



# Responsibility Report 2008





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**“There is no value  
in any industrial  
enterprise unless  
there is also commitment  
to social progress.”**

*Aristide Merloni, 1967*

## Chief executive officer's letter

Running an enterprise is not a simple question of increasing sales and profits. It also means developing products of increasingly high quality, with a high innovation content and increasingly eco-compatible; it means constantly reducing the environmental impact of business processes and last, but certainly not least, developing the people who work with us and determine the future of the Company.

This explains the creation, in July 2008, of the Health & Safety department, which will manage and implement environmental policies together with the other departments involved and in particular with the newly formed Environment department.

On the training front, June 2008 saw the launching of various activities with universities in Countries where the Company operates, the aim being to develop new talents and help young graduates into the labour market.

We also had the pleasure of celebrating the first ten years of the Jonathan project, thanks to which Indesit has been able to help many young Italians who have had trouble (some even serious) with the law to regain a place in society and the workplace. We also supported other important initiatives, such as ChildLine in the UK and an orphanage in Lodz (Poland).

A key role has always been, and will continue to be, played by technological innovation, which enables us to develop products that are increasingly advanced and closer to our customers' needs. In 2008, the launch of the new combo fridge, the Quadrio, combining large capacity, innovative ergonomics and excellent energy performance, is just one example of a programme which in 2009 will involve the most impressive launch of new high quality products in Indesit Company's history.

After several years of growth, however, 2009 must necessarily be a year in which costs and investments are kept under very tight control: protecting the Company's financial solidity is both our priority and the only guarantee of independence and new growth when the economic and financial crisis is behind us. This should not, however, deflect us from our commitment to transforming the values we believe in and which are an integral part of our mission into reality, in everything we do. Because sustainability is part of our business culture, an intangible asset that shapes our identity.

Marco Milani



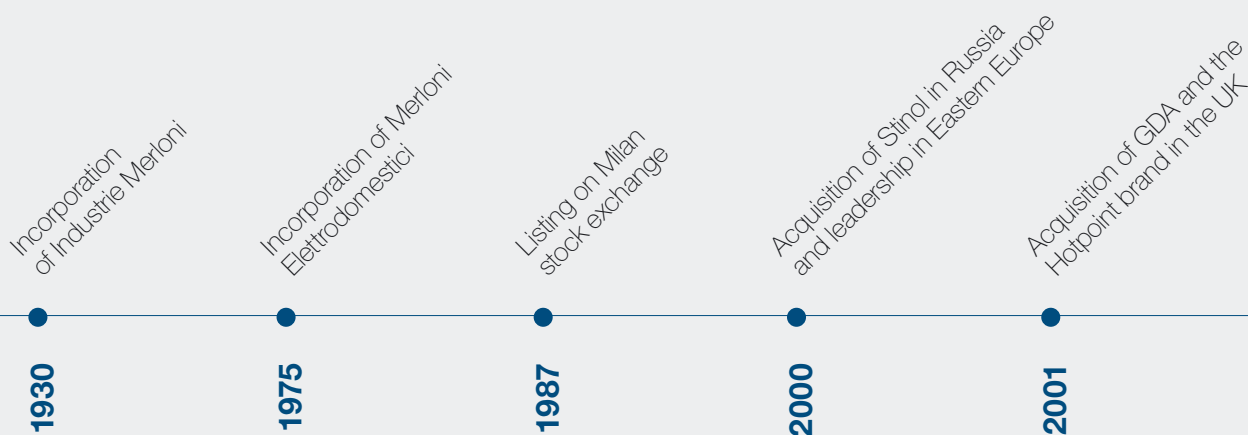
# Indesit Company: an ongoing success story

Further information on:  
[indesitcompany.com](http://indesitcompany.com)  
section company

Indesit Company is Europe's second biggest manufacturer of household appliances by market share. Founded in 1975 and listed on the Milan stock exchange since 1987, the Group posted sales of €2 billion in 2008. It employs over 17,000 people and makes washing machines, dryers, washer-dryers, dishwashers, fridges, freezers, ovens and hobs under its main brands Indesit, Hotpoint-Ariston and Scholtès.

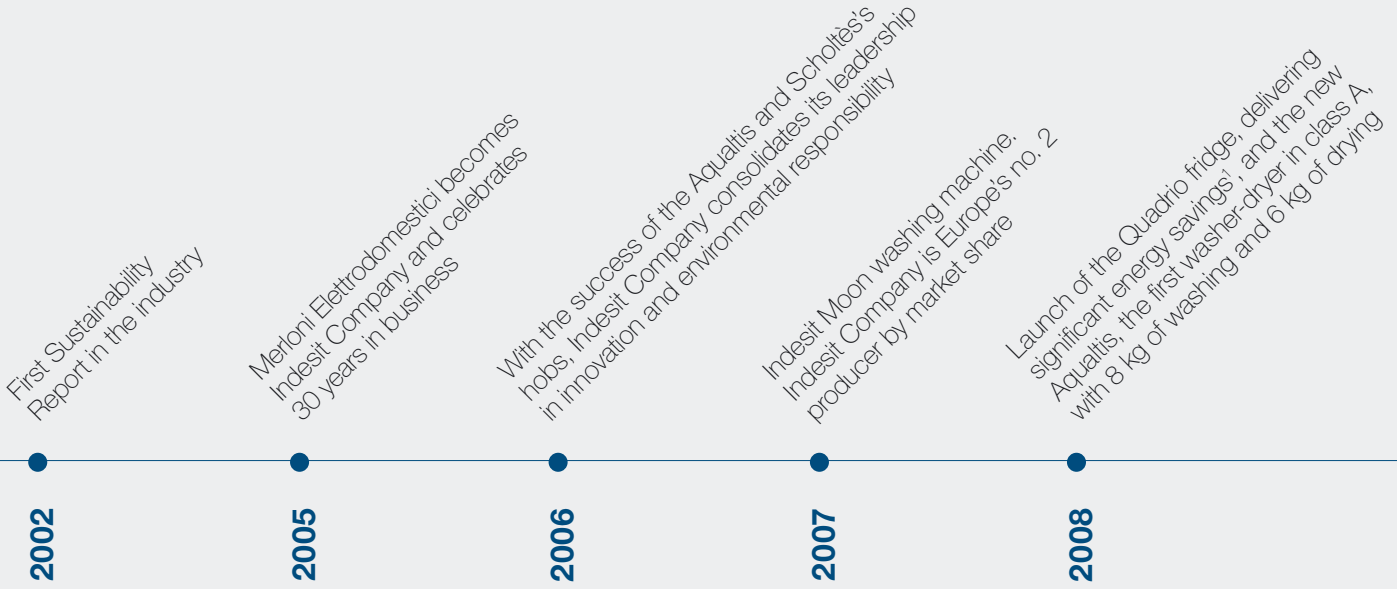
## The “pocket multinational”

Indesit Company is a multinational that some analysts consider the mother of all “pocket multinationals”, the ambassadors of Made in Italy's success worldwide. The Group has always seen internationalization as a model of development and its main operations are now in Countries in the so-called “Greater Europe” (Europe, Turkey and the CIS - Confederation of Independent



States), with 18 production facilities and 24 commercial offices. It is above all in this region that the Group intends to consolidate its leadership in terms of both market share and technology. In this business model, the distinguishing elements of the Group's philosophy have always been: its heritage of values, strategic management of its brands, the reliability of its products, its advanced quality system, its R&D investments, its development of human capital and its focus on

sustainable development wherever it operates. These are factors that will continue to characterize the Company in its new growth, as will the harmonizing of cultural diversity through the development of its "one single company" model, ie. the perpetuation of core values shared with and enriched by new people.



1. Based on normal conditions of use for the amount of consumption attributable to the opening of the doors (test carried out at the industrial engineering department of Perugia University in December 2007).

## Strategic drivers

Over the last four years, Indesit Company's development of its market strategies has concentrated on three main priorities: technological innovation, quality and development of human capital.

### The force of our brands

After the redefinition of brand architecture in 2007, Indesit Company continued in 2008 to focus on develop its three main brands: Indesit, Hotpoint-Ariston and Scholtès. This development was supported by both product innovation and ongoing improvements to product quality.

2008 saw the completion of a programme of launches throughout Europe for Hotpoint-Ariston, a brand combining the international force of the UK label and the innovation and design of the Italian brand and aiming to improve its positioning in the middle-high market. Indesit continued to upgrade its positioning by developing products that are easy to use despite their high-tech content.

Advertising too has helped boost the value of these brands, delivering excellent results in terms of visibility, customer awareness and, no less importantly, profitability. 2008 saw the launch of Indesit's new Prime line, created by Giugiaro, which combines functionality and design in products of outstanding technological innovation and ease of use.

In 2009, Scholtès will be launched in a number of Countries, in Europe and beyond, to spread its reputation as the Group's high-end brand, characterized by a new range of highly innovative semi-professional products like the Multiplo.

### Looking ahead isn't enough. We have to go beyond and innovate, always

Innovation is a priority for development, for creating value for stakeholders and for pursuing sustainable growth for the environment and natural resources. But not only: it's also a vital factor in international competition.

Every year a third of total investments goes into research and development of new products. The R&D process is also supported by a network of suppliers, producers of goods and products, companies in other industries and primary university research centres in Italy and elsewhere, all focused on developing innovative technologies and processes to apply to the domestic appliances of the future.

Rapid decision making and the lean organization of this "open innovation" model make it possible both to react promptly to market requirements and to snap up opportunities from the world of research and technology and turn them into new product functions and performance enhancers.

With over 600 people constantly engaged in R&D, the number of patents registered by the Group continued to grow in 2008, being 25% up on the previous year. Since 1998, important progress has been made on the environmental performance of products (as well as lower consumption levels during production), with savings of up to 60% on water and energy consumption. The results of this commitment have been widely acknowledged, as also seen in the numerous international awards won over the years.

Further, 2009 will see the biggest new product launch plan in the Group's history, with over 200 new products scheduled to be put on the market.





**Our ideas. Your home.**

Hotpoint-Ariston addresses a target of people between 25 and 50 with families, practical, modern people demanding style and functionality, who love their homes and want them to represent as far as possible their approach to life. The payoff "Our ideas. Your home" expresses the brand's desire to offer its consumers solutions stemming from deep understanding of what they are looking for in their homes, in line with the brand values: intelligence, comfort and style.

[www.hotpoint-ariston.eu](http://www.hotpoint-ariston.eu)



**We work, you play**

Indesit addresses a target of young adults between 25 and 45, people with a dynamic and cosmopolitan lifestyle. A consumer profile that requires products with a modern design and innovative, intuitive technological solutions that make life simple and free up time. It is to meet these needs that Indesit decided to be a "smart solution for enjoying contemporary life".

[www.indesit.com](http://www.indesit.com)



### The taste of perfection

Scholtès products embody “recognised professionalism”, the essence of the brand. Only Scholtès provides demanding users with cooking, cooling and washing products that are truly innovative and of timeless style.

Their sophisticated style goes hand-in-hand with professional performance: appliances like these make users proud of their talent, their results and their lifestyles. Scholtès products are immediately recognized, they are true icons, standard-bearers for uncompromising quality and professionalism.

[www.scholtes.com](http://www.scholtes.com)

### Enterprise, sustainability and competitive edge

Indesit Company has built a socially responsible business model in which economic, social and environmental performance generates value and creates competitive advantage in the medium and long term.

The Group has always seen social responsibility as an integral aspect of its mission, values and strategies and as the basis for creating trust and credibility in its employees, partners, shareholders, suppliers, customers and the community.

It is with this conviction that Indesit Company developed its system of managing social responsibility issues.

### Development of human capital

Human capital is an important intangible asset and a key element in an enterprise’s achievement of excellence. It is people, in fact, with their skills and abilities, who generate value and enable the Company to stay ahead.

The Group has consolidated a strong international management structure by cultivating its internal resources and attracting people from the outside to enrich its know-how.

# Sustainability Governance model

Indesit Company's corporate governance system conforms for the most part with the principles of the "Listed Companies Code of Ethics", 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;
- improved safeguarding of stakeholders and boosting of their trust;
- maximization of value for shareholders and all other stakeholders;
- improvement of transparency in financial communication for the market;
- improvement of internal control systems.

Indesit Company's administration and control model is the "ordinary" one (ie. as required by Italian law), with a board of directors, a statutory audit committee and external auditors. Company officers are appointed by shareholders' meetings and hold office for three years, whilst external auditors are retained for nine years.

The wide representativeness of the independent directors and the major role they play on the Board and in its committees (Human Resources Committee, Internal Control Committee and Innovation and Technology Committee) provide solid assurance that all shareholders' interests are being safeguarded and that discussion in Board meetings is of a highly informed and transparent nature.

To enable the market to see the Company's governance model in its entirety, full corporate governance documentation is available on the Group's website.

In 2008, the Group brought its governance system into line with law 262/2005 (Investor Protection) and reviewed the adequacy and application of existing procedures with respect to international best practice.

At the start of 2009, the Company updated its Organization Model (ex law 231/01) and its Code of Business Ethics in order to bring both into line with the provisions of decree law 81/2008 (consolidated work safety laws). These modifications were promptly communicated to all Group personnel.

Further information on:  
[indesitcompany.com](http://indesitcompany.com)  
section  
investors - corporate  
governance area.





## FOCUSON

## Quality and the environment: a single challenge

Indesit Company has a quality management system in accordance with ISO 9001:2000, covering the whole of the Group in terms of both processes and organization integrating the issue of quality with environment. This is where Indesit Company has been aiming for many years: a single company with a single vision and a single management system.

In this context, Indesit Company defined a new quality and environment policy and then distributed a new “Quality and Environment Management System” manual in all production facilities. The Manual addresses all stakeholders (employees, shareholders, consumers, customers, suppliers, public administrations and local communities) and aims to:

- describe Indesit Company’s quality and environment management system;
- ensure a uniform approach to customer satisfaction and continuous improvement of the quality and environmental impact of the Company’s business;
- provide instructions for employees.

The working part of the quality and environment management system is a set of procedures and reporting and control systems designed to ensure a uniform approach to the conduct of operations in the various business areas. All system documents are managed by a documentation management system (DMS) running on the Company intranet, thus guaranteeing control and availability to all employees.

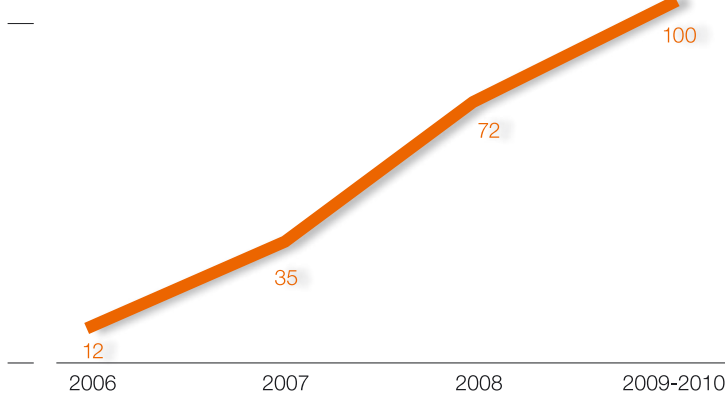
In 2008, there were five training sessions on quality system management, involving around 50 employees from all business functions and thus creating a “quality network” of “Quality Focal Points” and internal auditors. The Focal Points support process owners in the development and maintenance of the quality system.

In defining its environmental objectives, Indesit Company considers stakeholders’ interests and expectations, environmental issues, legislation, technological options and the results of environmental audits and reviews.

In particular, environmental improvement objectives are defined annually for both the whole Company and each organization within it that uses the environment management system and are monitored periodically.

In 2008, as planned, Indesit Company obtained ISO 14001 certification in five plants: two in Italy (Teverola and Carinara) and three abroad (Yate in the UK and the two plants in Radomsko, Poland). The overall objective is to complete the certification of all Group plants of environmental relevance by 2009/2010.

## Program of environmental certification of the plants (%)



The certification program includes all Group sites of environmental relevance.

## Social responsibility management tools

### Definition of material issues

The main material issues in the area of social responsibility have been mapped (and are therefore dealt with in this Report) using a matrix whose variables are the Group's significant economic, environmental and social impacts and their influence on stakeholders' judgements and decisions. Judgements are expressed by a scale of three levels: low, medium, high.

The economic, social and environmental opportunities and risks attaching to the Group's business were also identified and its existing policies on corporate responsibility (business principles, environmental policy, Code of Business Ethics) were analysed and integrated.

Indesit Company has been a member of the Global Compact, an international initiative supported by the United Nations and based on ten principles in the fields of humans rights, labour conditions, the environment and the fight against corruption, since 2006.

## Sustainability policies

To ensure overall improvement in its environmental performance, Indesit Company implemented a system to monitor its Key Performance Indicators (KPI): consumption of electricity, natural gas and water, CO<sub>2</sub> emissions and waste production. The impacts of plants and targets for improvement are discussed and assessed at business review meetings (BRM). The Energy and Environment Committee reports regularly to the CEO on objectives and results.

The aim for the future is to gradually increase the number of KPIs and define a sustainability reporting schedule.

## Stakeholder engagement

Involving stakeholders is vitally important for strengthening an organization's social worth. Indesit Company is constantly engaged in establishing transparent dialogue with stakeholders in order to see its business from the angle of its stakeholders' expectations.

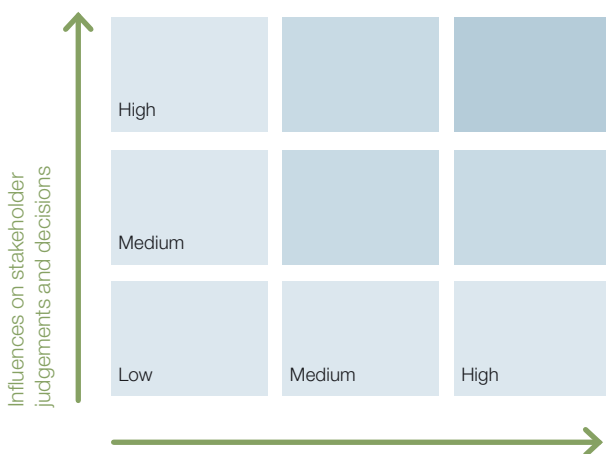
This approach delivers significant benefits: improved risk management, deeper understand-



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## Material issues matrix



Significant economic, social and environmental impacts by Indesit Company

## Issues of concern to stakeholders

### Personnel

Health and safety  
Training  
Equal opportunities  
Communication and dialogue  
Industrial relations

### Consumers

Product innovation  
Transparent communication  
Customer satisfaction

### Environment

Climate change  
Monitoring of direct and indirect impacts  
Eco-sustainable product development

### Community

Respect for human rights  
Support for community  
Compliance with legislation

### Suppliers

Supply chain monitoring  
Partnership and fair dealing

### Shareholders

Business integrity  
Business integrity

■ Opportunities

■ Risks

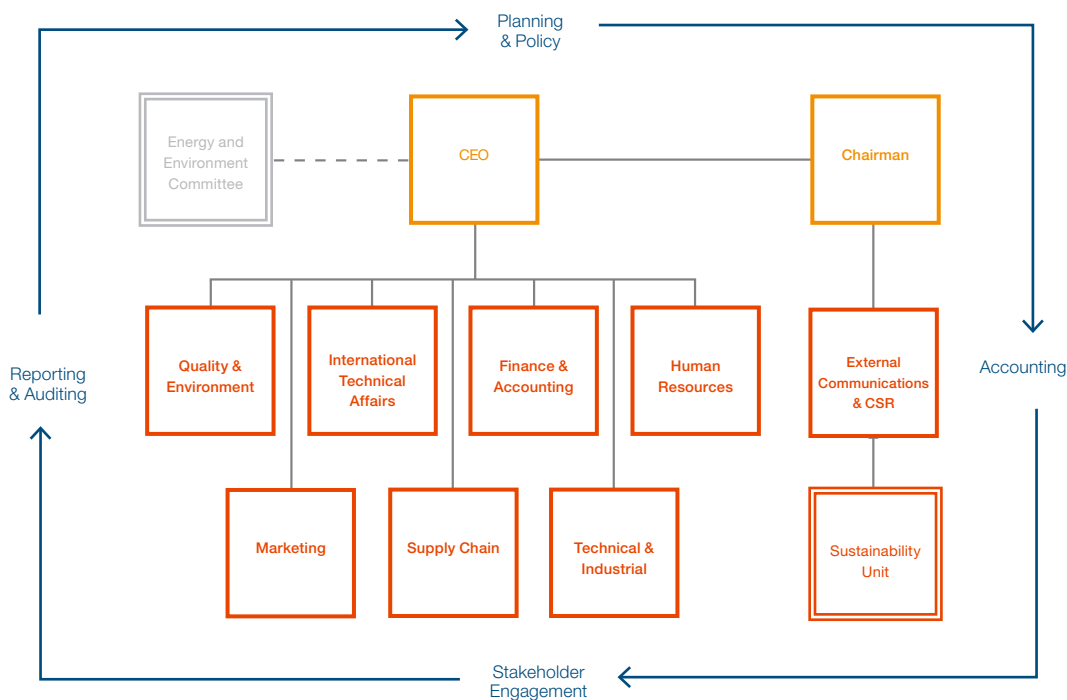


Stakeholders' map

ing of stakeholders' needs, stronger trust in the Group and enhanced capacity to perceive new strategic opportunities. In 2008, Indesit Company carried out a survey of customer satisfaction with after-sales service and

a study of the reputation of the Group's brands. Another survey, at pan-European level, analysed consumers in order to update target profiles and respond more specifically to their needs.

Social responsibility management system



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Indesit Company brands in the eyes of consumers

Over the years, Indesit Company has conducted various surveys in the main European Countries to analyze relations with stakeholders and understand how the public sees its brands. In 2008, surveys produced some very positive results in terms of Brand Image Profile, reflecting the brand strategies operated and the launch of innovative products. In Italy in particular, Hotpoint-Ariston's reputation was strengthened regarding technology and innovation, and also design and aesthetics, all associated with the high quality of the brand's products. In Russia, on the other hand, there was a significant increase in the standing of the Indesit brand, it too associated with high technological content and innovative new products. Consumers especially appreciated Indesit's manifest commitment to understanding their needs.

## Dialogue with socially responsible investors



Good day to everyone. I'm Marcello Colla, of Etica Sgr.

Etica Sgr is the only investment management company in Italy that specializes in promoting ethical mutual funds. Our "Valori Responsabili" (ethical) funds have been investing in Indesit since 2003 because it's one of the very few Italian enterprises to have passed our social-environmental test, based on over 70 indicators.

This is the fourth year we've attended the shareholders' meeting and we must say that we are satisfied with the dialogue with Indesit on the social, environmental and governance aspects of its management. We particularly appreciated the publication of the environmental certification plan for its plants in the 2006 responsibility report, as Etica Sgr had suggested in the shareholders' meeting. We were also happy to learn that the certification objectives for 2007 were achieved.

After in-depth analysis of the documents we were provided with ahead of the meeting, we have decided to vote in favour of all the motions on the agenda.

Regarding the fourth item on the agenda, we would like to make three recommendations to the Board.

The first concerns the supplier monitoring policy. It was stated in the 2006 responsibility report that periodical audits monitoring suppliers in 2007 would also cover environmental and ethical aspects (environmental and ethical audits). We would therefore invite the Board to provide more information on the implementation of the new audits and their results. It is important for Etica Sgr that suppliers be chosen not only on the basis of quality and price but also on parameters such as minimization of environmental impact and respect for employees' rights.

Secondly, should stock option plans be proposed again, as in the past, we would suggest that Indesit introduce environmental objectives, such as reduction of waste generated per unit produced and of unit CO2 emissions. As successfully introduced in Italy by Sabaf, this practice would be a further step toward recognition of the indissoluble connection between economic results and social and environmental responsibility.

Lastly, Etica Sgr would be happy to see the responsibility report given to shareholders at the annual general meeting, when the financial statements are approved, as happened in 2007.

We would like to take this opportunity to thank Indesit Company's management for the collaboration it has always ensured. Thank you also for your attention.

Etica SGR  
speech during  
shareholders' meeting  
of 30 April 2008

Translation of Etica SGR  
speech. The original  
version is in Italian

## Developing people

In over 30 years of business, Indesit Company has transformed itself from a leading company in Italy to a European Group with an Italian soul and global market aspirations. Such development was made possible by a human resources policy that assigned growing importance to human and professional capital, to the people directly involved in the process of creating value, both internal (know-how, business culture, sense of belonging, capacity for innovation, cohesion) and external (relational capital).

### **Code of Business Ethics. Objective: total training**

Indesit Company has defined and implemented an on-line internal communication and training plan on its Code of Business Ethics. The Code assimilates the provisions of decree law 231/2001, which introduced the concept of administrative liability of companies for offences committed by their directors, managers or any other employees.

The Group decided to use various tools to raise awareness, such as posters and leaflets for employees without intranet access and an on-line communication campaign for everyone else. Available in seven languages (English, Italian, Russian, Polish, Turkish, Spanish and French), the on-line course illustrated the ten points of the Code of Business Ethics, which reflect the key concepts of the relevant legislation. At the end of the course, employees completed a questionnaire-quiz.

As of 31st December 2008, nearly all the employees involved had done the Code of Business Ethics course and received a certificate of participation via e-mail.

Indesit Company's HR policy is based on a cross-cultural approach that fully respects the cultural and geopolitical diversity of the local communities where the Group operates, whilst communicating a single corporate identity and making all its employees feel part of one single company.

The Group's main HR activities and projects were outlined in its first Human Capital Report, published in 2008.

### **Training and People development**

Indesit Company's human capital is an invaluable resource, a key element in the pursuit of excellence, one that it continually strives to build on through training activities designed to develop the know-how of every single employee.

The Group's training programmes are designed to meet:

- individual needs indicated by the Performance Management System (PMS);





- departmental needs and other individual training needs of a specifically technical nature;
- company training needs, addressed by in-house campaigns and/or corporate training activities.

### Remuneration and incentive system

The remuneration and incentive system is geared to promoting the improvement of results by setting managers annual objectives. Incentive schemes vary with managers' roles within the Company. A significant part of total remuneration is tied to the achievement of objectives (business and personal), this too varying with the type of scheme. In Italy, Indesit Company also gives bonuses to operatives and office staff on the basis of quality, productivity and profitability parameters set at individual production plant level.

### Equal opportunities

Respect for individuals and their fundamental rights is a guiding principle at Indesit Company and one that is espoused through formal adoption of the conventions of the International Labour Organization (cited in the Company's Code of Business Ethics). Indesit Company adopted a policy of internationalization based on respect for and knowledge and understanding of the

cultures and geopolitical peculiarities of the people and places where it operates. It has always favoured integration between its employees irrespective of gender, religion, politics and culture. The results of this approach are plain to see, and can be summed up in two simple statistics: a quarter of all managers are non-Italian and a third of the Company's workforce are women.



At the end of 2008, Indesit Company was given a Special H&H Webranking Award for its new on-line recruiting portal, Join In. The portal is able to identify the new graduate candidates whose ethical profiles come closest to Indesit Company's mission and values.

Candidates then go through an interactive procedure in which they have to choose ethical characteristics that correspond to Indesit Company values.

The resulting profiles are stored by Join In and tagged to candidates' CVs and data records for consultation at the interview stage. Candidates receive immediate on-line feedback on their attitudinal profiles. In 2008, this new system collected around 10,000 candidates.



## Safeguarding employees' health and safety

Indesit Company is constantly engaged in safeguarding the health and safety of employees in compliance with the laws of all the Countries where it operates and with ILO workplace health and safety guidelines. In 2008 it created a Health & Safety department to foster a strong sense of responsibility in all employees regarding health and safety, to provide centralized monitoring of legislation in this field and to develop a Health & Safety management system.

A web-based safety management system is in place in all the Italian plants to collect and analyze personal data of all employees regarding routine medical check-ups, individual protection equipment, health and safety training and information and risk profiles (per type of work and position). This makes it possible to produce risk evaluation documentation rapidly and dynamically and define improvement plans where necessary.

In the last quarter of 2008, a project was launched to adopt a workplace health and safety management system in compliance with the OHSAS 18001 standard (already operating in the Manisa plant in Turkey), and also to ensure that the organization model pursuant to decree law 231/01 is in compliance with the provisions of decree law 81/08. This organization model will provide for systematic planning of objectives, implementation of improvements and assessment of results. Certification of pilot management systems in seven sites in other Greater European Countries (Italy, the UK, Russia and Poland) is scheduled for 2009, in view of the extension of the system to all the Group's offices and plants.

2008 saw the conclusion of the EIP project (Ergonomics Implementation Process), a joint effort by Indesit Company, Inail Campania and Università Federico II in Naples, to create new ergonomic solutions to improve work stations in the Teverola and Carinaro (Caserta) plants. Initiated in 2006, the project involved four production lines and ten stations (totalling 50 employees) and led to a huge reduction in accidents and recourse to medical aid (over 50%) and an improvement in operatives' visual comfort resulting in a 60% reduction in aesthetic defects in products coming off the line. The project is a good example of collaboration between business, universities and local authorities. The results of research were presented at a national convention and also published in an ergonomics manual and a software programme for assessing risks at work stations (ERA - Ergonomics Risk Assessment).

Over the year, Indesit Company was also engaged on the "I work in safety" project, in collaboration with the trade unions, Inail Le Marche and Le Marche's local government. In a questionnaire on risks in the workplace, employees were asked to choose the slogans they thought were most likely to prevent risks in their particular jobs. These slogans were then applied to clothing and posters as visual reminders to those working in the plants. The initiative was thus a reciprocal call for responsibility on the part of the Company and its employees.

Lastly, on an international level, Indesit Company organized numerous initiatives engaging school students on the themes of health and safety in the UK and Poland. In 2008, UK employees received messages on these themes in their pay packets. The Kinmel Park plant was given a Gold Award by the Royal Society for the Prevention of Accidents (RoSPA) for results achieved in the field of workplace health and safety.

## Industrial relations

Indesit Company has developed a system of industrial relations geared to maintaining correct and transparent relations with employees and trade unions. In 2001, the Company signed an agreement with FIM/CISL, FIOM/CGIL and UIL/UIILM and the International Federation of Engineering Workers' Unions; it was the first enterprise in Europe to do this. The Agreement recognizes the ILO Conventions and also commits the Group to making its direct suppliers observe such principles. The approach adopted, based on constant dialogue and full observance of the fundamental principles laid down by the ILO Conventions, enables the Group to find acceptable, sometimes innovative solutions, even on critical issues such as plant closures, redistribution of production capacity and flexible work practices.

Regarding the closure of Blythe Bridge in 2007 and Peterborough in 2008, Indesit Company based itself on the Refrontolo plan (2006), which the ILO recognized as a good model for redundancy management. The Company organized outplacement and self-employment/soft skills training, one-to-one consulting and guidance meetings and support in drafting CVs and job hunting.

The two plans made it possible to supersede the classic welfare model in favour of one based on respect for the dignity of the workers involved, whose skills are assets of value to the territory. People were thus given the possibility of choosing between alternatives and were helped until solutions were found. As of 31st December 2008, 98% of the Blythe Bridge people and 73% of those at Peterborough had found new jobs. In February 2009, in line with the industrial plan, Indesit Company informed all parties concerned of its intention to close the None plant in Italy and Kinmel Park in the UK. During a meeting with the European Works Council (EWC) in London, the employees' representatives agreed with the Company, whilst reiterating however that they were against plant closures, that the procedure

at EWC level had done what it could and that it was time to start the formal process of negotiation at local level and find an acceptable agreement.



### EWC sustainable development training

Indesit Company planned a series of meetings to take place in 2009 within the framework of the European Works Council to stimulate social dialogue and ensure that employees fully understand the need for and benefits arising from the implementation of sustainable development. The initiative will involve EWC representatives and Company managers in training activity ahead of discussions on sustainable development (economic, organizational, social and environmental). The training will also update the participants on the legal scenario (regarding both voluntary and obligatory action) in which the Company must move and on the social and environmental responsibility objectives and strategies it is pursuing. It will also be shown how the various dimensions of social responsibility tend to converge on a single Group strategy.

## Attracting talents and developing people: Indesit Company's value-based approach

Indesit Company is committed to developing and implementing its system of values in all its business areas and processes. 2008 saw the definition and actuation of a new Employer Branding and Recruiting strategy designed to attract and recruit talents from the main universities in Italy and the rest of Europe.

In addition to the launch of the "Join In" portal, the plan included the following activities:

- participation in major job fairs and recruiting days;
- development of selection procedures for new talents through the Recruiting Assessment Centre;
- launch of Indesit Campus, an experimental programme designed to improve relationships between universities and the business world and offer university students opportunities for training and employment;
- participation in the Fixo project in partnership with Italia Lavoro (Employment Ministry) and Università Federico II in Naples. The project involved 45 students in a total of 1,280 hours of theoretical-experiential training between July 2008 and March 2009. The students first spent a period in training facilities and then a period of work in Indesit Company sites in Italy and abroad.

In 2009, the Group also launched a project to improve processes and tools for training personnel in terms of both professional development and sense of corporate identity. This involves various activities and covers the entire human resources management process, as follows:

- improvement of operating and support procedures in line with quality principles and the internal control model defined by the Internal Audit function;
- revision and consolidation of the architecture of professional "families" in order to define target profiles of professional and comportmental conduct;
- adoption of an integrated assessment model and career development activities, the main instruments being:
  - Job Posting: focusing on organizational requirements (eg. job vacancies) and internal availability of critical skills;
  - Development Assessment Centre: assessing and guiding behaviour patterns towards an ideal model of leadership and ensuring a coherent approach to the key moments in a professional career;
  - HR Review: examining management consistency and coherence in relation to organizational and professional development across the various communities;
- revision of management processes and provision of training, involving on-line training for young graduates and all new entries, on the Company's mission, values, history, products, organization and business processes, and through definition and implementation of a catalogue of courses (on site and on-line) on transverse skills (relational, managerial, technical and linguistic) in response to the training requirements indicated by the Performance Management system;
- strengthening of communication and employee engagement tools through the implementation of new on-line methods of participating in the life of the Company, also involving top management in the communication of key messages and the stepping up of information flows through remote sites and for blue collar employees.

# Innovation and quality for customers

To anticipate and satisfy the needs of its customers, retailers and consumers it is vitally important to listen to and understand people. The Group, which makes around 15 million home appliances a year, in fact defines the characteristics of its products by first analysing people's needs. In the last few years the market has been showing increasing interest in environmental issues, especially in Scandinavia, the UK and Germany, where there is a well rooted and widespread "ecological" culture, and in Countries like Spain and Italy, where it's the result of new government policies. For years now, Indesit Company has thus been developing product ranges with high environmental performance levels to reduce energy and water consumption and use recycled materials. Environmental sustainability is one of the four market factors taken into account in new product development.

## Every product answers a need

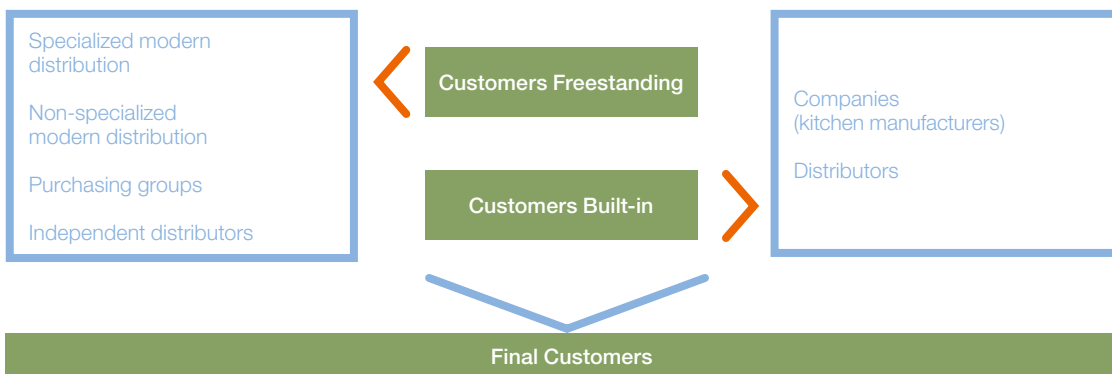
The capacity to rapidly take up opportunities offered by new research and continuous efforts to identify the most promising new technologies enable Indesit Company to develop increasingly innovative products and experiment with new functions and programmes meeting consumers' needs.

Guided by this culture of innovation, the Group has achieved many results.

- Ergonomic products with striking designs, such



### Clients Indesit Company



as Indesit's Moon washing machine, Scholtès's Multiplo hob and Hotpoint-Ariston's Quadrio fridge, all winners of international awards.

- Ease of use thanks to simple and intuitive interfaces: the "Auto Dose" system in the new Aqualtis eliminates the task of dosing detergent, which is now dispensed by the washing machine on the basis of the load and degree of dirt.
- Some pre-set cooking programmes in the Openspace oven can automatically cook food by pushing just one button. Indesit Company is careful to guarantee that its products are easy to use for everyone and has also developed

models offering special interfaces for disabled people.

- Products that are more flexible and eco-compatible: Hotpoint-Ariston's Openspace oven is the biggest on the market in its category (class A) and can save energy in different conditions of use thanks to its two cavities. The Extralarge cavity can cook on four levels at the same time, delivering energy savings of around 35% with respect to a standard oven. The Small cavity is for cooking on one level only and saves up to 30% in energy against the Extralarge cavity. The new Aqualtis washer dryer, Hotpoint-Ariston's first in class A, loading 8 kg of washing and 6 kg of drying, combines high performance and minimum energy consumption. Indesit Company as a whole renews 25% of its product range every year, to the advantage of consumers and the environment.

### Consumer satisfaction

Surveys to measure customers' satisfaction with the Group's after-sales services continued in 2008. The "ETOS 2008" (European Tracking on Consumer Satisfaction) survey was conducted in the main European Countries to gauge con-



## Quadrio: comfort and flexibility times four

Indesit Company's environmental commitment to developing innovative, ergonomic, silent, intuitive and safe products continues to garner acclaim on the market and appreciation from consumers. Following the international success of the Moon washing machine, 2008 saw the launch of the Quadrio, Hotpoint-Ariston's flexible and eco-efficient 4-door fridge. Characterized by a design of extreme aesthetic appeal, the Quadrio surprises with its innovative technological systems which optimize circulation of air and humidity to prevent the formation of frost and ensure maximum care for food. And thanks to the independently opening doors and freezer drawers, the Quadrio delivers energy savings of over 50% with respect to a normal 2-door combo\*.

In Italy, a panel of over 8,000 consumers voted the Quadrio "Product of the Year 2009" in the "Large Appliances" category of the "Gran Premio Marketing e Innovazione", the only product award assigned directly by consumers.

For the launch of the Quadrio, Indesit Company produced "Space Odyssey", an innovative international communication campaign using TV, the press, bill boards and the internet. It built on the Hotpoint-Ariston brand operation started up in 2007 with the unforgettable "Undersea World" campaign produced for the launch of the Aqualtis washing machine and which won a Lion d'Or at the 53rd Cannes International Advertising Festival.

\* Based on normal conditions of use for the amount of consumption attributable to the opening of the doors (tests carried out at the industrial engineering department of Perugia University in December 2007).

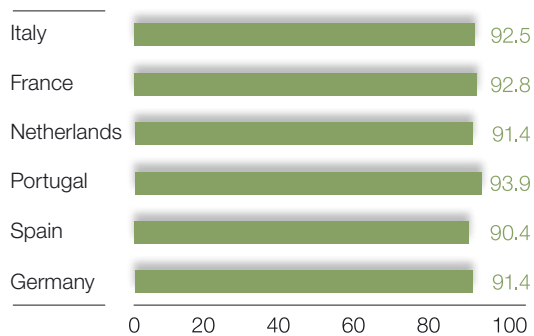
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## Eurocucina

Eurocucina is one of the world's most important home appliance events. Indesit Company chose the theme of innovation as the key to its presentation of products at the expo. Paralleling the more "classic" products, there was a special area of over 100 m<sup>2</sup>, the "Concept zone", displaying what Indesit Company sees as the imminent evolution of home appliances. Five prototypes for five concepts developed with innovative technologies and design solutions to improve the quality life at home. In addition to the products, the presentation included a new line of high-efficiency gas burners that improve heat performance whilst being more compact and a vocal interface for controlling appliances.



Readiness to use service again



"ETOS" survey  
(Country averages - scale from 1 to 100)  
Source:  
Valdani Vicari & Associati research

sumer satisfaction with after-sales service and their propensity to use the service again. Based on phone interviews with people who'd received such services in the month previous to the interview, the survey yielded positive results, as in 2007. Most customers said they would very likely use the service again. In addition to consumer satisfaction surveys, Indesit Company launched a project to restyle its website, making it more interactive and further improving consumer-company dialogue and relationships.

Retailers

Indesit Company is constantly engaged in collaboration projects with retailers. In its relations with this category of stakeholder, it adopts a transparent commercial policy geared to establishing long-term relationships, rapid problem

solving and maximum professionalism.

2008 was the year of the launching of Hotpoint-Ariston in all the Countries where the Group operates and was characterized by numerous events and initiatives addressing retailers and distributors with presentations of the main products.

In addition to Eurocucina, a major Italian trade event, the Company organized various initiatives for retailers in Europe, Asia, the Middle East and Africa, including roadshows and conventions. The solidity of relationships with retailers also enables Indesit Company to engage them on extra-commercial issue such as the safety of products for consumers. In this context, retailers are an indispensable ally enabling the Group to identify and solve risks to consumers and recover defective products, a process that can be activated very quickly in all European markets.





## **DNAction: a European project that listens to consumers and their expectations**

In line with commitments undertaken in 2007, Indesit Company started up a survey of European consumers to gain better understanding of their needs and expectations and be able to define a series of clusters on which to base new development of brands, products and their communication strategies. The research was conducted in five Countries (Italy, France, the UK, Poland and Russia) and involved 4,000 interviews about seven product categories. The results provided an overall picture of consumers' needs in all phases of the purchasing process.

Consumers were grouped in seven well defined clusters reflecting their attitudes and propensities towards four key themes: Home, Life and Friends, Self and Domestic Appliances.

DNAction also shed new light on the characteristics of consumers who care about environmental issues. The survey showed that such consumers see the theme of the environment as strictly connected to saving energy and water. Hotpoint-Ariston therefore decided to mark its highest energy efficiency products with the Eco Tech symbol, a guarantee of lower consumption and excellent performance. These Eco Tech products will include the washing machine with ecological cycles (saving up to 50% energy when washing at 30° C) and the 45 cm Flexipower, the best-in-class dishwasher in terms of consumption, with water and energy savings of 10% with respect to a standard class A dishwasher. In 2009, this "eco-label" will be extended to the new Aqualtis range, the Openspace oven and the Quadrio fridge.

In addition to bearing the Eco Tech label, the products will be featured in catalogues, point of sale communication material and a mini-site accessible from Hotpoint-Ariston's website.

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## Fifty Project: quality centre-stage

In 2008, Indesit Company defined its Medium Term Plan (MTP) for 2009-2011, based on five strategic projects spearheading the Group's growth. One of them is the Fifty Project, which includes Fifty Service, aiming to improve the efficiency of the Group's service business, and Fifty Product, which will improve the overall quality of products. The final objective, to be achieved by 2011, is to reduce the product defect rate (EPQ) by 30% and the cost of the service by 50% with respect to 2008.

The product quality improvement plan starts by identifying the critical aspects of processes that impact on the quality of a product and aims to reduce product defect rates by preventing so-called "crises" and reducing physiological defects and those caused by process variability.

To achieve these results, 14 projects were defined; they focus on six business processes: Product Development, Process Control, Traceability, Discontinuity Management, Service Processes and Continuous Improvement. Each project has a work team in which the project leader and methodological expert are trained beforehand in the techniques and methods to transfer to the team for the purposes of managing the project.

The Fifty Project will make it possible to achieve the objectives in terms of improvements to the quality of end products by creating a network of referents with specific management skills for projects involving innovative techniques and methods, which will then be extended to other business areas and other projects. This will help spread a culture of quality throughout the workforce. The quality of products and services provided to consumers will be supported by ongoing improvements to the organizational efficiency of the whole Group, with considerable benefits in terms of increasing the efficiency of individual processes, cutting costs and stimulating innovation.



# Quality and transparency in procurement processes

An enterprise's performance and competitiveness on the market also depend on its capacity to improve the quality of its products. So suppliers are vitally important.

Indesit Company operates a policy of transparency, fair negotiating, integrity, impartiality and contractual equity in its dealings with suppliers. Relationships are based on compliance with quality standards and sharing of objectives and the operating practices adopted to achieve them.

Indesit Company's procurement policy is based on the development of local suppliers near the Group's own plants to create a reliable manufacturing base for its development plans. This policy is also applied in production facilities outside Italy, thus creating supplier bases consisting of both Italian and local companies.

Supplier selection criteria also cover social and environmental responsibility. In line with its Code of Business Ethics, in fact, the Group only chooses suppliers that adopt the same rules of conduct, especially regarding relations with public administrations, confidentiality and respect for ILO Conventions.

Suppliers must also comply with certain quality standards that the Group monitors on a regular basis (through the quality department). All new and existing suppliers are monitored in certified procedures using check lists referring not only to quality and compliance with technical specifications but also environmental matters (compliance with environmental standards), ethics (compliance with the Code of Business Ethics) and safety (compliance with work safety regulations). Suppliers are also given documentation on Indesit Company's environmental policy and the main environmental aspects of its business.

Suppliers provide self-certification of such compliance criteria by compiling a check list. In 2008, all new suppliers compiled a self-assessment form on ethics, the environment and

safety, while for established suppliers a self-assessment programme was started up. 103 suppliers have so far returned their check lists.

Regarding the coming into force of Reach, the European regulation on chemical substances, Indesit Company set up an interdisciplinary work group which defined a plan of action involving a full assessment of substances used in processes and subsequent implementation of a system of information exchange with suppliers of materials containing substances covered by Reach.

## Supplier Awards 2008

For the second year running, Indesit Company held a meeting with its main suppliers to present its strategic objectives in terms of product quality and the consolidation of competitiveness, two challenges in which suppliers provide vital support.

During the meeting, attended by around 50 suppliers of raw materials, transformation and indirectly sourced materials, Indesit Company gave Supplier Awards for 2008 to the three best companies in the Quality, Innovation and Environment categories. The latter category was added to the Awards to reflect Indesit Company's constant focus on sustainability issues alongside those of quality and innovation.

# Relationships with the community



Indesit Company's approach to the territory and the communities in which it operates has always been based on respect and fairness. In its relationships with local authorities and society in general it focuses not only on opportunities for reciprocal economic development but also on issues of a social nature that may benefit from the Company's attention and resources.

## ChildLine

Through Hotpoint-Ariston, Indesit Company has for years supported ChildLine, a free, round-the-clock telephone counselling service in the UK for children and adolescents at risk or in difficulty. In 2008, the Company helped ChildLine in its Big Bike Ride initiative, a series of races in various UK cities that raised around £600,000 throughout the UK.

## Major projects include

### Accommodation in Africa

In Yakassé-Feyassé, a village in Ivory Coast, Indesit Company is supporting an accommodation facility for volunteer workers, especially doctors, nurses and other professionals engaged in work to help the local community.

In January 2008, the first stone was laid and in August the building was completed. The project was promoted from the outset by a nurse from Le Marche, Maria Luisa Rodotari, who has been living Yakassé-Feyassé for many years.

The facility has bedrooms, a kitchen, bathrooms and a small office serving as a base for solidarity initiatives.



### Indesit well in Karamoja

The Company donated a well to the "Acqua per Karamoja" project promoted by Africa Mission. The "Indesit well" provides clean water for the Catholic Mission run by the Abim Town Council (village of Wiawer, Yenelemi parish), which has a primary school for 170 students as well as 7,000 other people in the Yenelemi district.

In north-east Uganda, Karamoja is one of the most drought stricken parts of Africa, with an average per capita consumption of water of between 5 and 10 litres a day. The project's main objective is to raise the average daily availability to at least 15 litres.

### Mario Sasso's "Videoglaz" hits Moscow

Moscow's museum of modern art hosted a personal exhibition by the Italian Mario Sasso, a living legend of video art and TV design in Europe. The exhibition is just one of the cultural events promoted by Indesit Company.

### Indesit Company in the AHE Council of Business

The Council of Business of the Academy of Humanities and Economics in Lodz is the biggest private university in Poland, with 23,000 students and 12 faculties. Indesit Company, together with other companies, participates in the Council, whose aim is to ensure quality of training and prepare students for the labour market. The Group provides the know-how of its managers for university courses and meetings and organizes internships.



### Orphanage in Lodz

Indesit Company started to work with an orphanage in Lodz (Poland) that looks after not only children but adults. The Company provides material and moral support for the younger occupants and also supports job placement for the older ones in Indesit Company plants

**Annual swimming event in Prague**

As a partner in the community, Indesit Company sees its role as a dynamic commitment growing over time. In 2008, it organized the annual swimming races for diversely able athletes, under the aegis of Prague’s city administration. The first prizes in the various events were Indesit dishwashers.

**Indesit Company against leucodystrophy**

The Spanish anti-leucodystrophy Association organized a series of events in Gastor (Andalusia) to raise funds for the struggle against this disease. The key moment was a walk through the streets of the village by a huge crowd of supporters. Indesit Company supports the Association by organizing fund raising of its own to donate to the cause.

**Co-operation with 9<sup>th</sup> Children’s House**

This important Polish organization looks after some 30 young people and Indesit Company helps it by creating conditions for their development and supporting them in learning new professional skills so that they can find jobs. The objective is to start giving some of them working experience in the Company in 2009.

**Making Headway**

In 2008, Indesit Company supported Headway Cambridgeshire, a charity that helps people who suffer from brain injuries. To improve and develop their capacities, the Company gave the centre a series of appliances that guests can use within the framework of a rehabilitation programme teaching the basic skills needed in living a normal life, such as cooking, keeping a kitchen clean and washing clothes.

**Indesit for Children in Need**

In 2008, Indesit Company continued to support BBC Children in Need, which has been helping needy children for years.

The Peterborough call centre staff devoted their time and professional skills to receiving donations for the Association.



**Sports field for Radomsko**

In collaboration with the local authorities, Indesit Company donated funds for a special new sports field for the town. The official opening of the facility will be in June 2009.

**Giorgio Farroni’s bronze at the Beijing Paralympics**

Bronze medal for the Italian cyclist Giorgio Farroni in the road race event at the Beijing Paralympics held on 13th September at the Ming Tomb Reservoir Road circuit on the outskirts of the capital. Farroni, a 32 year old Indesit Company call centre operator, came 3rd in the CP1/CP2 mixed category, with a time of 48’34’’13. The capacity to improve everyday and set more and more ambitious targets at work and in private life is one of the values that Indesit Company promotes and applies across all its business. This is partly why Indesit decided to support him for the entire duration of his training for the Paralympics.

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## The Jonathan Project celebrates its first 10 years with a book

"I ragazzi, il lavoro e tutto il resto", by Vincenzo Morgera, Silvia Ricciardi and Anna Marchese, leaders of Associazione Jonathan Onlus, celebrates the first ten years of the Project. In the words of the young people involved, the book illustrates the results of an experience that has enabled young people from depressed areas in southern Italy who have had trouble with the law to regain a place in society and the workplace.

Started up in 1998 in collaboration with the Italian Justice Ministry in the Carinaro and Teverola plants, it was extended in 2004 to Le Marche, where the Melano-Marischio plant in Fabriano joined the "South-North-South programme" under the aegis of the Employment Ministry.

Indesit Company has so far offered over 80 young a chance to rejoin society through the workplace. This shows that it is possible to make solidarity and profit work together, to invest in the good of society by adopting an "economic" approach that combines the centrality of the individual with economic advantage.

The Project has since been joined by Fiat and Barilla and in 2007 by a number of major enterprises in Le Marche through the direct agency of the local industry federation.

In 2007, Indesit Company received a special mention at the 5th "Sodalitas Social Awards" for its part in the Jonathan Project. Further, the regional administration of Campania approved a "protocol of intent" defining a procedure and parameters that other companies wishing to join the initiative will have to follow. In 2009, the President of the Republic's office expressed its appreciation of the Jonathan Project's work in its first ten years and gave it a celebratory plaque.

*For us at Jonathan, the Project has revealed another face of Naples, another reality. It's a "silent revolution", social and cultural, a positive experience, a model of genuine solidarity that has generated sound working practice.*

Silvia Ricciardi, Chair of the Association

*The Jonathan Project has been a bolder and far more demanding undertaking for Indesit than a simple donation or gift. With the direct involvement of our employees and the opening of our plants to young people from Jonathan, we showed that it's possible to win through even the most taxing of challenges and that such efforts are so much more satisfying and have far more positive and lasting effects on the territory and community.*

Andrea Merloni, Indesit Company Deputy-Chairman



## The “Polittico dell’Intercessione” returns to Florence

After 70 years, Gentile da Fabriano’s “Polittico dell’Intercessione” returned to its original home, in the church of San Niccolò Oltrarno in Florence.

The work took its former position in the 15th century sacristy after lengthy renovation work, funded by the Italian government and with significant contributions from Indesit Company and Cassa di Risparmio di Firenze, to ensure safer and more appropriate conditions in the building.

The “Polyptych” was restored by Opificio delle Pietre Dure in collaboration with various scientific organizations in Italy and elsewhere. The complex restoration operations involved were highly innovative.

At the beginning of 2006, the Polyptych was finally ready for all to admire and was displayed for a whole year in the Group’s Fabriano headquarters. Throughout that period, various parallel events and exhibitions of works by contemporaries of Gentile da Fabriano were organized under the supervision of Fabriano Incontra, the cultural association that promoted and co-ordinated the project.

Support for the restoration of Gentile da Fabriano’s masterpiece reflects Indesit Company’s commitment to safeguarding Italy’s cultural heritage. Aiming at full integration with the communities in which it operates, Indesit Company establishes collaboration relationships with cultural and academic organizations as part of its wider social responsibility agenda and supports various kinds of initiatives in the field of the arts.

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## When technology is really environmentally friendly

Indesit Company has built up an environmental culture that it shares increasingly with its stakeholders in the firm conviction that respect for the environment is not only a basic moral value but also a strategic factor in the competitiveness and sustainability of its business model.

Every year this commitment translates into a series of decisions that aim to guarantee compliance with environmental standards and find advanced technological solutions to make products ever more eco-compatible.

### Environmental challenges drive innovation at Indesit Company

Over the years, Indesit Company has invested in product innovation in response to and in anticipation of the environmental challenges facing the white goods industry.

After the banning of chlorofluorocarbons and hydrochlorofluorocarbons because of the thinning of the ozone layer, research into new materials for cooling circuits and insulation foams led to product innovations with huge benefits for the environment in terms of both the atmosphere and the management of waste containing such substances.

Over the last few years, Indesit has focused strongly on improving the performance and energy efficiency of its products in response to the global issue of climate change. Today, a washing machine sold in Europe consumes 44% less energy and 62% less water than in the '90s, while a modern fridge will consume 375 euros of energy in its 15 year average life against 1,500 euros spent by a '90s fridge, which means a reduction in CO<sub>2</sub> emissions at national level as well as ensuring cash savings for consumers.

A major environmental challenge that Indesit Company is engaged in is the management of waste electrical and electronic equipment (WEEE). In 2008, the new WEEE management system for the recovery and disposal of such

products and charging the costs to manufacturers came into effect in Italy as well.

The Ecodom consortium, of which Indesit Company is a founder along with other major producers and which it currently chairs, has actively contributed to the start up of the system that enables Italy to align itself with EU member states committed to reducing the environmental impact of incorrect disposal of WEEE.

Given that the recycling of just one fridge saves the energy one person uses in a whole year, it's not hard to understand that enormous economic and environmental advantages are to be had by intelligently using WEEE. A survey promoted by Ecodom has shown that correct disposal and recycling of white goods would allow Italy to reduce annual CO<sub>2</sub> emissions by 3%, saving 119,000 tons of oil and recovering around 230,000 tons of iron, copper, steel, plastic and glass.







## Indesit Company opens up the way for recycled materials in home appliances

With Hotpoint-Ariston, Indesit Company was the first company in the UK to successfully introduce recycled materials in the manufacturing of home appliances. The project was developed in partnership with WRAP, a UK-based non-profit agency set up in 2000.

For the first time, certain plastic components used in two washing machine models come from total recycling of material from old appliances. This “closing of the waste cycle” enables the Company to reduce its use of virgin raw materials, volume of waste produced and CO<sub>2</sub> emissions. In quantitative terms, the operation makes it possible to save around 2 tons of CO<sub>2</sub> for every ton of plastic recycled.

A survey by WRAP in 2008 showed that many UK consumers prefer to buy appliances containing recycled components (price, functions and quality being equal). The research also showed that consumers do not associate recycled materials with the idea of lower quality; on the contrary, they said that the presence of recycled components, if well publicized by manufacturers, is an important factor in choosing a product to buy.

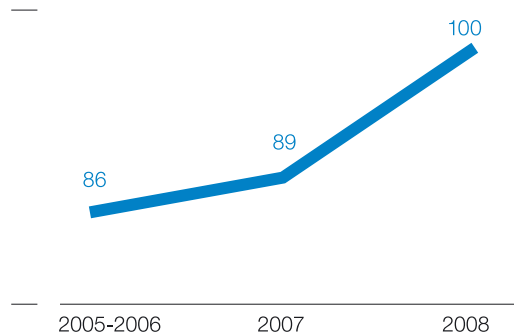
Indesit Company is heavily engaged in seeking out solutions that deliver environmental benefits in all its activities and is currently looking at the possibility of extending the use of recycled materials to make other components, also inside other products, such as fridges, freezers and cookers.

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In 2008, Indesit Company achieved excellent results in its mix of high performance products thanks to the new product platforms introduced in the last few years and the strong focus of its marketing and development policies on eco-compatible products.

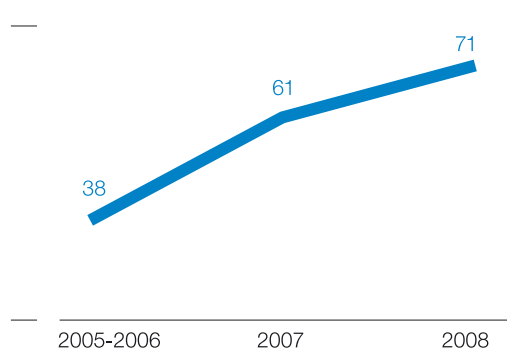
By the end of the year, all washing machines being put on the market were in class A and A+ (89% in 2007). Indesit Company is already in line, in fact, with Eco design standards, which contemplate elimination of class B from the market starting in July 2010.

A and A+ energy class washing machines sold (%)

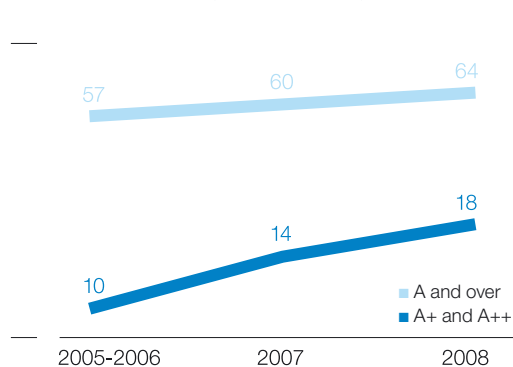


The introduction of the new 60 cm dishwasher platform in 2007 has increased the availability of products in the AAA superlative class (excellent washing and drying performance at minimum consumption levels), from 38% in the 2-year period 2005-2006 to 71% in 2008.

AAA energy class dishwashers sold (%)



A and over energy class fridges sold (%)



Indesit Company continued to consolidate its innovation drive in the cooling sector in 2008 by favouring the development of environmentally friendly products and obtaining good results in the lower energy consumption classes (A, A+, A++).



## Only Class A for Prime, the new line by Giugiaro

Innovation and technological research at the service of the environment, young and original design under the banner of practicality: these were the key concepts underlying the development of Prime, the new line launched by Indesit in 2008.

2009 will be characterized by the launch of new products in the Prime freestanding range, all featuring technologies guaranteeing high levels of environmental performance. The new washing machines consume 10% less energy than class A+ products and have a special Smart function that reduces washing time by up to 33% thanks to a sensor that gauges the quantity of laundry in the drum.

Lower consumption, higher capacity and quality of food preservation thanks to the new Prime combo fridges. The new class A+ models have 35 litres more capacity than traditional combos, while the All OK function provides optimum control of the state of preservation of food in the fridge. Thanks to Smart technology, combining the power and flexibility of the new generation motor and the intelligence of the turbidity sensor, the new Prime dishwashers guarantee perfect washing in class A with water and energy consumption as low as possible.

Indesit Company's environmental commitment naturally extends to other brands and products. For example, Hotpoint-Ariston's range of built-in freezers, now available in class B, will be enriched in 2009 with class A and A+ versions, while the revolutionary eco-efficient Quadrio fridge will consume even less thanks to the launch of an energy class A+ version. Lastly, Scholtès will be launching the innovative S3 range, offering not only an appealing new design but several new solutions for reducing environmental impact, including induction hobs, automatic programmes and combined ovens. Induction is an innovative and extremely advantageous cooking method in terms of both performance, safety and saving, because it enables heat to be transferred with precision and without dispersion. The new induction ISI (exclusively in Indesit Company) has improved the speed at which a given heat intensity can be reached with respect to the current market standard and with up to 40% time savings. Scholtès also invented the first induction hob with a cooking control system. The revolutionary Temperature Manager, an exclusive Indesit Company system, features an infra-red sensor that helps regulate power across six pre-set cooking functions, thereby guaranteeing excellent cooking results and avoiding useless waste of energy.

2009 will also see the launch of a new 45 cm dishwasher, with an exclusive mix of functions in a completely renewed design. The capacity to wash up to 10 place settings in class A and in absolute silence (up to 43 dB(A)) makes this new generation product unique on today's market, a champion of environmental correctness, with energy consumption 10% less than Class A and water consumption at 9 litres. The product renewal process will involve all the brands (Indesit, Hotpoint-Ariston and Scholtès).

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## Credit where credit is due

### 2009



**February** - Hotpoint was voted one of the strongest brands in the UK and entered the “Superbrands” ranking. Superbrands groups brands that achieve the best reputation in their sector in terms of quality, reliability and personality.



**February** - In the UK, Hotpoint-Ariston’s 4-door Quadrio fridge was judged “Product of the Year” by Get Connected, a consumer electronics and home technology magazine.



**February** - For the 9th time running, Hotpoint was elected “Most Trusted Domestic Appliance Brand” in the UK by a Reader’s Digest Survey.



**January** - The Quadrio was elected “Product of the Year 2009” in the large domestic appliances category at the “Gran Premio Marketing e Innovazione”. The award recognized Indesit Company’s commitment to innovation and design.



**January** - The Chicago Athenaeum - Museum of Architecture and Design gave its Good Design Award 2008 to the Multiplo, Scholtès’s new cooking vessel that integrates seamlessly into the kitchen top.

### 2008



**November** - Hallvarsson & Halvarsson, a firm that analyses the on-line financial communication of companies listed on the Milan stock exchange, gave Indesit Company a Special Award for its “Join In” on-line recruitment and employer branding portal.



**November** - Peterborough City Council’s “Electrical Appliance Recycling” project, in which Indesit Company is a partner, received the prestigious “Electrical and Electronic Recycler of the Year”. The project aims to increase the city’s recycling rates and encourage regeneration of used electrical equipment.



**November** - Indesit Company won an award in the TV commercial category of the 5th Movi&Co. competition at the Triennale di Milano with a video entitled “Noise makes confusion” by Giuseppe Carrieri, a young video maker. The 30” video presents Indesit Company’s idea of the future and innovation using the language of oriental philosophy and was singled out for its creativity, the efficacy of its message and its production technique.

**October** - Indesit Company won the overall 1st prize at the Intellectual Capital Value Awards for its proven capacity to manage change, its commitment to developing intellectual capital and for the courage it shows in innovating through the design and production of unique, avant-garde products.



**October** - At the first ERT Industry Awards, the Moon washing machine won the Product of the Year for its innovative characteristics and design. Indesit Company “significantly simplified the concept of a washing machine without compromising its functionality, thus creating a solution that’s simple and innovative at the same time”.



**July** - A gratifying July for Indesit Company in the UK. It received two major awards for its logistics network at the Motor Transport Awards 2008 in London: in the Customer Care category and as Network of the Year.



**June** - Indesit Company won a Sodalitas Social Award for the project with the biggest and most significant social impact: the International Framework Agreement it entered with the trade unions, and under this the Refrontolo Agreement, which had already won other national and international awards.



**April** - Appliance Design, an American electronics and technology journal, gave Indesit Company a gold Excellence in Design Award for the Moon washing machine, citing its bold and innovative design and the capacity to offer intelligent solutions for the home.

**April** - Indesit Company was judged as the company most sensitive to equal opportunities issues within the framework of “Knowledge, motivation, work - women and careers in the city of Lodz”, a programme co-funded by the EU and the European Social Fund to raise the level of female occupation and combat the social and professional exclusion of women from the labour market.

**February** - The Chicago Athenaeum - Museum of Architecture and Design gave the Moon the 2007 Good Design Award, hailing it as a new concept, high-performance washing machine with a strong personality and a striking and innovative design suiting it to any part of the home, a piece of furniture in its own right.



**January** - In Greece, Indesit Company’s Moon washing machine entered the “Best of the Best” ranking organized annually by Status, a prestige magazine, for its capacity to combine beauty and simplicity of design with ease of use and maximum performance.



**January** - In the UK, the Moon was judged “Product of the Year” in the washing category by Get Connected, a UK consumer electronics/home technology magazine.



# Financial and operating highlights

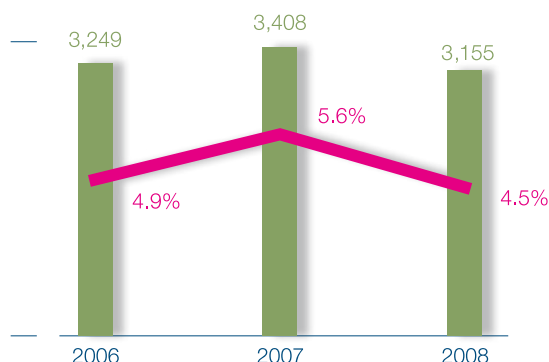
Further info on:  
[indesitcompany.com](http://indesitcompany.com)  
 section investors  
 relations - Financial  
 statements and reports

In 2008, the Company stepped up its research and product innovation efforts and improved the “price mix” whilst continuing to reduce operating costs and further improve quality.

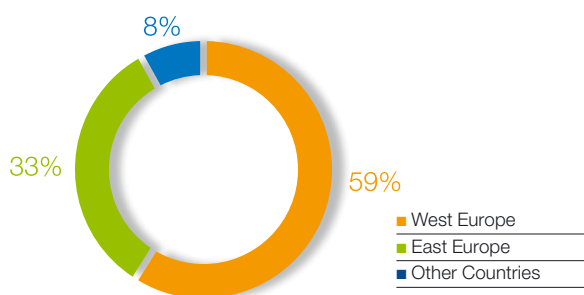
The drop in sales in the 4th quarter of 2008 was the most substantial in the period, pushing down revenues to euro 3,154.9m, a decrease of 7.4% on 2007 (the result also reflects the unfavourable trend in exchange rates, mainly with the rouble and sterling). EBIT in 2008 amounted to euro 140.6m, with a 4.5% ratio to sales.

2009 will be another difficult year because the negative phenomena that characterized 2008 will persist. The Company will respond, however, by giving absolute priority to the defence of its financial solidity and leadership positions in the markets of Greater Europe. In this it will also be helped by the most impressive plan of new product launches in the Company’s history.

Revenue (€m) and EBIT (%)

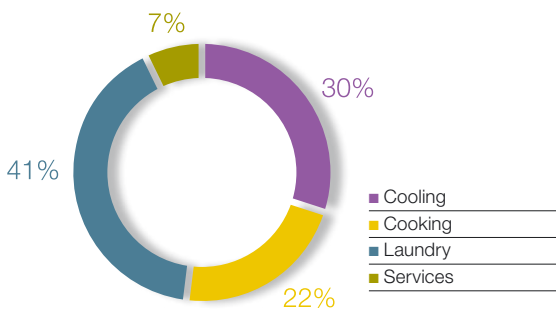


2008 revenue by geographical area (%)



The sales performance of home appliances in the various areas reflected the general downturn in demand, with a marked contraction already visible in 3rd quarter 2008. Western European Countries suffered the most serious loss of sales (10.0%), though France put in a particularly strong performance to close with revenues in line with 2007. In Eastern Europe, sales dropped by 6.3%, while other Countries (mainly Turkey) performed well (up 9.3%).

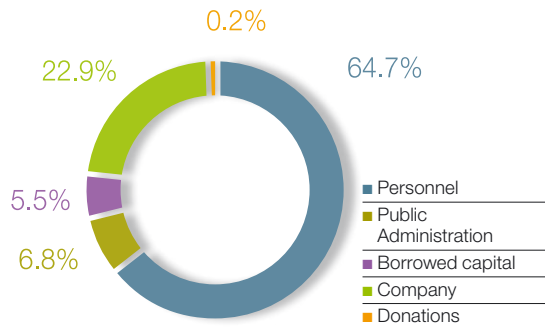
### 2008 revenue by product (%)



All the main product lines were affected by the downturn in sales in 2008. In detail, the cooling segment lost 1.6%, the cooking segment 9.7% and the laundry segment 10.9%. Revenues from services, on the other hand, were substantially stable.

Indesit Company's global gross value added in 2008 was euro 814.8m, which was distributed as follows: 64.7% to personnel (salaries and wages, canteen service, training, etc.), 6.8% to the Public Administration (taxation), 5.5% to finance houses for debt service, and 22.9% was retained in the Company. Lastly, 0.2% went to charity and dividends were limited to savings shares (0.003% of the total).

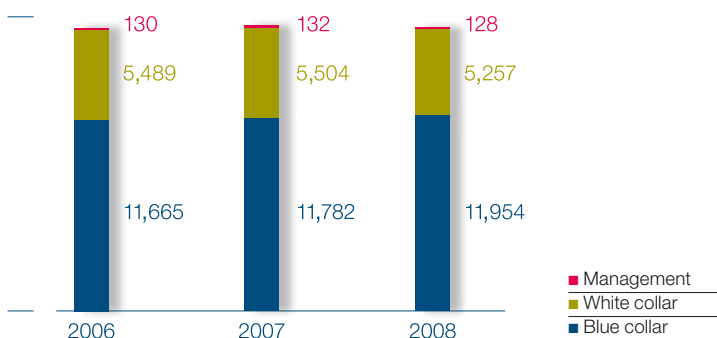
### Breakdown of value added



Further info:  
cfr. Responsibility Report - GRI G3 Index index EC1

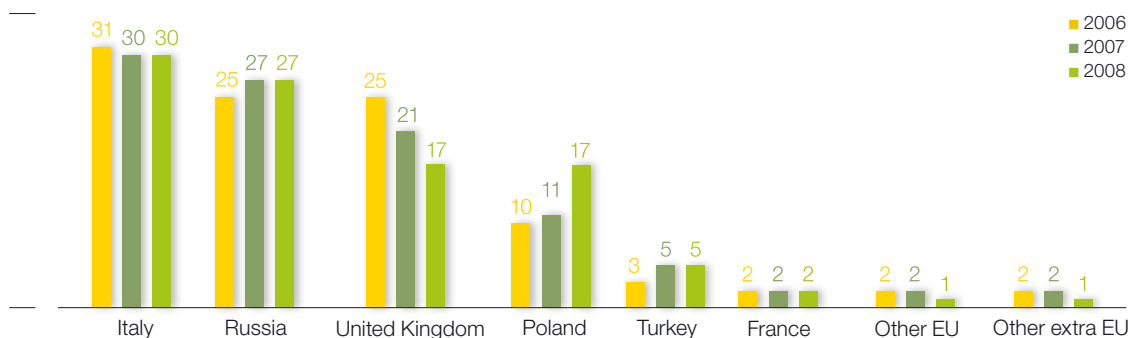
Indesit Company's value added was calculated using the method proposed by "Gruppo di studio del Bilancio Sociale" (GBS).

### Personnel by category



At 31st December 2008, Indesit Company had 17,339 employees, more or less in line with 2007. The workforce breaks down into 69.0% blue collar, 30.3% white collar and the remaining 0.7% management.

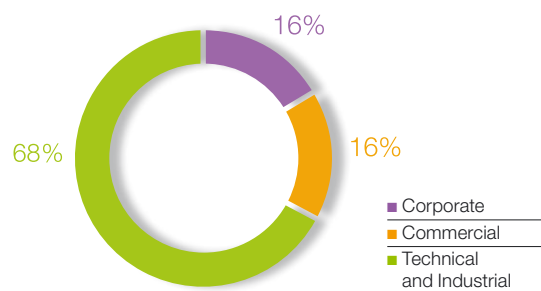
### Personnel by geographical area (%)



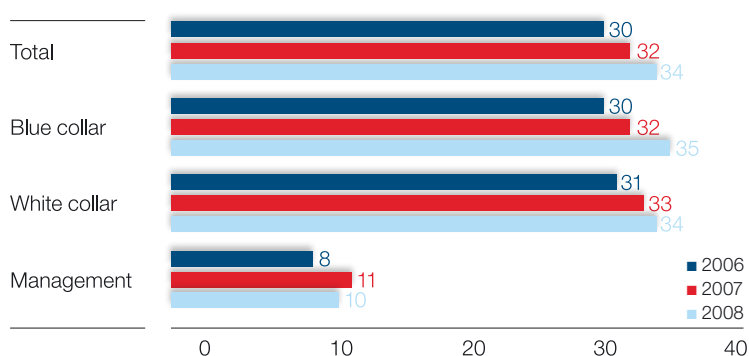
The main changes in personnel by geographical region were in Countries affected by redistribution of production capacity. In this context, the number of employees in the UK continued to drop following the closure of the Peterborough plant, which was offset by a significant increase in Eastern Europe, mainly in Poland, where the new plants in Radomsko came into service.

Over two-thirds of Indesit Company employees work in the Technical and Industrial area, while the rest are engaged in Corporate (16%) and Commercial functions (16%), the latter in constant growth in recent years.

### Personnel by professional area



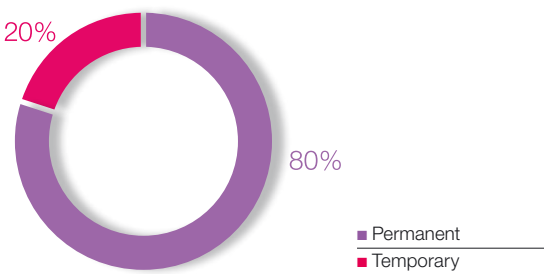
### Women presence (%)



Over a third of Indesit Company employees are women. 2008 confirmed the positive trend in female occupation, moving from 32% in 2007 to 34%.



### Personnel by type of contract

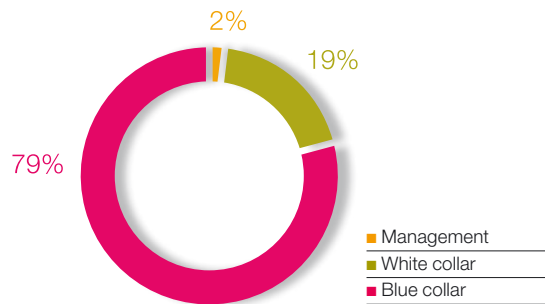


In its relationships with employees, Indesit Company privileges stable, long-term contracts. At 31st December 2008, 80% of employees were on permanent contracts and 20% on fixed term contracts, including trainees.

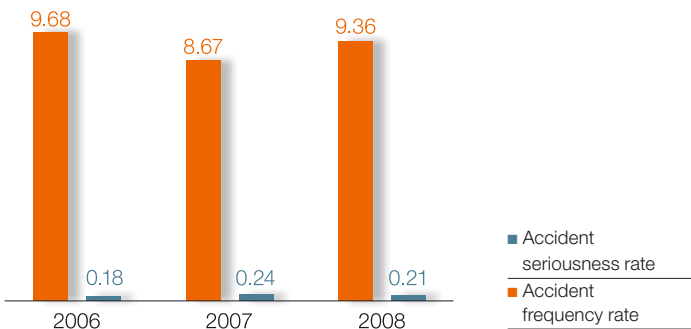
Around 125,000 hours of training were provided in 2008, with a per capita average of 7.3 hours. Training involved all categories of personnel, albeit in differing degrees, and was specific to employees' needs. The main training programmes provided the following:

- induction courses for entries;
- technical training and professional development;
- management development linked to Company values;
- internal employer branding initiatives.

### Training by category



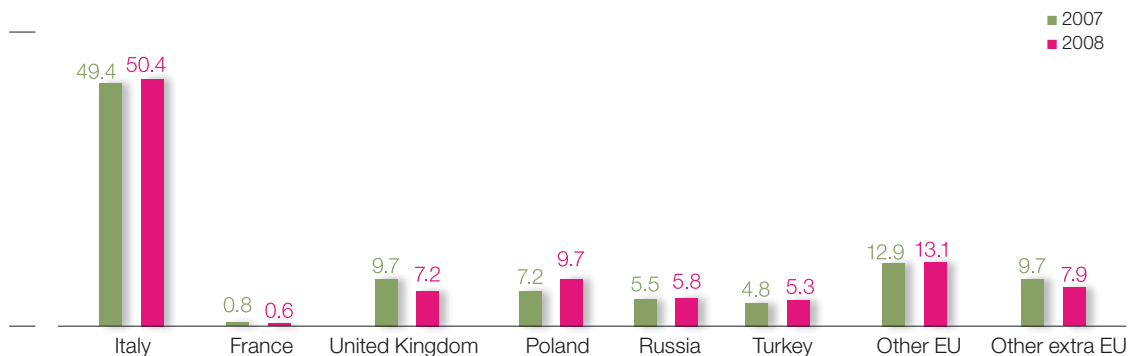
### Accident indexes



2008 saw a moderate increase in the number of accidents (228 against 208 in 2007), causing the frequency rate to rise with respect to the previous year. The decrease in the number of days lost by accidents, however, improved the accident seriousness rate, which moved from 0.24 in 2007 to 0.21 in 2008.

NB.: data relative to Indesit Company plants.  
 Accident seriousness rate: number of days absence caused by accident per thousand hours worked.  
 Accident frequency rate: number of accidents per million hours worked.

### Suppliers by geographical area (%)

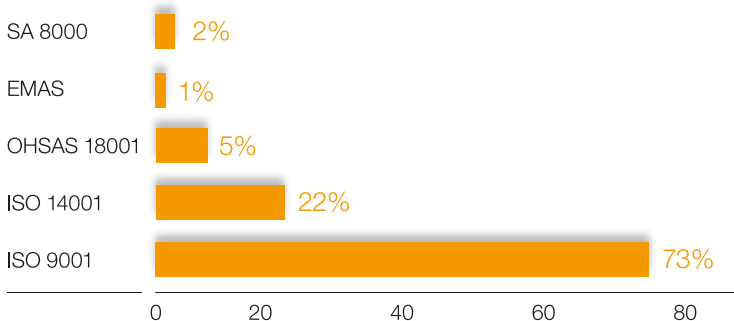


Data refer to direct suppliers of materials for which there was at least one goods entry in 2008.

The value of supplies in 2008 was euro 1,747m. The geographical breakdown of suppliers mirrors the redistribution of production the Group has implemented in the last few years. In 2008 in particular, the impact of Western European suppliers fell, while that of suppliers in Countries where production rose (Poland, Turkey and Russia) increased.

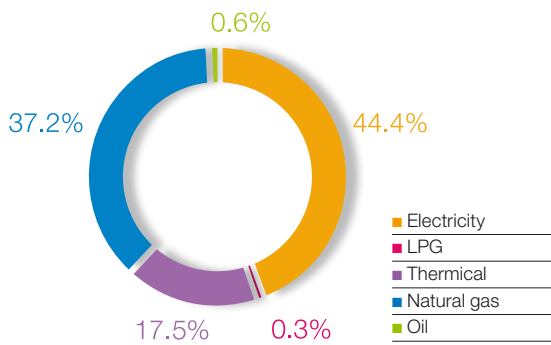
Indesit Company is constantly engaged in selection and qualification of suppliers and is oriented towards operators that can guarantee high production quality standards and respect for employees' rights, health and safety and the environment.

### Certified suppliers 2008



Note: data refer to a sample of suppliers.

Energy consumption per source

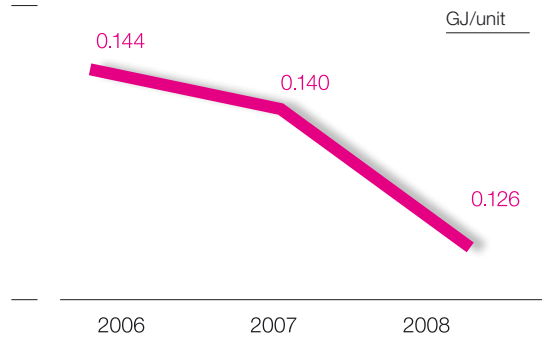


The Group's energy consumption in 2008 amounted to 1,891,753 GJ, down 12.5% on 2007, against a 2.8% cut back in production. The main sources were electricity (over 233,000 MWh and natural gas (over 18 million m<sup>3</sup>), while the source that saw the biggest change with respect to 2007 was LPG, which was down by around 56%.

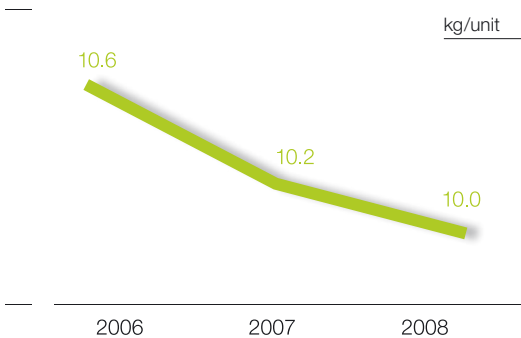
Indesit Company is constantly engaged in monitoring and limiting its consumption of raw materials and energy to reduce its environmental impact on natural resources and its emissions to the atmosphere.

In 2008, the energy requirement for producing one product unit was 0.126 GJ, down 10% on 2007.

Energy consumption per unit manufactured

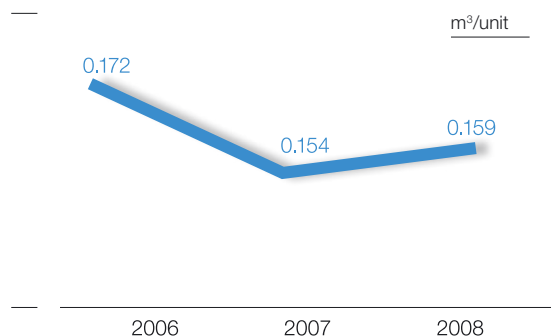


CO<sub>2</sub> emissions per unit manufactured



Indesit Company's commitment to fighting climate change is reflected in the positive performance it has recorded in recent years. In 2008, CO<sub>2</sub> emissions generated by the production of a single appliance amounted to 10 kg, down 2.2% on 2007.

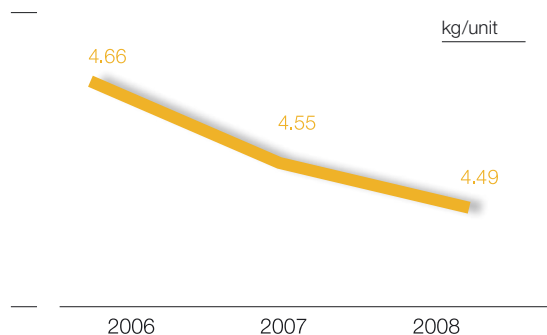
### Water consumption per unit manufactured



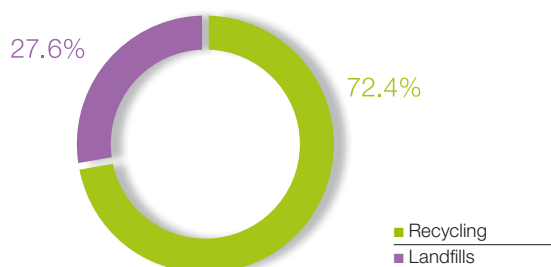
Water consumption per single product unit in 2008 was slightly up, from 0.154 m³ in 2007 to 0.159 m³ in 2008 (around 2.8%).

The positive trend in waste continued in 2008, reflecting tight control of environmental parameters during production and resulting in ongoing improvements in performance. Waste generated per unit product was 4.49 kg, down 1.4% on 2007.

### Waste per unit manufactured



### Destination of waste produced



Total waste produced by Indesit Company in 2008 amounted to 67,200 tons, down 4.2% on 2007. Of this, over 72% was recycled and the other 27.6% went to landfills.

# Our commitment to sustainable development

## Personnel

### Objectives set in 2007 Report

Two projects in collaboration with Italian universities to develop new talents and help young graduates into the labour market: Indesit Campus and Fixo.

Application of the new on-line safety management system in Italy by 2008 and start up of gradual extension to other Group Countries.

Creation of the Health & Safety department to raise employees' awareness of Health & Safety issues, guarantee centralized monitoring of developments in national and international legislation, build a Health & Safety management system, guarantee co-ordination of all the Health & Safety offices, and collaborate on the implementation of environmental policies in close co-operation with other departments.

Creation of a joint commission on equal opportunities in July 2008.

### Results in 2008

Indesit's Campus and Fixo projects were implemented in 2008 and 1st quarter 2009. Fixo enabled 45 students to have working experience in Indesit Company plants in Italy and abroad.

In 2008, the new safety management system came on-line for all the Italian plants, thereby improving the accident reporting system.

In July 2008, a Health & Safety department was set up in the Technical & Industrial area. The new department's main tasks include certification of safety management systems across the whole Group.

A joint commission on equal opportunities was created as planned.

### Future objectives

Development and implementation of the "Best People Fit" project to improve processes and instruments for engaging and developing people on the basis of a common values platform.

Extension of Indesit Company's accident monitoring system to offices, service areas and logistics facilities by 2009.

Certification of workplace health and safety management systems to OHSAS 18001 in seven pilot sites in Europe by 2009 and subsequent extension to all other Indesit Company plants and offices.

**Customers**

Objectives  
set in 2007 Report

Quali-quantitative pan-European research to identify European consumer clusters and target profiles, thus helping to tailor a response to their needs.

Further analysis of consumer satisfaction, especially at international level.

Start up of Hotpoint-Ariston international campaign to launch its new 4-door Quadrio fridge.

Further positioning of the Indesit brand with the launch of the Prime line.

Results in 2008

The DNAction survey enabled Indesit Company to identify seven clusters of European consumers and their needs. The results will be used in development of brands, new products and advertising.

DNAction also looked at the image of the Group's brands in the eyes of consumers. Analysis of customer satisfaction with after-sales services continued.

July 2008 saw the start up of the "Space Odyssey" advertising campaign (TV, press, bill boards and web) in Italy, UK, Russia and Turkey to launch the Quadrio.

Market launch of Prime line freestanding products.

Future objectives

Positioning of Indesit will proceed in 2009 with a widening of the Prime line offering. The year will also see the biggest new product launch programme in the Group's history, with over 200 new products going to market.

The Company website will undergo a complete restyling in the direction of enhanced interactivity and dynamic functioning, especially in the sections addressing customers, the aim being to improve dialogue with them.

By the end of year new gas cooker models with special safety devices will be launched ahead of the coming into force of the law making them obligatory (2010).

**Suppliers**

Objectives set in 2007 Report

Application of a procedure for new supplier qualification and monitoring featuring new ethical, environmental and work safety content.

Results in 2008

Under the procedure for new supplier qualification and monitoring, all new suppliers now compile "Ethics, Environment and Safety" self-assessment forms. The year also saw the start up of a programme to collect self-assessment forms from all existing suppliers: 103 assessments were completed.

Future objectives

Collection of self-assessment forms from all existing suppliers and all new suppliers will proceed.

Start up of a plan to get the General Conditions of Supply (GCoS) signed by as many suppliers as possible. The GCoS contain references to European environmental legislation to comply with; attachments will include the Company's Code of Business Ethics, which must also be signed by suppliers to guarantee their compliance with the principles in it.

**Corporate**

Objectives set in 2007 Report

Celebration of the first ten years of the Jonathan - Indesit Company project and publication of a book illustrating this highly successful example of social responsibility and including testimonies by the young people taking part in the project.

Results in 2008

Contribution to the production of "I ragazzi, il lavoro e tutto il resto" by V. Morgera, S. Ricciardi and A. Marchese and a dvd featuring interviews with young people involved in the project.

Future objectives

The Jonathan Association will proceed with placement of young people in the labour market.

## Environment

### Objectives set in 2007 Report

Implementation of the Multimodal Strategy. Results expected in 2007-2010:

- 10% reduction in CO<sub>2</sub> emissions;
- 20% increase in rail transport;
- savings of 5 million euros a year.

ISO 14001 certification in 71% of plants by the end of 2008 and extension of certification to all Group plants of environmental importance by the end of 2009.

Creation of a new "Environment" department to co-ordinate internal and external environmental action, promote the development of eco-efficient technologies and products, inform and train personnel on environmental issues and build a system to manage environmental policy and auditing together with the Health & Safety department.

Energy audit in the Melano plant.

### Results in 2008

The Multimodal plan (based on services already in place) was halted in mid year when the service provider involved was hit by the economic crisis. Uncertainty about the economic situation is making it difficult to find other companies willing to reboot the project.

In 2008, certification reached 73% of total plants of strategic environmental importance.

An "Environment" department was set up. Initial results include Group-wide diffusion of the new "Integrated Quality and Environment Management System" manual.

The energy audit at the Melano plant was nearing completion as this Report went to press.

### Future objectives

Indesit Company confirms its objective of developing its multimodal transport strategy and is looking at various alternatives for resuming the original Italy-UK service plan.

Completion by the end of 2010 of environmental certification of all Group plants of strategic environmental importance.

Definition of environmental KPI to monitor on a monthly basis. Results will be released at the Company's monthly business review meetings (BRM).

Definition of the following environmental objectives to achieve by the end of 2009:

- 3% reduction in electricity consumption;
- 2% reduction in gas consumption;
- 4% reduction in water consumption;
- 1% reduction in waste production;
- 2% reduction in CO<sub>2</sub> emissions.



## Environment

### Objectives set in 2007 Report

Start up of the “Cold water” project in collaboration with Procter&Gamble to develop washing machine cycles ensuring maximum performance in water at room temperature, with energy savings of up to 50% with respect to a traditional cycle. The project in Italy and France also entails development of a washing machine model using the Eco-Cycle, to enter production by the end of 2008.

Launch of new products with environmental sustainability characteristics, including:

- the Quadrio fridge, which thanks to independently opening doors and freezer drawers delivers significant energy savings with respect to a normal 2-door combo (test carried out under normal conditions of use at the industrial engineering department of Perugia University in December 2007);
- the new Aqualtis, Hotpoint-Ariston’s first washer-dryer in class A, loading 8 kg of washing and 6 kg of drying, combines high performance and minimum energy consumption;
- the Openspace, the biggest oven on the market in class A, can save energy in different conditions of use thanks to its two cavities; the Extralarge cavity can cook on four levels at the same time, delivering energy savings of around 35% with respect to a standard oven; the Small cavity is for cooking on one level only and saves up to 30% in energy against the Extralarge cavity.

### Results in 2008

The “Cold water” project was launched in April 2008 in the UK.

April (start of the “fridge season”) also saw the launch of the Quadrio.

Hotpoint-Ariston’s new Aqualtis washer dryer was launched in March 2008.

September 2008 saw the launch of Hotpoint-Ariston’s Openspace oven. With the built-in dimensions of a standard oven, the Openspace offers 70 litres of capacity and is the biggest oven on the market in its category, with 20% more room inside, and all in class A.

### Future objectives

Launch of products in class A and A+ in the Indesit Prime freestanding range.

Extension of the Quadrio range with an energy class A+ version. Thanks to its four doors, the Quadrio will deliver significant energy saving and consume even less energy in the class A+ version.

Hotpoint-Ariston’s built-in freezer range (now in class B) will launch class A and A+ versions in 2009.

2009 will see the launch of Scholtès’s new S3 range, offering not only an appealing new design but several new solutions for reducing environmental impact, including induction hobs, automatic programmes and combined ovens.

A new 45 cm dishwasher is to be launched under the three brands (Indesit, Hotpoint-Ariston, Scholtès); unique in various ways, its energy consumption will be less than the maximum value for class A, it will use only 9 litres of water to wash up 10 place settings and noise will be reduced to 43 dB(A).

# Contacts

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## Statutory information

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## Published by

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External communications & CSR

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## Consultancy

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zero3zero9

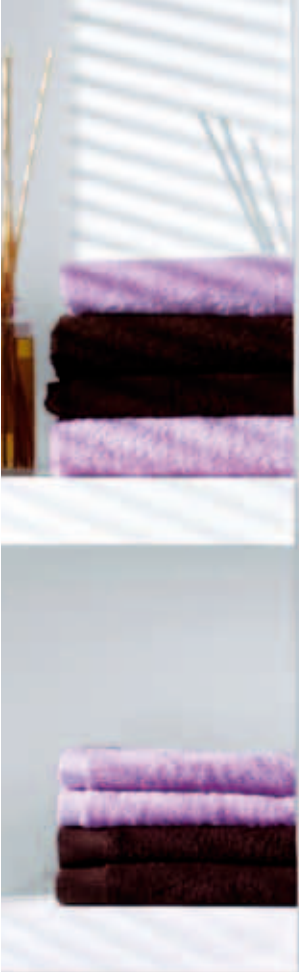
## Graphics

Achilli Ghizzardi Associati

## Pictures

Adriano Maffei  
Enzo Signorelli  
Indesit Company picture bank







[www.indesitcompany.com](http://www.indesitcompany.com)

