safe and secure working environment for its employees.

Conflicts of interest can actually, or at least can appear to, compromise the judgement or objectivity of the Company's employees and officers. Conflicts of interest are to be avoided. **To the extent that they cannot be avoided, employees and officers should inform supervisors and take themselves out of the decision-making process with respect to the conflict of interest.**

The company is an equal opportunity employer. Its recruitment, promotion and compensation policy is based on merit and is free of discrimination. Clear and transparent policies have been developed and put into practice.

Discrimination or harassment at the workplace will not be tolerated. Charges of discrimination or harassment will be thoroughly investigated and dealt with by the relevant officer within the company [Company's ethics officer and/or the Supervisory Board's audit committee].

Employees are recognized and rewarded for their performance, based on performance objectives, and constructive and regular feedback through face-to-face meetings.

The company has in place a training program, accessible to all employees, which encourages individuals to formulate personal development plans and provides for coaching, mentorship and formal skill-enhancing training. Annual interview is implemented as the key tool for performance management and motivation of employees through clear specification and communication of business goals.

The company prohibits the use of confidential and insider information by all officers and employees, and has developed a detailed procedure to effectively deal with insider trading and insider information.

In the interests of transparency, the company has regular communications and holds consultations with employees regarding such topics as employment conditions and other issues that may affect the interests of employees.

⁴ Among the company's stakeholders are its shareholders. Shareholders are not treated explicitly in this document since shareholder issues are addressed more fully in the context of corporate governance.

3. 2. Customers

Customer satisfaction is an overriding concern of the Company. Safe, high quality products and services, fair pricing and appropriate after-sales service define the Company's relations with its customers.

The Company always seeks to deliver on its promises and business commitments and covenants.

3. 3. Relations With Its Business Partners

The Company believes that a long-term relationship with its business partners (suppliers, contractors, participants in joint ventures) is founded on respect, trust, honesty and fairness is vital to its success.

The Company will encourage its business partners to share its ethical standards.

The Company will fulfil its contractual obligations and respect its business relations:

- Contractual negotiations shall be conducted based on mutual respect and benefit.
- Business relations shall be based on high performance standards, delivering in a timely and qualitative manner, prompt settlement of bills and other obligations.
- In case of a commercial dispute, the Company will negotiate in good faith in order to arrive at a consensus and a fair solution.

The Company is committed to complying fully with the Slovene law on anti-money laundering and only conducts business with reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

3. 4. Government

The Company will pay its taxes in a timely manner.

The Company abides by all regulations, including voluntary codes and guidelines such as the Code of Corporate Governance, and adheres to both the letter and the spirit of such codes and guidelines.

The Company has legally obtained the licenses required to do business.

The Company seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. In its relations with the government, authorities, and courts of law, the company shall not seek to affect the government decisions in any inappropriate way. Moreover, the company shall not offer, pay, request, propose, or accept any bribe in any form whatsoever, neither directly nor indirectly. Transparent procedures regarding transactions engaged in by the Company with any government agency or official, or in dealings with any company owned or controlled by a government agency or official shall be established to this end.

The Company shall not favour any particular political option, party, organization, or official; it shall support a democratic society free of prejudice, based on equal opportunities.

3. 5. Society and the Wider Community

The company perceives itself as an integral part of the community of which it is a part. We are committed to maintaining sound relationships based on respect, trust, sincerity, honesty, and fairness.

The Company is committed to creating jobs and developing local talent when this is economically possible.

The preservation of the environment is of great importance to the Company. The Company strives to minimize the environmental impact from its activities by reducing waste, emissions and discharges, and by using energy efficiently. All operations and activities will be carried out according to the highest standards of care and in line with internationally recognized principles.⁵

The Company is committed to help the local community through a variety of charities and foundations, educational organizations and similar institutions

Non-governmental Organizations (NGOs) are a key element to any society and the Company seeks to build constructive relationships with such organizations in order to build a better society, and maintain a cleaner and safer environment for all.

The Company promises to discuss and consider the specific developmental needs of the communities in which it operates, through a process of regular, open dialogue.

3. 6. Anti-corruption clause

All Gorenje Group employees who are involved in relations with any stakeholders in the business, political, or broader social environment shall be committed to act consistently with anti-corruption principles, according to valid legislation, internal acts and international practices; they shall report any such actions immediately to the company's Management Board secretary.

⁵ For example, ISO 14000 on Environmental Management, as developed by the International Organization for Standardization (www.iso.ch/).

4 Implementation

4.1 Means to Obtain Advice

Many business decisions are complex and may involve dilemmas that require judgement to make an ethical choice. In cases of uncertainty, all officers and employees are expected to act responsibly and raise the ethical dilemma with their managers. Should this not lead to a satisfactory solution, the ethical issue can be raised with an ethics officer to obtain clarification. All officers and employees have the right to consult directly with an ethics officer [and/or the Supervisory Board's audit committee] who, in turn, shall advise and take action in accord with the values contained in this Code.

Questions or concerns can be addressed by e-mail, phone, fax or regular mail to the company ethics officer Jure Marjanovič:

Jure Marjanovič

Phone: +386 3 899 2167

Address: Gorenje, d.d.
Partizanska 12
SI-3503 Velenje

E-mail: jure.marjanovic@gorenje.com

4.2 Processes and Responsibility

Each individual is responsible for his or her ethical behaviour. Compliance with this Code shall be mandatory for all employees. The Code is incorporated into all employee contracts by reference, and linked to all disciplinary procedures.

Department heads are accountable to the CEO and/or the Executive Board for implementing this Code of Ethics within their departments, ensuring that all officers and employees understand it, and for providing assurances that they are operating according to the standards set by this Code of Conduct. The CEO and/or the Executive Board are to provide similar assurances to the Supervisory Board. The principles and provisions in this Code of Conduct have been integrated into the Company's system of internal control. Rigorous and objective processes to measure performance, identify shortcomings and gaps, and implement measures to address such ethical shortcoming and gaps, are regularly reviewed and modified as necessary.

Wilful or careless breach, or neglect of one's duties and responsibilities pursuant to the provisions of this Code of Conduct will be treated as major breach of obligations based on employment relationship and can lead to the termination of employment.

The Supervisory Board's Audit Committee periodically reviews and updates these principles, reviews the extent to which its standards are applied in practice, and formulates proposals for the Supervisory Board's approval.

4. 3. Code of Conduct awareness program

The Company offers a training course in ethics for all new officers and employees. This course offers practical examples and applications of this Code of Conduct.

Periodic and specialized training courses are offered to officers and employees, as part of the Company's continuous professional education program.

4. 4. Communication and exchange of ideas

The Company encourages vigorous debate, exchange of ideas and feedback.

4. 5. Internal control

An Internal Audit department is operating at the company, providing independent and unbiased assurances to the Management Board and the Audit Committee. Moreover, the Internal Audit makes sure the system of internal control is in place and operating, and that operations are compliant with internal and external rules. Internal Audit is also involved in the risk management process and it renders consulting services for the Management Board,

In case of suspicion of breach of the provisions of the Code of Conduct, beyond the responsibilities of the Internal Audit, as described in the above paragraph, the Management Board or any member thereof shall have the right to appoint a responsible person or a committee in charge of internal control for a particular case, when circumstances or facts exist that prove unethical or irresponsible conduct of an individual or a group of employees.

The basic task of the responsible person or internal control committee shall be to investigate the circumstances and to narrow down the responsibility to the level of each individual. Such responsible person or committee in charge of internal control shall propose to the Management Board any measures and improvements, and ensure consistency of any proposed and introduced measures.

4. 6. Social dialogue

Social dialogue is a form of cooperation and communication between social partners. Its primary purpose is to improve the provision of information to the employees and to improve awareness of the fundamental issues of corporate governance. The Code of Conduct represents the foundation for the social dialogue.