



Responsibility Report 2007- GRI G3 Index

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 **Hotpoint**

ARISTON

The Responsibility Report 2007 - GRI G3 Index

The 2007 Corporate Social Responsibility Report is radically new with respect to the 2006 edition. It introduces a new format for providing information on social responsibility management. There are now two separate documents:

- Corporate Social Responsibility Review, a hardcopy publication focussing on the main aspects of sustainability. It sets forth Indesit Company's main objectives and results in terms of social responsibility and outlines the main projects underway during the reporting period;
- Corporate Social Responsibility Report, on line version, posted on www.indesitcompany.com. This document is drawn up to the "sustainability reporting guidelines" promulgated by the Global Reporting Initiative (GRI) in 2006 (G3), application level B. It is structured on the basis of the GRI Index, the main purpose of which is to enable the reader to compare its information with other reports adopting the same guidelines.

This new approach makes it possible to meet the expectations of the Group's main stakeholders according to their different needs. The Review version gives a broad view of Indesit Company's sustainability projects and initiatives in a slim, easy to use volume. The Online version (Report), on the other hand, being web-based, will enable anyone, anywhere in the world, to look at and assess the Group's sustainability and social responsibility performance.

Responsibility Review 2007

- Indesit Company: an ongoing success story
- Indesit Company's strategic drivers
- Sustainability Governance: the Indesit Company model
- Development through respect
- Innovation and quality for customers
- Quality in procurement processes
- Indesit Company for the community
- High technology, low consumption: optimum environmentally friendly performance
- Awards and mentions 2007-2008
- Results
- Indesit Company's commitments

Responsibility Report 2007 - GRI G3 Index

- PDF format only
- Strategy and analysis
 - Profile of organization
 - Report parameters
 - Governance, commitments and involvement of stakeholders
- Economic performance indicators
- Environmental performance indicators
- Social performance indicators:
 - Working practices
 - Human rights
 - Community
 - Product responsibility

1. Strategy and analysis

1.1 Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.

Development of high quality products packed with innovative content and increasingly eco-compatible, constant reduction of the environmental impact of the Company's business and last but certainly not least, career development for all the people who work with us: these are just some of the main challenges facing Indesit Company.

In line with this philosophy, Indesit Company centred some important targets in 2007, including the publication of the first Human Capital Report, the launching of the "Multimodal Strategy" project, which will significantly reduce road transport, and the setting up of the Energy and Environment Committee to organize increasingly effective integration of our sustainability policies across all business planning processes.

Technological innovation continues to play a key role here: it enables us to develop products that are increasingly advanced and geared to customers' needs. A good example of this is the new Quadrio fridge-freezer, which combines high capacity with innovative ergonomics, making a big contribution towards energy saving.

We are therefore well aware that our commitment to sustainability is not only crucial to our business culture but also an intangible asset that shapes our identity.

Marco Milani
(Chief Executive Officer)

1.2 Description of key impacts, risks, and opportunities.

Indesit Company's total commitment and approach are reflected in its record of social responsibility in all its business operations and other activities. Building a business model that considers economic, social and environmental performance is not only a duty to future generations but is also the best strategy for creating value and competitive edge in the medium and long term. Dimensional growth brings greater responsibilities and more capacity to positively influence social and economic development of the territories where the Group operates. Business must pursue not only economic gain but also social progress. Armed with this conviction, Indesit Company developed a social responsibility management system alongside a model of governance that successfully monitors and manages its business risks.

Indesit Company has adopted an organization model, the fruit of analysis of the offence-risks attaching to the Group's business, in line with decree law 231/01. The Model is a further strengthening of rigour, transparency and a sense of responsibility in internal and external relationships and at the same time it offers shareholders adequate guarantees of efficient and correct management. In addition to the analysis of risks, the Model contains a series of procedures (already in place or currently under implementation) designed to cover risks attaching to activities susceptible to or instrumental in the perpetration of the offences covered by said decree law. An integral part of the Model is formed by the Code of Conduct, which sets forth the general principles disciplining the workings of the Company, which acts in compliance with the law.

For further information, see the Corporate Governance Report, p. 29, and indicators 3.5 and EN26.

2. Profile of the organization

2.1 Name of the organization.

Indesit Company SpA.

2.2 Primary brands, products, and/or services.

Indesit Company manufactures washing machines, dryers, washer-dryers, dishwashers, fridges, freezers, ovens and hobs under its main brands Indesit, Hotpoint-Ariston and Scholtès.

At the beginning of 2007 Indesit Company launched the Group's new brand architecture: Hotpoint was merged with Ariston to form Hotpoint-Ariston, combining the international strength of the UK brand and the tradition of the Italian brand. The aim was to improve market positioning in the middle-top segment. In 2007, the new brand was launched in Italy, the CIS, Germany, The Netherlands, Greece, Romania, Bulgaria and the Balkan countries. In 2008 it will be extended to other countries in Europe. Indesit is continuing to evolve its positioning by developing innovative products with striking designs and by closer profiling of its target public. After the launch of the Moon, the new washing machine with an avant-garde image and innovative functions, the next tangible sign was the Prime line, created by Giugiaro: it combines functionality and design, with multifunctional products that are easy to use and highly innovative in their technology and aesthetics. The new collection of built-in appliances includes ovens, hoods, dishwashers, fridges and hobs for modern homes. Scholtès too, in 2008, will be conducting an in-depth analysis of its target and brand values.

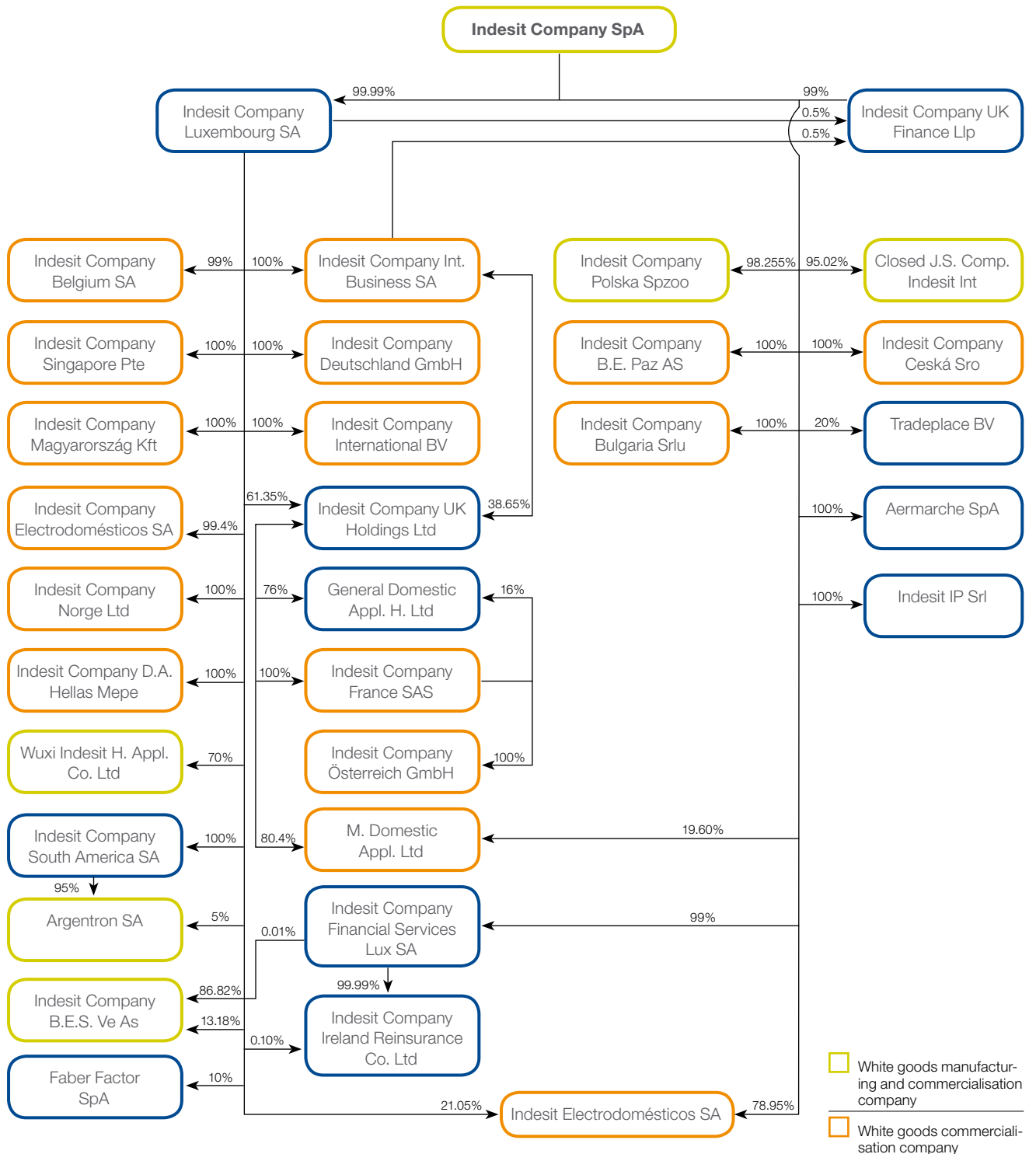
The aim here is to assert Scholtès, with its range of highly professional and sophisticated products, as the Group's high-end brand throughout Europe.

For further information on the targets addressed by the Group's brands, see the Responsibility Re-

view, p. 6-7.

2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.

Indesit Company Group structure at 30th June 2008



2.4 Location of organization's headquarters.

Indesit Company's head office is in Fabriano (Ancona) - Italy.

2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

The Group operates mainly in Europe, Turkey and the CIS (Confederation of Independent States) through 17 factories and 24 commercial offices.

More specifically, the Group has operations in the following regions/countries:

- Western Europe: Italy, France, Belgium, The Netherlands, Great Britain, Germany, Spain, Portugal and other smaller countries;
- Eastern Europe: CIS, Poland, Romania, Bulgaria, Hungary, Czech Republic, Slovakia and other smaller countries;
- Other countries: Turkey, South America, North America, Africa, Australia, Middle East and Far East.

In 2007, the Group looked at a number of possible acquisitions to follow up its growth over recent years. These possible targets were in countries with high actual growth rates (China) or potential growth rates (India) but the negotiations initiated have not been concluded to date. The Group will continue such activity not only in these countries but wherever else market, brand and possible target characteristics are compatible with Indesit Group's strategy.

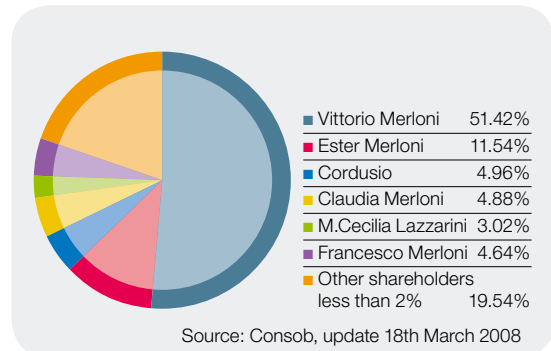
2.6 Nature of ownership and legal form.

Indesit Company SpA was formed in 1975 and was listed on the Milan stock exchange in 1987. The Group's shareholders are as listed to the right.

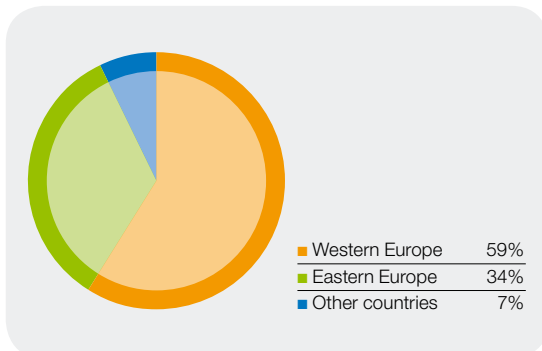
2.7 Markets served (including geographical breakdown, sectors served, and types of customers/beneficiaries).

The Group manufactures and markets white goods, meaning home appliances in the cooking (cookers, ovens and hobs), cooling (fridges and freezers) and washing (washing machines, washer-dryers and dishwashers) segments. Indesit Company's customers are retailers who buy appliances direct from the Group and consumers who buy appliances from retailers to use in their homes.

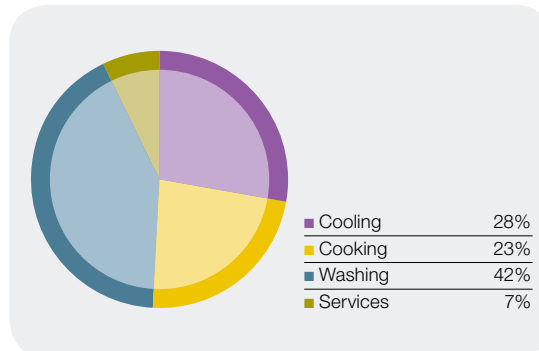
Shareholders



Sales in 2007 by geographical region



Sales in 2007 by product line



2.8 Scale of the reporting organization, including number of employees, net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.

Indesit Company is Europe's no. 2 white goods producer by market share and no. 5 worldwide, making around 16 million home appliances a year.

Indesit Company has over 17,000 employees. Listed on the Milan stock exchange since 1987 and with a capitalization value of Euro 1,094,388 million, the Group posted sales of over Euro 3.4 billion in 2007.

For further information, see the Annual Report, p. 8-9, 17, 58.

2.9 Significant changes during the reporting period regarding size, structure, or ownership including location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).

The process of redistributing production in 2007 was in line with the terms of the industrial plan: work on two new production facilities (washing machines and dishwashers) at Radomsko in Poland is nearing completion, while Blythe Bridge in the UK was closed at the end of 2007, as planned.

For further information, see the Annual Report, p. 13-16, and the Responsibility Review, p. 16.

2.10 Awards received in the reporting period.

Major awards included:

- Berlin: European Excellence Awards
- Chicago: Good Design Awards
- London: Kitchen Product of the Year
- London: Best Technology Awards
- London: Motor Transport Awards 2007
- London: STEPS 2006 Awards
- Miami: Grand Clio Awards
- Milan: Intellectual Capital Awards
- Milan: Ecohitech Awards
- Milan: Sodalitas Social Awards
- Moscow: Superbrands Awards
- Paris: Grand Prix de l'Innovation
- Paris: Janus de l'Industrie
- Russia: Narodnaya Marka
- USA: EID Awards
- Warsaw: Zlote Ville Awards

Indesit Company was acknowledged by Etica Sgr to be one of the most socially responsible companies in Europe. The assessment looked at governance (independent directors, transparent remuneration of managers, social, environmental and reputational risks), social policy (workplace health and safety, employee training, respect for workers' rights) and environmental policy (quality of environmental management, production/use of renewable energy sources, impact of products and production, compliance with sustainability criteria).

For further information, see the Responsibility Review, p. 29-30.

3. Report parameters

Profile of the report

3.1 Reporting period (e.g., fiscal/calendar year) for information provided.

Data and information refer to the year ending 31st December 2007. Reference is also made to significant projects and activities in 1st half 2008.

3.2 Date of most recent previous report (if any).

The 2006 Responsibility Report was published in 2007.

3.3 Reporting cycle (annual, biennial, etc.)

Indesit Company draws up its Responsibility Report annually, in line with international best practice.

3.4 Contact point for questions regarding the report or its contents.

Indesit Company
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 communications@indesit.com
 Tel: +39 0732 6611 - Fax: +39 0732 662501

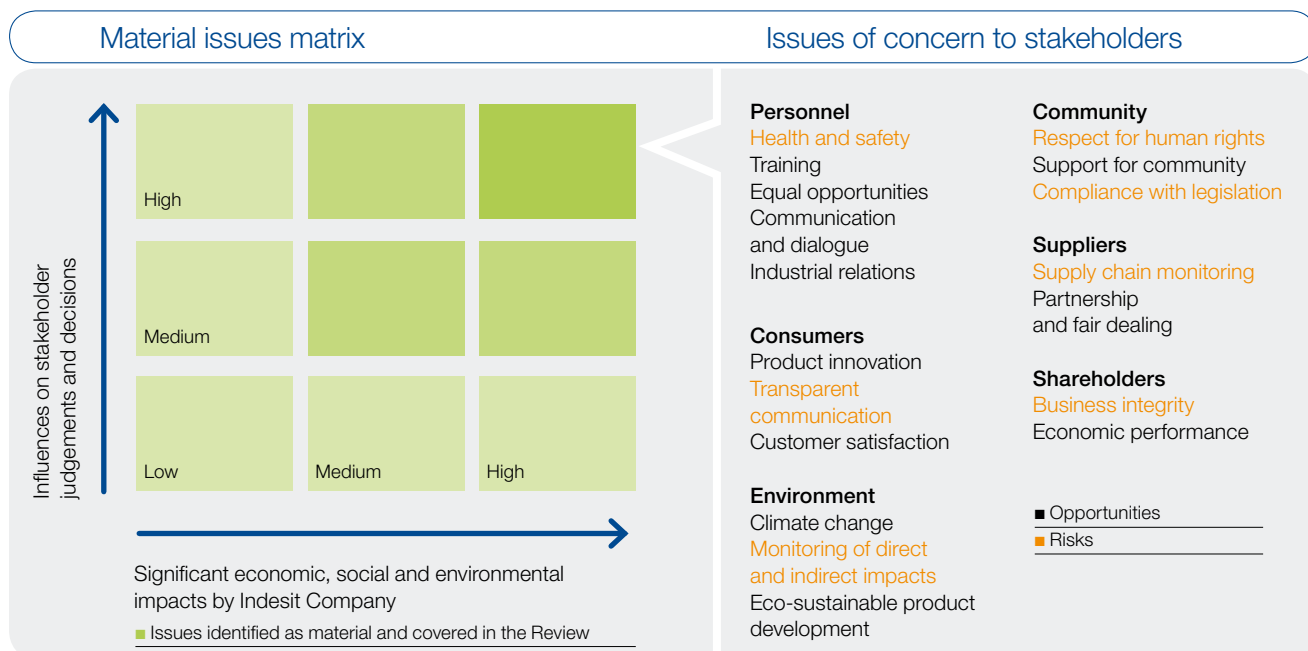
Objective and scope of report

3.5 Process for defining report content, including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.

Information on social, environmental and economic performance included in this document was identified as constituting material issues to report on. The main social responsibility issues to analyze for the purpose of planning future action, also in response to input from stakeholders, were identified after consulting the management. The issues mapped as material, and thus dealt with in this Report, were defined on the basis of a matrix whose variables are Indesit Company'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.

There was a strong focus at this stage on also identifying the economic, social and environmental opportunities and risks attaching to the Group's business. The Group's existing policies on corporate responsibility (business principles, environmental policy, Code of Business Ethics) were analysed and integrated.

Regarding the indicators, the Group concentrated on those defined as "core" by the GRI G3 guidelines.



3.6 Boundary of the Report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).

The consolidation area to which data in this Report refer includes the Group parent company Indesit Company SpA and its subsidiaries unless specified otherwise.

A list of companies consolidated on a line by line basis can be found in the Annual Report, p. 103.

3.7 Statement of any specific limitations on the scope or boundary of the report. If boundary and scope do not address the full range of material economic, environmental, and social impacts of the organization, state the strategy and projected timeline for providing complete coverage.

All the information and data in this Report refer to the period and reporting perimeter specified under indicators 3.1 and 3.6 respectively. Any indicators limited in terms of period and/or boundary due to unavailability of data are signalled in the document itself.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

Regarding joint ventures, subsidiaries, leased plant, outsourcing activities and other entities, no significant events occurred which could significantly affect comparison of the information in this document with information in the 2006 Responsibility Report.

For further information, see indicator 2.9 and the Annual Report, p. 16.

3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

For the purposes of maximum reliability of the information provided, directly measurable quantities have been preferred to estimated figures, which have been avoided where possible but where included necessarily are based on the best methods available and on sampling. The use of estimated figures is signalled in the indicators concerned.

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

The Group decided to change the way the Responsibility Report presents its information. The Responsibility Review 2007 focuses on the main aspects of sustainability, setting forth Indesit Company's main objectives and results in terms of social responsibility and outlining the main projects underway during the period. In addition to the hardcopy Review, there is this on line version of the Responsibility Report, drawn up to the "sustainability reporting guidelines" promulgated by the Global Reporting Initiative (GRI) in 2006 (G3), application level B.



3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

There were no significant changes in the Report's scope, boundary or measuring methods. For further information on Report's presentation format, see indicator 3.10.

GRI Content Index

3.12 Table identifying the content of the report with page numbers or web links.

This on-line Responsibility Report 2007 provides detailed reporting on the individual GRI G3 "core" indicators, which at the same time constitute a table identifying the content of the Report.

Assurance

3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).

The document is not subject to any external assurance.

4. Governance, commitments, involvement of stakeholders

Governance

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Describe the mandate and composition (including number of independent members and/or non-executive members) of such committees and indicate any direct responsibility for economic, social, and environmental performance.

Indesit Company's corporate governance system conforms for the most part with the principles of the Listed Companies Code of Self-discipline, 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.

The Group parent company's management and control model is "ordinary" (as defined by Italian law), i.e. based on a board of directors, a statutory audit committee and external accountants. These bodies are elected by the shareholders and hold office for three year periods. For a number of years now there have been eight independent directors out of 13. On 3rd May 2007 Bruno Busacca, Luca Garavoglia, Emma Marcegaglia and Paolo Monferino became independent directors alongside Innocenzo Cipolletta, Adriano De Maio, Mario Greco and Hugh Malim. The substantial number of independent directors, as defined by the Code, and the key roles they play both on the Board and in its committees (Human Resources, Internal Control, Innovation and Technology) ensure effective reconciliation of interests across all the shareholders and a wide base for board room discussion.

Committees:

- Human Resources Committee: this provides both the functions contemplated in the Code for the Remuneration Committee and the additional tasks assigned to it by the board of directors upon its appointment, including, for example, the Human Resources review. The Committee's members are: Mario Greco (Committee chair and independent director), Andrea Merloni (till 30th April 2008) and Paolo Monferino (independent director). In 2007, the Human Resources Committee met five times (with 100% attendance by all).
- Innovation and Technology Committee: this was set up in 2004 to guide strategies and investments for the Group's innovation process and includes a number of directors (Adriano De Maio - chair, Andrea Merloni, Vittorio Merloni, Marco Milani) and Group managers and external experts from the scientific and business communities (Marco Iansiti and Pasquale Pistorio). In 2007, the Committee met once (with 100% attendance by all).
- Internal Control Committee: its three members are Hugh Malim (chair and independent director), Innocenzo Cipolletta (independent director) and Antonella Merloni. In the opinion of the Board, all its members have significant experience in accounting and finance relevant to the tasks the Committee is called upon to perform. In 2007, the Committee met seven times (with an overall attendance of 87.87%).

For further information, see the Corporate Governance Report, p. 4, 9-10, 17, 21-22, 28.

4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).

The Chairman of Indesit Company is Vittorio Merloni, who also has an executive role. He is the Company's legal representative and represents it to institutions and the media. He promotes the Company's corporate image and makes sure that programmes under implementation sufficiently protect such image. The communication and corporate identity department and the legal and corporate affairs department report to him on corporate affairs. The Chairman plays a central role in the spheres of strategy, corporate governance, corporate communication and the internal control system. He draws up the agenda for board meetings, which he calls and chairs.

For further information, see the Corporate Governance Report, p. 10, 14-15.

4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organization defines "independent" and "non-executive". This element applies only for organizations that have unitary board structures.

The Board currently in office was appointed by the shareholders' meeting on 3rd May 2007 and has thirteen directors, whose term of office expires with the Annual General Meeting to approve the financial statements as of 31st December 2009. The Board appointed two of its number as executive directors, who are invested with the powers contemplated in art. 2381, Italian Civil Code and the Company's by-laws; they are: Vittorio Merloni (chairman), Marco Milani (CEO) and Andrea Merloni, appointed vice-chairman on 30th April as a deputy to the chairman. There are ten non-executive directors, some of whom independent. The Board fixed five as the maximum number of administration or control posts in other listed companies considered compatible with effective performance as a company director (the same limit set in the by-laws for the Company's statutory auditors). A majority of the Board (eight out of thirteen) is formed by independent directors as defined by criteria illustrated in detail in the Corporate Governance Report.

For further information, see the Corporate Governance Report, p. 10-12.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

Relationships with shareholders are managed by the Investor Relations Officer, who is assisted by various Company functions (esp. the legal and corporate affairs department). Financial communication plays a prime role in Indesit Company in the process of creating value for the Group and to this end its strategy is to favour a continual flow of information between the financial community, the market and the Company itself. To establish ongoing dialogue with institutional investors, other shareholders and the market in general and to guarantee systematic publication of extensive and timely information on its activities, Indesit Company some years ago appointed an Investor Relations Officer, who has been backed up since the end of 2007 by an Investor Relations Manager. The Investor Relations Officer reports to the Group Chief Financial Officer and his work is done in compliance with the procedure for disclosure to the market and international best practice. Financial communication procedures are based on constant contacts with financial analysts, institutional investors and shareholders in order to guarantee full and correct perception of strategic decision making and the implementation and impact on business results of such developments.

In 2007, Indesit Company dedicated numerous working days to meetings with analysts and institutional investors, including:

- four conference calls on publication of the quarterly figures;
- numerous meetings with investors and analysts in Milan, London and Paris (involving over 350 people);
- three roadshows in the United States (New York and Boston);
- participation in three European conferences organized by Italian and non-Italian brokers;
- for the first time, roadshows in Switzerland and Germany.

The Company has also seen fit to enhance dialogue with shareholders by suitably upgrading its web site (www.indesitcompany.com), which contains financial information (financial statements, half year and quarterly reports, presentations for analysts, trends in the Company's share prices, a list of financial analysts who cover the Company's stock) and other data and documents of interest to shareholders.

Documentation remains on the site for at least two years.

Since 2001, the Company has had a set of rules disciplining the conduct of shareholders' meetings and ensuring all shareholders the right to speak on the items under discussion.

4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).

Under the by-laws regarding remuneration, directors are not only entitled to reimbursement of their expenses but also to fees pursuant to art. 2389, Italian Civil Code. Directors' remuneration is high enough to attract and motivate people with the qualities and capabilities needed to run the Company successfully. The remuneration of non-executive directors is commensurate with the time required of each of them, including participation in committees, and is not tied to the Company's or Group's results.

A significant portion of the remuneration of executive directors (Chairman and CEO) and top managers in the Group, depending on positions and roles, is in the form of emoluments tied to achievement of economic results by the Company and/or attainment of individual targets (bonuses or variable incentive systems) so that their interests are aligned with shareholders' medium/long-term interest in the pursuit of the priority objective of creating value. Top managers, in particular, participate in an MBO (Management by Objectives) scheme. The objectives fixed by the MBO for top managers are usually tied to business objectives.

For further information, see the Corporate Governance Report, p. 18-19, and Annual Report, p. 22.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.

The Group Code of Business Ethics contains a section "Rules of Business Conduct" disciplining conflicts of interest. In particular, in conducting any sort of business, situations in which the subjects involved in the transactions are or may become in a conflict of interests. Anyone finding himself in a conflict of interest must immediately inform his immediate superior thereof. The latter in turn inform the Supervision Body or the Compliance Officer of the action taken to guarantee that the transaction is made at market prices and condition despite the conflict of interest. If it is not possible to take action to ensure the transaction actually goes through on such conditions, the hierarchical superior is under obligation to suspend commercial relationships with the counterparties and inform the Supervision Body or the Compliance Officer thereof.

In addition to the Code of Business Ethics, Indesit Company has a specific procedure disciplining

the conduct of operations with correlated parties. For further information, see the Group's Corporate Governance Report, p. 23 and 65-69.

4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.

The credentials of candidates for directorships may be assessed by the shareholders prior to appointment. Under art. 14 of the by-laws, in fact, lists of candidates submitted by the shareholders must be accompanied by the candidates' CVs providing a suitable professional and personal profile and a list of any posts they hold in other companies. In any case, the majority shareholder usually short-lists candidates before presenting the proposals, making sure that candidates possess the competencies and professionalism required for the post and that the Board comprises a sufficient number of independent directors.

For further information, see the Corporate Governance Report, p. 18, 42.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

Values

Indesit Company is a Group determined to improve constantly in everything it does. This objective of continual improvement is underpinned by five values, which can be seen at work in inter-personal conduct and in the organization and carrying on of business relationships.

- Innovative, because everything Indesit Company does shows the creativity and spirit of initiative of people who strive for and apply innovation in everything they do.
- Respectful, because Indesit Company's priority is to be sensitive and responsible towards consumers, retailers, employees, suppliers, shareholders, the communities it operates in and the environment in general.
- Ambitious, because Indesit Company's capacity to improve everyday is based on passionate enthusiasm for excellence and leadership.
- In touch with others, because constant dialogue with all its stakeholders enables Indesit Company to listen to their needs, provide the most effective solutions and achieve the best results.
- Genuine, because Indesit Company is open, transparent and genuine and enjoys working with a straightforward, dynamic and flexible attitude.

Mission

"To be the leading European producer of technological, environmentally friendly solutions to create quality of time for people everyday."

Business principles

- Central role of the individual: boosting the value of human capital and developing individual professional skills, respect for the physical, moral and cultural integrity of every individual, the promotion of equal opportunities.
- Respect for workers' rights: respect for the fundamental rights of workers worldwide in accordance with the conventions of the International Labour Organization (ILO) on the abolition of exploitation of minors in the workplace and the principles of trade union freedom, workers' organizations, collective bargaining and the development of equal opportunities.
- Adoption of a participatory industrial relations model: an effective instrument for dialogue, involvement and definition of shared objectives.
- Creation and distribution of value added: success in production and market competitiveness through the creation and fair distribution of value amongst stakeholders.
- Environmental respect and conservation: sustainable growth as the fruit of a proactive approach to environmental issues and of pursuing today's objectives with a view to the needs of future generations.
- Innovation and quality: research and development efforts focusing on constant innovation in business processes.
- Permanent training: a permanent training system favouring the development of competencies and professional skills.
- Fairness and transparency: satisfaction of stakeholders' expectations through clear and transparent communication of strategies, activities, results and decisions.
- Integrity: the adoption of morally sound conduct in all activities and the avoidance of all forms of corruption and infringement of either laws or ethical principles.

The Group has published a Code of Business Ethics pursuant to decree law 231/01 and based on ILO principles.

4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

Though there is no formal procedure for monitoring social and environmental performance, in 2007 In-desit Company implemented a system to manage its environmental Key Performance Indicators (KPI), monitor the environmental impact of its plants and set targets for improvement. The KPIs and targets are also part of the system for assessing plant managers and are monitored on a monthly management control basis. An Energy and Environment Committee was created: on it sit the heads of all functions involved in environmental issues (International Technical Affairs, Marketing, Communication and Corporate Identity, Supply Chain, Quality, Technical and Industrial). The Committee reports to the CEO every month on objectives and results achieved in terms of consumption of electricity, natural gas and water, CO₂ emissions and waste production. Guidelines and action plans are also presented. The aim is to gradually increase the number of KPIs and define a sustainability reporting schedule.

For further information on Committees, see indicator 4.1.

4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.

On the initiative of its independent directors, Indesit Company carried out a self-assessment of the workings of the Board (25th October 2007) in terms of integrity, diligence and participation in Board meetings. The Company has always geared its governance model to excellence and the Board was happy to proceed with the assessment, which had the following aims:

- to update shareholders on the performance of the Board and its compliance with corporate governance best practice;
- to foster improvement of Board functions.

In collaboration with the chair of the statutory auditors (to ensure the anonymity and independence of the response), the self-assessment gave a positive judgement of the structure and operation of the Board, and especially of the role in and impact of the non-executive directors in both Board and Committee meetings, and of the timeliness and precision of disclosures to the market.

For further information, see the Corporate Governance Report, p. 13.

Engagement in external initiatives

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.

In its ongoing commitment to sustainability, the Group has built an environmental culture that it increasingly shares with its stakeholders, being firmly convinced that respect for the environment is not only a fundamental value but also a key strategic factor in the competitiveness and sustainability of its business model.

Indesit Company plays a proactive role in today's environmental scenario, every year making choices that not only ensure strict compliance with environmental legislation but also aim to develop advanced technological solutions that will make products more and more eco-compatible. The success of certain "ecological" products that deliver real energy and water savings has strengthened Indesit Company's conviction that its promotional of environmental culture must go beyond the Company's functions and areas, which it must necessarily address, and be extended to all external stakeholders, including clients, suppliers, investors and institutions. Indesit Company's focus on environmental problems can also be seen in its commitment to giving all its plants a structured environmental management system with ISO 14001 certification. Further, new product development at Indesit Company is in line with international best practice and involves analysis of the degree of safety existing at every stage in a product's life cycle.

For further information, see indicator EN26 and PR1.

4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.

To step up its commitment to spreading the principles of social responsibility, Indesit Company in 2006 joined 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.



4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues, views membership as strategic.

Indesit Company's commitment to its stakeholders can be seen in the Group's active participation in employer associations. Its main activities in this context are:

- leadership of Ceced Italia (Italian association of domestic and professional appliance manufacturers), one of whose main objectives is to raise awareness amongst institutions and citizens of issues such as environmental protection, energy saving and safeguarding of consumers, of which Indesit Company was a founder and is the current chair;
- active participation in Ecodom (Italian white goods makers waste disposal consortium), whose aim is to combat dumping of substances that pollute the environment or deplete the ozone layer and maximize recovery of materials (steel, aluminium, copper, plastic) for re-use in production; Indesit Company is the consortium's current chair.

Involvement of stakeholders

4.14 List of stakeholder groups engaged by the organization.

Indesit Company sees communication and dialogue with stakeholders as vital to achieving effective, transparent and constant verification that its business is in line with their expectations. Further, a socially responsible business model cannot be self-referential; it must necessarily subject itself to assessment by its stakeholders and commit itself towards them. The stakeholder categories that Indesit Company has identified as having relationships with the Group are as follows:

- people: everyone who has a relationship of employment or collaboration involving subordination; this category also includes agents and those who represent Indesit Company to the outside world and manage relations with stakeholders;
- retailers (trade): household appliance retailers, from big distribution chains to small retailers;
- consumers: the end purchasers of Indesit Company products;
- suppliers: providers of the raw materials, components, machinery, equipment, goods and services the Group needs;
- shareholders: holders of Indesit Company shares, including institutional investors in Italy and abroad;
- banks: banks and other finance houses that provide the Group with financial backing;
- public administration: national government, government agencies, institutions and local government;
- community: non-profit organizations, associations, the academic community, end users of domestic appliances and all members of the general public with whom the Group has actual or potential relations;
- media: journalists and mass media with whom the Group has relations;
- environment (future generations): both the territories in which the Group has its manufacturing capacity and the wider ecological dimension potentially affected by Indesit Company products.

4.15 Basis for identification and selection of stakeholders with whom to engage.

Well aware of the strategic importance of dialogue with its various stakeholders, Indesit Company has always monitored their expectations. The Group's method here is based on the AA 1000 SES (AccountAbility 1000 Stakeholder Engagement Standard), a universally recognized international

standard. This Responsibility Report intends to address all stakeholders and provide only relevant qualitative and quantitative information.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

Dialogue with stakeholders involves systematically programmed meetings.

Summarized below are the main activities in 2007 by type of stakeholder:

- personnel: internal communication tools such as Insight (intranet), flashnews (house organ), etc.; ongoing dialogue with trade unions (e.g. European Works Council);
- consumers: consumer satisfaction survey;
- shareholders and finance houses: conference calls, one to one meetings, conferences, roadshows, websites;
- public administration: routine meetings and collaboration with local government authorities on sustainable development issues, Gfk Eurisko survey of Indesit Company reputational profile;
- community: participation in conventions and seminars, meetings and partnerships with non-profit associations and organizations, Gfk Eurisko reputational profile of Indesit Company;
- media: Gfk Eurisko survey of Indesit Company reputation: periodical meetings, website.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

Main projects fostering dialogue in 2007:

- Indesit Company reputational profile

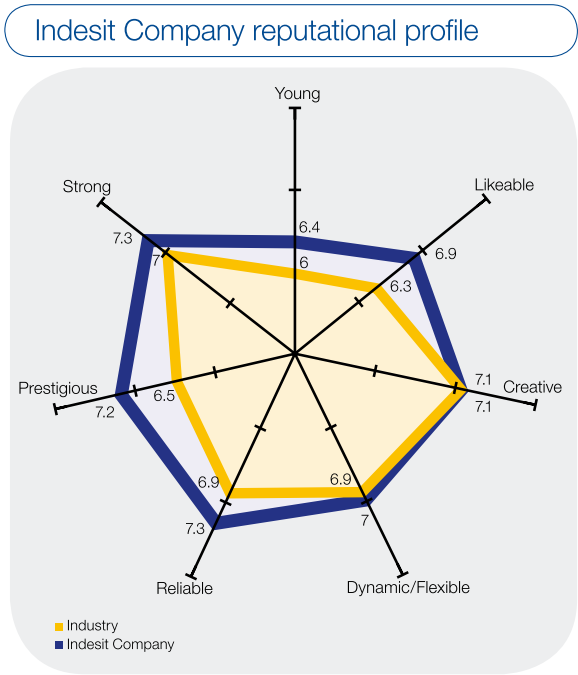
In recent years, Indesit Company has commissioned various surveys in Italy, the UK, Poland, Russia and the Ukraine to analyze the state of relations with its stakeholders, and with journalists and financial analysts in particular.

In 2008, the Group commissioned an analysis of its reputation with certain publics deemed strategic in Italy. Gfk Eurisko conducted a survey of opinion leaders in industry, employers' associations, public institutions and the media: around 200 1-to-1 semi-structured phone interviews were analysed to learn about people's knowledge and opinions of the white goods industry and Indesit Company in particular.

Judgements of Indesit Company were positive and reflect opinions expressed about its particular industry, where the key words were creativity, force, reliability and dynamism. Regarding the issues analysed during the survey, journalists and entrepreneurs were the categories that gave the most positive judgements.

The strengths that emerged included quality of products and management but also the Group's authoritativeness, history and size. Another defining characteristic is its capacity to understand and adapt to changes in the market.

The Group has a strong reputation for the professionalism and expertise of its management. It also stands out from the rest of the industry in its commitment to communities and the environment. In terms of emotional profile, Indesit Company enjoys a stronger image of prestige and reliability than



Answers on a scale of 1 to 10 (1=not at all; 10=extremely)
Source: Gfk Eurisko

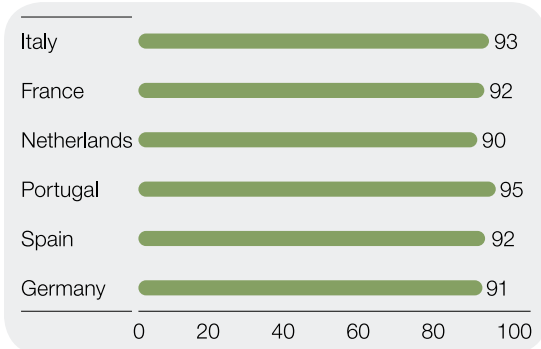
its industry as a whole but is also seen as younger and more likable. The aspects that best reflect the Company's values are its historical and territorial roots, the quality and reliability of its products, commitment to innovation and social responsibility.

Trust in the Group is high, especially amongst journalists and people in public institutions. Respondents were also asked to suggest activities the Company could undertake to consolidate and expand its success. Most said it was market oriented, which should translate into more communication about Indesit Company as a Group. Equally important, however, was maintaining product quality.

- Consumer satisfaction

In 2007 as well, Indesit Company commissioned two surveys to measure customer satisfaction with products and after-sales services.

Readiness to use service again



“ETOS” (European Tracking on Consumer Satisfaction) conducted a survey in the major European countries to gauge consumer satisfaction with after-sales service. Based on phone interviews with people who'd received such services in the month previous to the interview, the survey yielded some very positive results. Most customers said they would very likely use the service again. The average values per country (scale of 1 to 100) were as reported beside.

The survey will be repeated over the next few years and will become even more international in scope.

“ETOS” survey
(country averages - scale from 1 to 100)
Source: Valdani
Vicari & Associati
research

Survey: “Consumer Satisfaction with Products in 2007”

	Italy	UK
Washing machine (Aqualtis)		
Overall satisfaction with brand	8.01	8.06
Overall quality	7.89	7.95
Fridges		
Overall satisfaction with brand		7.11
Overall quality		7.09
Dishwashers		
Overall satisfaction with brand	7.44	
Overall quality	7.3	

Another survey - “Consumer Satisfaction with Products in 2007” - was conducted in Italy and the UK and based on questionnaires sent to customers who'd purchased a washing machine, fridge or dishwasher in the previous 12 months. Satisfaction with products was measured per model using a scale of 1 to 10 and obtained satisfactory results as shown by the average values beside.

A project currently in the study phase will identify KPIs linked to consumer satisfaction with product characteristics and performance. Such indicators will be useful in the development of future platforms.

Consumer Satisfaction survey (average results - scale from 1 to 10)
Source: J.D. Power and Associates - 2007 Deep Dive Study

Economic Performance Indicators

Management

After a successful 2006, 2007 was another year of highly satisfying results, enabling the Company to centre or even improve on many of the targets set by the 2006-2008 three-year plan. Sales reached Euro 3,437.8 million, up 5.8%; EBIT reached Euro 192.2 million, up 20.0%, net profits grew 38.0% to Euro 105.4 million and, for the second year running, free cash flow was comfortably positive, at Euro 92.4 million. In terms of the strategies defined in the three-year plan, 2007 saw a lot of action that will bear fruit in coming years. Concentration on the three main brands was carried forward in a number of ways. Brand building was supported both by high degrees of product innovation and growing investments in advertising and promotion. The year also saw continuation of efforts to contain procurement and production costs. In this context, overall purchasing of raw materials and components from low cost countries rose from 30% to 36%, while local sourcing by plants in low cost countries rose from 36% to 43%. The process of redistributing production capacity proceeded as scheduled in the industrial plan. The number of total hours worked by direct employees in low cost countries moved from 40% to 51%. Further redistribution of production capacity also enabled the impact of labour costs on sales to be reduced from 15.2% in 2006 to 14.6% in 2007.

EC1 Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

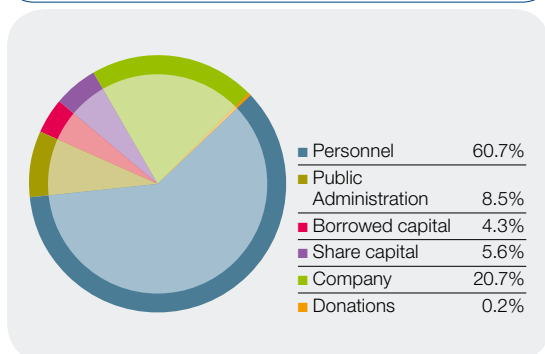
The tables below present figures from Indesit Company's consolidated income statement reclassified to show the formation of value added (difference between the gross value of production and intermediate production costs) and its distribution among those who have relationships of "exchange" with the Group, i.e. its employees, shareholders, the public administration, the community and the company itself. The figure for value added thus indicated represents Indesit Company's capacity to create wealth by prudent management and distribute it to the various stakeholders with whom the Group has relationships.

For the sake of comparison with previous years, Indesit Company decided to continue using the methods promulgated by Gruppo di studio Bilancio Sociale (GBS) for calculating the distribution of value added.

Global value added (Euro million)	2007	2006
a. Revenues from sales and services	3,572.0	3,349.9
Other revenues	18.2	18.2
b. Costs of production	(2,681.6)	(2,488.5)
Gross value added, typical	908.7	879.6
c. Accessory and extraordinary items	27.3	1.6
Gross global value added	936.0	881.1

Value added distribution (Euro million)	2007	2006
A. Remuneration of personnel	568.5	556.8
Non-employee personnel	39.4	42.4
Employees		
a. direct remuneration	398.2	391.3
b. indirect remuneration	130.9	123.2
B. Remuneration of Public Administration	79.9	67.7
Direct tax	61.2	54.9
Indirect tax	21.8	18.0
(Subsidies)	(3.0)	(5.2)
C. Remuneration of borrowed capital	39.8	35.7
D. Remuneration of share capital	52.5	39.6
Dividends	52.5	39.6
E. Remuneration of Company	193.9	179.8
Variations in reserves	52.7	37.0
Amortisation and depreciation	141.1	142.8
F. Donations	1.4	1.6
Gross global value added	936.0	881.1

Breakdown of value added



In 2007, gross global value added generated by Indesit Company amounted to Euro 936 million, which was distributed as follows: 60.7% to personnel salaries and wages, canteen service, training, etc.), 8.5% to the public administration (taxation), 4.3% to finance houses for debt service and 5.6% to shareholders in dividends. Lastly, 20.7% was retained in the Company and 0.2% went to charity.

EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.

Not applicable (N.A.).

EC3 Coverage of the organization's defined benefit plan obligations.

See Annual Report, p. 44, 76-78, 99.

EC4 Significant financial assistance received from government.

In 2007, the Group received public subsidies worth around Euro 3 million.

Market presence

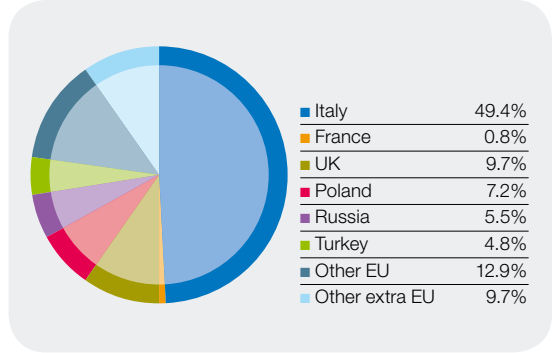
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

Indesit Company's procurement policy is based on the development of local suppliers, where "local" means near the Group's own plants. This policy, aiming to create a consolidated, reliable manu-

facturing base for its development plans, has also been applied to its recently built production facilities outside Italy, creating supplier bases consisting of both local companies and localized Italian companies. Supplies in 2007 amounted to Euro 1,779 million. The geographical distribution of suppliers reflects that of the Group's redistribution of production capacity in recent years. In 2007, the impact of Western European suppliers decreased, while that of suppliers in countries with growing production capacities (Poland, Turkey and other non-EU countries) increased.

In 2007, Indesit Company ran a "strategic suppliers" project to define a "strategic supplier", identify parameters and assessment methods, produce a list of strategic suppliers for the next three years and establish partnerships reflecting degrees of strategic importance. Parameters for supplier assessment include economic and manufacturing impact on Indesit Company, the importance of the components, materials and services supplied, competitiveness, innovation (capacity to deliver avant-garde solutions and work with the Group on new product development) and the capacity to guarantee excellence and reliability over time.

Suppliers by geographical region



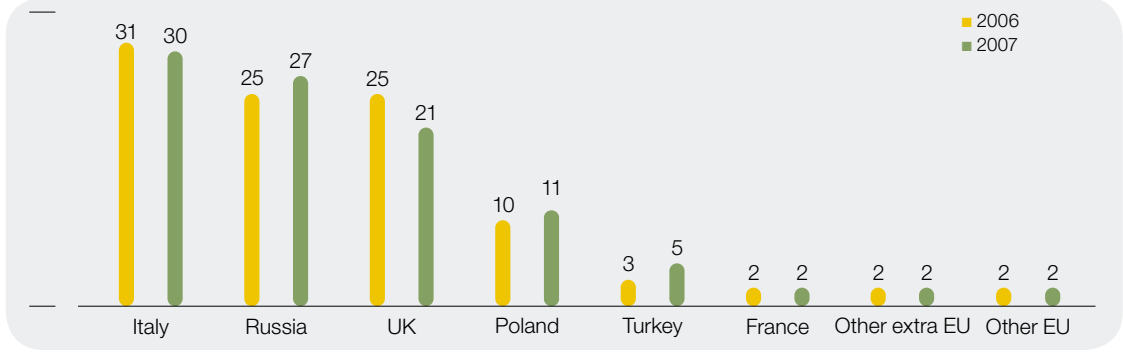
Data refer to direct suppliers of materials for which there was at least one goods entry in 2007.

EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

Indesit Company's HR policy is based on an 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 main changes in personnel numbers were in countries affected by redistribution of production capacity.

In this context, the employment levels reduction in the UK due to the closure of Blythe Bridge plant was offset by new jobs in Eastern Europe following the new plants openings in Poland and Russia.

Personnel by geographical area (%)



Indirect economic impact

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

In its dealings with the communities in which it operates, whether in Italy or abroad, Indesit Company has never limited itself to serving reciprocal economic development but has also dedicated effort and resources to social issues.

Main projects supported by Indesit Company:

Restoration of Gentile da Fabriano's "Polittico dell'Intercessione"

The three-year restoration was carried out by Opificio delle Pietre Dure in collaboration with various Italian and foreign scientific bodies and thanks to funding from Indesit Company. The "Intercession Polyptych" is currently on display at Indesit Company headquarters in Fabriano.

Istituto Paolo Ricci

In favour of this centre in Civitanova Marche which looks after handicapped young people, the engineering department organized a special evening, including a charity bingo, just before Christmas.

ChildLine

Through the Hotpoint brand, Indesit Company supports ChildLine, a free, round-the-clock telephone counselling service in the UK for children and adolescents at risk or in difficulty. Everyday, ChildLine gets around 2,300 calls from kids. To date, Indesit Company and its employees have raised around 600,000 Pounds through sponsoring and various fund raising initiatives.

Children in Need Today

The Contact Center in Peterborough was used as a branch of Children in Need Today to raise thousands of pounds for kids. Over 100 Indesit Company employees worked unflaggingly on the phone to receive donations. And the HR department subsequently offered numerous products for a charity draw.

Poland - grand Christmas orchestra

For 15 years, GOCC, Poland's biggest charity, has been organizing a Christmas event attended by thousands of people from all over the country. Indesit Company has twice sponsored TV coverage of the event in the Lodz area.

Brazil - Through the looking glass

As in previous years, home appliances were donated to the "Casa Do Menor pro Niños de Rua" in Rio de Janeiro, founded by Father Renato Chiera. The "Casa" provides support for children in need and distress.

Spain - 1st Race against Leucodystrophy

Indesit Company supported the first "Race against Leucodystrophy", which was held in Cobeña (Madrid).

Czech Republic - Indesit Company for the handicapped

Indesit Company was one of the organizers of a gala event put on by the Czech Deaf Union in favour of the differently abled.

Paul's House

Indesit Company supported a project by the Community of Koinonia in Kibera (Kenya) to build a small physiotherapy centre for children recovering from pathologies involving motor, cardio-respiratory and muscular disorders.

Movimento Italiano Casalinghe (Moica) - Indesit Company for equal opportunities

In 2007, the Group started collaboration with the "Italian Housewives Movement", supporting it on issues of equal opportunities and infancy.

Progetto Jonathan: 10 years of commitment

The Jonathan - Indesit Company Project is a model for the development of social responsibility in

Europe. Its aim is to reintegrate marginalized young people into society and the workplace by giving them jobs in Indesit Company factories. This was done initially, with collaboration from the Justice Ministry, in the Carinaro and Teverola plants near Caserta. In 2004 it was extended to the Melano plant (Fabriano) in Le Marche, under the aegis of the Labour Ministry.

For its role in this project, Indesit Company was given a special mention at the 5th "Sodalitas Social Awards" (2007). Local government (Regione Campania) has since issued a "Protocol of intent" that defines the procedure and parameters to be adopted by other companies wishing to join the project.

Also in 2007, Indesit Company invited major enterprises in the Fabriano district to join the Jonathan project and this has so far led to the employment of around 80 young people.

In 2008, the Project celebrates its 10th anniversary, which Indesit Company and Associazione Jonathan are marking with the publication of a book and video in which the young people themselves tell the story of this successful social responsibility initiative.

FAI, Do your bit!

At the end of 2007, Indesit Company in collaboration with FAI (Fondo per l'Ambiente Italiano) presented an environmental awareness campaign, entitled *FAI la tua parte!*, addressing primary and secondary schools in support of environmental education for children and their families.

The project invites schools to produce and implement programmes of environmental action and store up the "good deeds" their students do to save water and energy and use them more effectively. These "good deeds" were translated, with support from Indesit Company, into a project to safeguard resources in a FAI property: water started to spout again, with no waste, from the four fountains in the park of Villa Gregoriana in Tivoli (Rome), one of the splendid properties safeguarded by FAI.

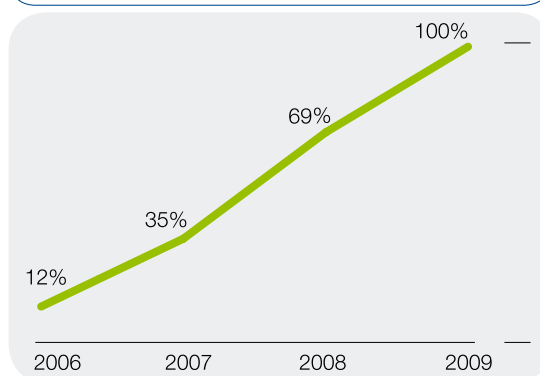
The Acqua&Energia project aims to improve understanding of these two resources and stimulate a sense of responsibility in children by showing how small individual actions and social trends can be vitally important. This, the first campaign, involved eight Italian cities and over 1,000 classes (over 20% of the total).

Environmental Performance Indicators

Management

In 2007, Indesit Company defined a new Quality and Environment policy to further its commitment to constant improvement of products, processes and environmental performance: it believes that such "improvement" is a vital factor for competitiveness. As well as in compliance with all the relevant laws and standards, Indesit Company bases its quality and environment policy on the following objectives: to increase customer satisfaction by maximizing the quality of the entire life cycle of products whilst minimizing the environmental impact of products and industrial sites, to improve the efficiency of processes, to promote a culture of quality and environmental responsibility and upgrade the instruments and incentives required to communicate such information.

Environmental certification program of plants



Indesit Company has a quality management system in accordance with UNI EN ISO 9001:2000, covering the whole of the Group in terms of both processes and organization. In 2007, the Group adopted a global, multi-site certification system provided by SGS. This is where Indesit Company

The certification program includes all Group sites of environmental relevance.

has been aiming for many years: it's become a single company with a single vision and a single management system.

Indesit Company will develop and certify its safety and environmental management systems (to OHSAS 18001 and ISO 14001) on the basis of methods used and knowledge acquired in implementing and certifying its quality management system. Its approach will involve experimental implementation of safety and environmental management systems in a number of Group plants followed by gradual extension to all the others. In 2007, Indesit Company obtained ISO 14001 certification for two Italian plants (Comunanza and None) and two in Russia (Lipetzki). These were in addition to the Albacina and Manisa plants certified in 2006. The aim is to have all the Group's environmentally relevant plants certified by the end of 2009. Lastly, Indesit Company initiated a pilot project in its Manisa plant to define and implement a health and work safety management system (OHSAS 18001) to monitor risks and improve performance. The system was certified by the German certification organization TÜV.

In 2007, in line with its ongoing monitoring and improvement of environmental impacts, Indesit Company decided that its long-serving Albacina plant should be given an energy audit by the Università degli studi di Roma ("Tor Vergata"). The project analysed the plant's consumption data and identified the main areas in which to improve energy efficiency. An energy plan was then drawn up. Priorities include replacement of lighting with low consumption ceiling lights, installation of metering to monitor energy consumption by machinery and improvement of the heating system insulation.

Indesit Company is planning on further energy audits. Having started with the oldest plant, it will gradually audit all of them.

The Group environmental objectives for the future include:

- ISO 14001 certification for 71% of plants by the end of 2008 and for all environmentally significant Group plants by the end of 2009.
- Energy audit at the Melano plant.
- Implementation of the Multimodal Strategy. Targets for 2007-2010:
 - 10% reduction in CO₂ emissions.
 - 20% increase in rail transport.
 - Euro 5 million a year energy savings.
- Launch of "Cold Water" project in collaboration with Procter&Gamble to develop washing machine cycles guaranteeing maximum performance in water at room temperature, thus saving up to 50% on energy compared to a traditional cycle. The project will proceed in Italy and France with the development of a washing machine offering this Eco-Cycle, set to enter production by the end of 2008.
- Launch of new products with environmental sustainability characteristics. In particular:
 - The Quadrio fridge, with independent opening of doors and freezer drawers affording over 50% energy saving compared to normal two-door models. (Tested in normal working conditions by the Industrial Engineering Department of Perugia University in December 2007).
 - The new Aqualtis, the first Hotpoint-Ariston washer-dryer in class A, loading 8 kg to wash and 6 kg to dry, and combining high performance with minimum energy consumption.
 - Openspace, the biggest oven on the market in its category and in energy efficiency class A. It can save energy in various working conditions. The Extralarge cavity allows cooking on four levels at the same time, with around 35% savings with respect to a standard oven. The Small cavity is for cooking on a single level and saves up to 30% compared to the Extralarge.
- Creation of a new "Environment" department to co-ordinate internal and external environmental issues, promote the development of eco-efficient technologies and products, provide environmental training and information for personnel and create an environmental policy and auditing system to operate jointly with the Health and Safety department.

Raw materials

EN1 Materials used by weight or volume.

Indicator not reported.

EN2 Percentage of materials used that are recycled input materials.

Indicator not reported.

Energy

EN3 Direct energy consumption by primary energy source.

Direct energy used by the Group in 2007 amounted to around 833,000 GJ, up slightly on 2006. Seen against the 7% increase in production, this shows how Indesit Company's eco-efficiency drive in its plants translates into lower consumption and therefore lower atmospheric emissions.

Direct energy consumption per type of source	2005	2006	2007
Methane (m ³)	21,149,156	20,020,093	20,823,634
LPG (l)	471,478	716,250	577,860
Oil (l)	2,020,620	398,963	158,372

In particular, 2007 saw a further improvement in the energy mix, with oil being cut in favour of the more ecological methane.

EN4 Indirect energy consumption by primary source.

Indesit Company's indirect consumption of energy, including both electricity and heat, account for around 61% of its total energy consumption, which in 2007 reached around 1.33 million GJ, slightly up on 2006.

Indirect energy consumption per type of source	2005	2006	2007
Electrical energy (MWh)	222,268	221,702	244,145
Thermal energy (MWh)	44,454	131,073	125,079

Water

EN8 Total water withdrawal by source.

Water consumption was down around 4%, from 2,487,000 m³ in 2006 to 2,378,000 m³ in 2007. 87% of the water used was taken from wells or surface water, the rest coming from mains. Given the increase in production in 2007, the reduction in water consumption per unit produced was 10%, from 0.172 m³ to 0.154 m³ water per unit.

Total and specific water consumption (per unit produced)	2005	2006	2007
Consumption of water (m ³)	2,087,974	2,486,701	2,378,292
Consumption of water per unit produced (m ³ /unit)	0.155	0.172	0.154

Biodiversity

EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

N.A.

EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

N.A.

Emissions, effluents and waste

EN16 Total direct and indirect greenhouse gas emissions by weight.

The Group's atmospheric emissions are now more or less stable. In 2007 there was a small increase in total CO₂ emissions due to the increase in production. In terms of kg of CO₂ emissions per unit produced, on the other hand, the trend continued to be positive in 2007, falling by 4% on 2006.

Total greenhouse gas emissions			
	2005	2006	2007
CO ₂ emissions (tonnes)	157,755	153,020	157,259
CO ₂ emissions per unit produced (kg CO ₂ /unit)	11.71	10.61	10.21

Indesit Company is developing a low environmental impact transport and logistics system. It will increase volumes transported by rail and sea and lower volumes by road, thus reducing CO₂ emissions and transport costs. The first phase of the project was implemented in 2007 with the start up of the Italy-UK intermodal service, which won a "Marco Polo Award" in January and made it possible to reduce road transport by programming first one and then two departures a week. In 2008, the programme will take around 4,000 trucks off the roads. The aim is to up the number of shipments a week and the capacity of the trains in order to be scheduling around 6,000 fewer trucks by the end of 2009.

EN17 Other relevant indirect greenhouse gas emissions by weight.

Indicator not reported.

EN19 Emissions of ozone-depleting substances by weight.

There were no emissions of substances harmful to the ozone layer from Group plants or offices. Air conditioning systems in offices and other workplaces are regularly monitored during maintenance to prevent leakages.

EN20 NO_x, SO_x and other significant air emissions by type and weight.

Indicator not reported.

EN21 Total water discharge by quality and destination.

The amount of water discharged was down 13% on 2006, reflecting the reduction in water con-

sumption. All effluent was within the relevant legal limits of concentration and the Group is continually seeking to improve the quality of its effluents. In 2007, m³ of water discharged per unit produced was down 19% on 2006.

Water discharge			
	2005	2006	2007
Total water discharged (m ³)	2,155,327	2,432,450	2,110,260
Water discharged per unit produced (m ³ /unit)	0.160	0.169	0.137

EN22 Total weight of waste by type and disposal method.

In 2007, Indesit Company generated around 70,000 tonnes of waste, slightly up on 2006. This result, it is important to note, was recorded in a year of increased production. Kg of waste generated per unit produced, in fact, showed a net improvement of 2%, from 4.66 kg in 2006 to 4.55 kg in 2007.

Waste produced			
	2005	2006	2007
Total waste produced (tonnes)	72,375	67,147	70,119
Waste produced per unit produced (kg/unit)	5.37	4.66	4.55

Around 76% of waste produced in 2007 was sent to recycling and 24% went to landfill.

EN23 Total number and volume of significant spills.

The environmental management systems in place in Indesit Company's factories constantly monitor the impact of their industrial activity on the land around them. In this connection, there were no significant spills of pollutant substances which could compromise the state of the soil or subsoil.

Products and services

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

Indesit Company's approach to environmental issues is one of prevention, being well aware that the biggest potential for helping the environment lies in the product design stage. The Group systematically adopts "design for environment" strategies and provides its designers with tools and guidelines favouring the use of materials that pollute less and are more recyclable, thus reducing product disposal problems at the end of the life cycle.

Indesit Company design adopts "Design for Environment" principles and guidelines, as follows:

- select and use materials with low environmental impact;
- facilitate disassembly and recycling of components and materials;
- reduce the number of components and materials and product weight;
- reduce assembly-disassembly times and costs;
- use easily recyclable and reusable packaging;
- monitor and anticipate changes in environmental legislation;
- work with national and European industry associations to promote programmes to reduce consumption and use of substances harmful to the environment.

Development of increasingly eco-efficient products obviously requires a considerable and constant commitment on the part of the Group to develop innovative new design tools, such as:

- Eco-tool, which helps designers fulfil their obligation to design environmentally compatible products that are also in line with European legislation limiting production of waste and the use of substances harmful to the environment.
- Eco-point, a tool consisting of environmental indices developed in-house to measure product recyclability; it helps designers track their environmental design decisions and assess results against targets set by European legislation (WEEE).

These two methodologies are now consolidated in Indesit Company's project development process and design work.

The main product innovations are tied to the introduction of new platforms on a cyclical basis over the years. 2007 saw the launch of a new 60cm dishwasher platform making it possible to increase the mix of dishwashers with class AAA.

In 2007, 97% of dishwashers sold by the Group were in energy class A (against 88% in the two-year period 2005-2006). In particular, class AAA moved from 38% in 2005-2006 to 61% in 2007. Class A and A+ washing machines rose from 86% in 2005-2006 to 89% in 2007, while in class A++, Indesit Company reached 11% (3% in 2005-2006). Fridges in class A to A++ moved up from 57% in 2006 to 60% in 2007, while classes A+ and A++ went from 11% in 2006 to 14% in 2007.

New class A models are now replacing products that are 10 years old on average. The advantages in terms of energy saving and CO₂ emissions are enormous. One of the products that best exemplifies Indesit Company's commitment in this direction is the Aqualtis, the first Hotpoint-Ariston class A washer-dryer: it loads 8 kg to wash and 6 kg to dry and combines high performance with minimum energy consumption.

Another product representing Indesit Company's environmental commitment to sustainable development is Hotpoint-Ariston's Quadrio, a free-standing four-door fridge. Its development was based on observation of consumers and determination to cut energy consumption. Much of a fridge's consumption is due to the opening of its door(s) and opening the whole fridge to get just one item is wasteful. The Quadrio builds on the traditional combo-fridge (one door for the fridge and one for the freezer) by doubling up each door, to make four. The internal drawers and balconies are also sized to be accessed separately. Using the four doors independently there is less dispersion of cold air and thus lower consumption of energy. Studies carried out by the University of Perugia have shown that the Quadrio guarantees energy savings of up to 50% with respect to a normal two-door fridge.

EN27 Percentage of products sold and their packaging materials that are reclaimed by category.

Indesit Company carries out periodical testing to optimize production processes and improve the use of recycled materials. With the coming into force of the WEEE Directive in 2007, the Group became jointly responsible with the consortia it belongs to for the process of product recovery. The recycling potential of Indesit Company's products is over 80%.

Further, there is a strong preference in the product design phase for the use of recyclable and reusable materials for packaging, aimed above all at reducing them.

Conformity

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

Indicator not reported.

Social Performance Indicators

Management

Indesit Company has come a long way in 30 years, transforming itself from a leading company in Italy to an Italian company strong in Europe and then a European group, with an Italian soul, surveying world markets. 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).

Indesit Company's HR policy is based on an 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. Management of "diversity" generates value and is fed by the ongoing processes of learning, integration and exchange between people from different cultures. This is a major characteristic of the Company, and one that gives employees opportunities to grow as people and professionals.

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

The Group's human resources objectives are as follows:

- in July 2008, set up of a National Joint Committee for equal opportunities;
- application of the new safety management system in Italy via web by the end of 2008 and start of gradual application at Group level;
- creation of a Health and Safety Department to raise personnel's awareness of health and safety policies, ensure centralized monitoring of new national and international legislation, develop a system for managing health and safety issues, guarantee functional co-ordination of all the health and safety structures, and implement environmental policies in close collaboration with the Environment Department;
- implementation of two projects (Indesit Campus and Fixo) in collaboration with Italian universities to develop new talent and help new graduates find jobs.

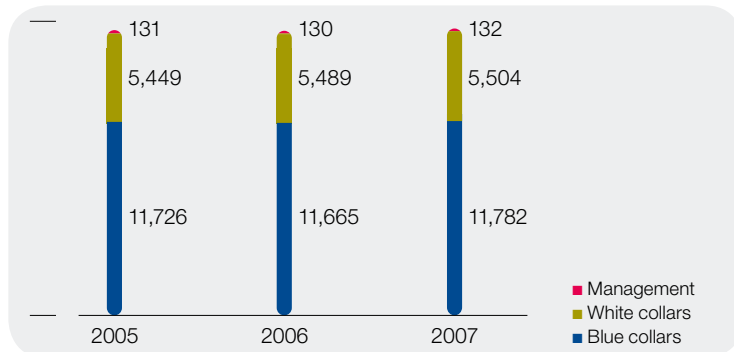
Occupation

LA1 Total workforce by employment type, employment contract, and region.

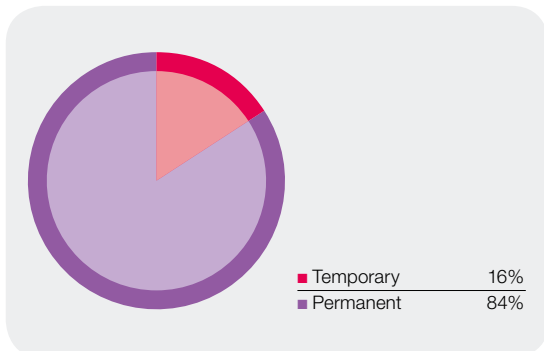
At 31st December 2007, Indesit Company employees totalled 17,418, up 0.78% on 2006.

The workforce was made up of 68% blue collars, 31% white collars and 1% management. In its relationships with employees, Indesit Company

Personnel by category



Employees by type of contract



favours long-term contracts. At 31st December 2007, 84% of employees were permanent and 16% had temporary contracts, including trainees. For regional distribution of employees, see indicator EC7.

LA2 Total number and rate of employee turnover by age group, gender, and region.

Indesit Company draws up an annual recruitment and selection plan for candidates in the three experience levels (university leavers, junior profiles, senior profiles). Recruitment is done mainly within the Group. Various channels are used when candidates have to be sought externally (CV data base, data base of previously examined candidates). Indesit Company also contacts universities, including those with prestigious Masters schools, in Italy and abroad. In this context, Indesit Company is implementing two new projects (Indesit Campus and Fixo) in collaboration with Italian universities to develop new talent and help new graduates find jobs.

A widely used recruiting method is the job meeting, usually one-day events organized by universities enabling students and business to meet and talk. University leavers and junior profiles are selected in group sessions followed by interviews with managers from the departments with jobs to fill. New hirings go through an induction course and also do training to develop managerial skills over the first two years. The recruitment plan for 2007 also offers the possibility of a six-month apprenticeship for young graduates. The main purpose of the selection process is to identify talented, motivated people and offer them substantial career prospects involving continual training, experience abroad and job rotation (change of tasks every two years) to widen spheres of competency.

No. of hirings	2005	2006	2007
Management	7	7	18
White collars	789	893	703
Blue collars	2,117	2,855	2,004
Total	2,913	3,755	2,725

The figure also includes new entries hired after the termination of previous contracts.

No. of hirings by type of contract	2005	2006	2007
Permanent	1,297	1,386	1,524
Temporary	1,616	2,369	1,201
Total	2,913	3,755	2,725

The figure also includes new entries hired after the termination of previous contracts.

For further information on the Indesit Campus and Fixo projects, see Responsibility Review, p. 18.

Industrial relations

LA4 Percentage of employees covered by collective bargaining agreements.

A good climate on the shop floor is not just an objective for Indesit Company: it's a valuable resource that requires constant cultivation through industrial relations based on fair and transparent dealings with employees and trade unions. This favours participatory dialogue geared to sustainable growth over time. Though having a single industrial relations model, Indesit Company respects local differences, cultural and historical, in the countries where it operates and seeks to:

- ensure compliance with the law disciplining employment relationships and workplace health and safety regulations, for all employees;
- negotiate agreements with trade unions and workers that are not only legally compliant but also in line with local culture and customs;
- ensure, where possible, that workers' pay, insurance and social security are better than the minimum legal requirement in the country concerned, by means of supplementary agreements, negotiations with unions on specific aspects, etc.

This approach enables the Group to find acceptable solutions, often innovative and on critical issues such as plant closures, redistribution of production capacity and various forms of occupational flexibility.

In 2007, production redistribution requirements made it necessary to close the Blythe Bridge cooker plant, involving 617 people. The solution to the redundancy problem was based on the Refrontolo plan (2006), which the ILO has recognized as a good model for redundancy management. In particular, the Refrontolo agreement (involving 145 people) was based on the “company to company” model for re-employing redundant blue collars. It ensured jobs in companies in the same territory by paying subsidies to employers inversely proportional to the blue collars’ professional levels, plus the relevant welfare support.

Adopting a similar approach, though the UK plan represents a new development in structural, organizational and procedural terms, a new solution was found on 31st December 2007 for 88% of the workforce. In particular, around 75% opted for a new job, whilst 13% preferred retirement. The result was obtained by incentivizing work rather than merely offering assistance, as follows:

- all the blue collars involved took part in a three-day outplacement programme (totalling 1,851 person-days of training and support);
- 79 people attended programmes for the development of new skills (from self-employment to soft skills);
- 490 CVs were prepared and 3,440 postings were made on the Job Shop site;
- 508 individual consulting and orientation meetings were organized;
- 161 individual meetings with independent pension consultants were organized for people close to retirement.

What the two plans have in common is their superseding of the classic welfare model in favour of one based on respect for the dignity of the blue collars involved, whose skills are assets of value to the territory. People are given the possibility of choosing between alternatives and are helped until a solution is found.

LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

Indesit Company respects the provisions of law embodied in national and international labour agreements concerning “organizational changes”. In the case of transferring a company, in addition to the minimum legal notice of 25 days, with a written communication to the trade unions explaining the reasons for the transfer and the legal and economic consequences for employees, the Company starts talks with the unions well beforehand to find the best possible solution.

Over and above compliance with laws in all EU countries and with EC Directive 45/94 and ahead of the enforcement of same by Italian law, Indesit Company Group set up a European Works Council (EWC). Under EWC rules, issues that require trade unions to be informed and consulted also include major organizational changes, the introduction of new working methods and new production processes that significantly affect the Group as a whole, downsizing and closures, transfers of production, and mergers of companies or operating units that significantly impact on jobs and/or have transnational repercussions.

In 2006, Indesit Company in Italy signed a supplementary labour agreement with the trade unions. The agreement guarantees broad participation for trade unions thanks to the creation of participatory bodies on various levels. Such bodies consist of both company and trade union representatives and their tasks include information and consultation.

The agreement also provides for a system of flexible employment that counters precariousness. For each production unit, a pool of blue collars on temporary contracts or from job agencies is set up and subsequently drawn on for future hirings (permanent or temporary) on a company seniority basis. This mitigates insecurity and enables company and employees to face challenging situations together.

Strikes: hours and yearly rates

Year	National	Company	Hours worked	National rate	Company rate
2005	83,639	18,328	9,184,070	0.91%	0.20%
2006	25,327	6,627	8,862,746	0.29%	0.07%
2007	48,684	14,849	8,617,147	0.56%	0.17%

Data refer to Italy

Litigation with employees by type

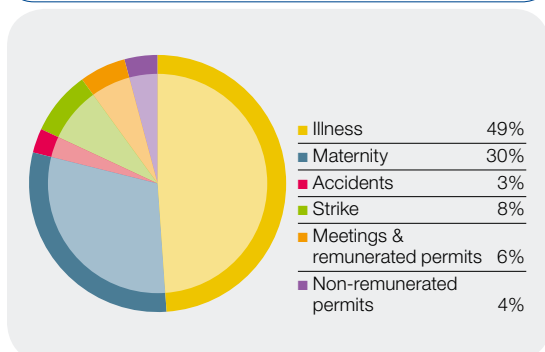
	2006	2007
Professional grading/work profile	6	7
Biological damage, occupational disease, accident	9	13
Dismissal, dismissal damages, re-employment	19	12
Total	34	32

Data refer to Italy

Indesit Company is firmly committed to avoiding situations of confrontation with its employees. The small number of disputes is further evidence that achieving a good climate within a company is only possible through an approach to industrial relations in which employees are genuinely consulted in decision making processes.

Health and safety in the workplace

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

Total absences by type


In all the countries where it operates, Indesit Company safeguards the health and safety of all its employees as legally required, both locally (e.g. in Italy, the former decree 626/94, now decree law 81/2008) and in accordance with ILO workplace health and safety guidelines.

On induction, all employees must do a safety course. All production plants and other sites have their own emergency management plans in terms of health and safety. Special attention is paid to monitoring repetitive movements (work station analysis).

In 2007 a new web-based safety management system was developed: it will enter service in Italy in 2008 and thereafter be translated for application across the whole Group. The system collects

and analyses 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

Year	No. accidents (a)	Lost days (b)	Worked hours (c)	Frequency rate (d=a/c x 1,000,000)	Seriousness index (e=b/c x 1,000)
2005	220	6,367	22,150,260,95	9.93	0.29
2006	215	4,022	22,202,830,05	9.68	0.18
2007	208	5,649	23,986,942,75	8.67	0.24

Data refer to all Indesit Company plants

position). This facilitates standardization of the management system, traceability, maintenance of historical files for all employees and management of documentation for control bodies. It also makes it possible to produce risk evaluation documentation rapidly and dynamically and define improvement plans where necessary.

Lastly, 2007 saw completion of modifications to the paint process (from solvents to powders) across the whole Group, with benefits for the safety of employees and the environment.

2007 saw a decrease in the number of accidents from 215 in 2006 to 208 in 2007, the frequency rate

thus improving. However, the resulting number of days absence was higher, with a seriousness rate of 0.24 against 0.18 in 2006.

Of the total number of absences in 2007, only 3% were connected with accidents, most of the hours lost being due to illness (49%) and maternity (30%).

LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

All employees undergo a medical check-up before being hired and periodically thereafter as required by local legislation for the type of job concerned. Some employees do an emergency management course and qualify to use a defibrillator (subject to six-monthly certification by local health authorities), while professional nurses are employed in a number of plants. The Group also safeguards its employees with insurance cover against accident outside the workplace.

In Italy, Indesit Company has engaged the Università Cattolica del Sacro Cuore (Rome) to provide monitoring of environmental parameters and compliance with the employee health protocol.

Under the supplementary labour agreement in Italy, a company environment and safety committee was set up. On it sit three company and three trade union representatives in addition to blue collar safety representatives. The Committee's tasks are to:

- carry out monthly checks on the nature, causes and frequency and seriousness rates of accidents and professional diseases and define corrective action;
- plan meetings to inform/train employees on risks and precautions in the workplace;
- check that the Company's health plan is being applied;
- propose environment and safety training courses;
- propose surveys of the working environment and safety in factories.

Training and instruction

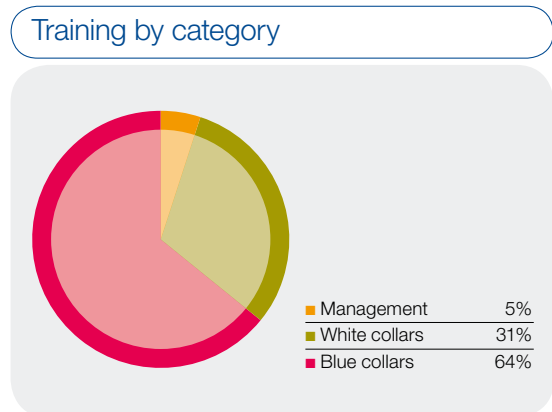
LA10 Average hours of training per year per employee by employee category.

Indesit Company's human capital is an invaluable resource that it continually strives to build on through its training strategies. The Group's training programme addresses all employees and is designed to meet:

- individual needs indicated by the Performance Management System (PMS), which makes it possible to tailor training plans to people's personal needs;
- group needs and other individual training needs of a specifically technical nature;
- company training needs, addressed by in-house campaigns and/or corporate training activities; in 2008 there will be a special focus on the Code of Business Ethics.

The Group has also developed a Development Center Programme enabling people to shape their own training. It includes self-assessment in the classroom and subsequent individual development within the framework of a web community. Over the six-month programme participants are helped to acquire a sense of responsibility for developing their relational and management skills and improving personal efficacy.

In 2007, around 400,000 hours of training were provided, with a per capita average of 23 hours (2.87 days). Training involved all



categories of personnel, albeit in differing degrees, and was specific to employees' needs. The main training programmes provided the following:

- technical training for new plant start ups;
- managerial training on Company values;
- orientation;
- professional development (e.g. mentoring and coaching);
- internal employer branding initiatives (drive In..desit, A cena con, Open Seminars...).

Diversity and equal opportunities

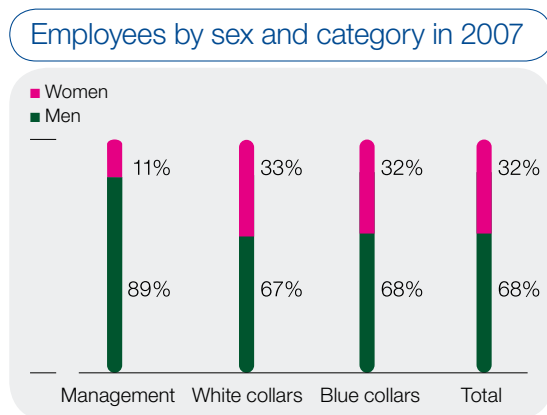
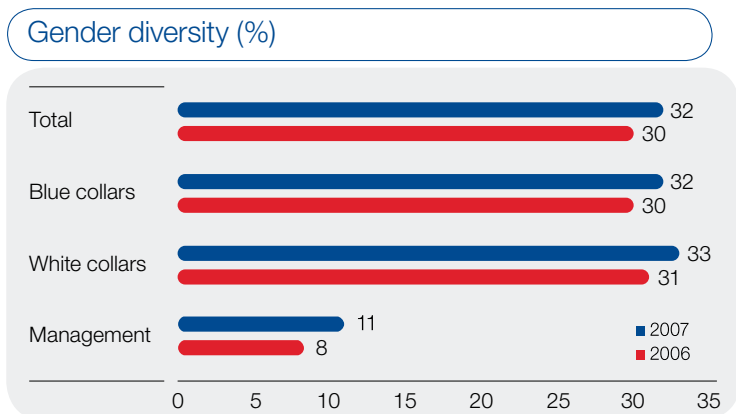
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

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 supplementary labour agreement in Italy, signed in 2006, provided for the setting up of a national equal opportunities committee. On 1st January 2007 planning of this committee was initiated and its

actual creation is scheduled for July 2008. Comprising three Company and three trade union representatives, the committee's tasks will be to:

- analyze data on women's presence in the Group and prevent discrimination;
- propose initiatives to promote an equal opportunity culture;
- define and propose training courses, together with the national training committee, to further the professional development of women within the organization;
- propose the experimenting of flexible working hours for employees and check compliance with the provisions of labour agreements and legislation on part-time work.



Around a third of Indesit Company employees are women. 2007 confirmed the positive trend in female occupation, which moved up from 30% in 2006 to 32%, with a significant three percentage points increase in managerial grades, from 8% in 2006 to 11% in 2007.

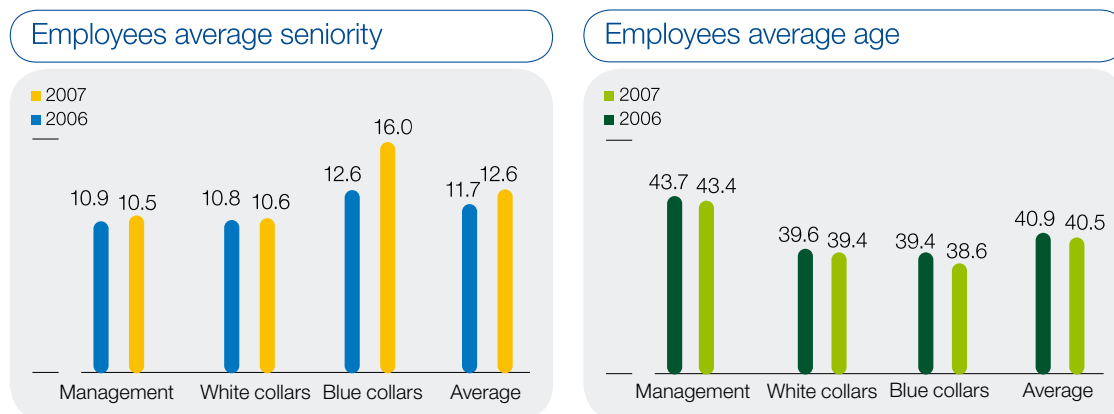
In Italy, employees on part-time contracts as of 31st December 2007 numbered 239, up 14% on

2006. Of these, 83% are women, which reflects the Company's sensitivity to employees' needs and the problem of striking a proper balance between work and the private sphere.

In 2007, the average age of employees was around 40, in line with 2006, while the average seniority rose from 11.7 years in 2006 to 12.6 in 2007.

In Poland, Indesit Company was acclaimed as "most equal opportunity sensitive company" within a

programme entitled “Knowledge, motivation, work - career women in the city of Lodz”, in recognition of its active role in a project involving 80 unemployed women. They attended training courses, work groups and counselling on various professions to boost female occupation in the area, support equal opportunities and combat social and professional exclusion of women from the labour market. For further information on the composition of Indesit Company’s management structures, see the Corporate Governance Report, p. 10.



LA14 Ratio of basic salary of men to women by employee category.

Indicator not reported.

Human rights Management

Indesit Company’s relations with its employees and suppliers are firmly based on the international standards promulgated by the ILO and legislation in the countries where it operates. In all circumstances the Company strictly abides by the principles in its Code of Business Ethics and with current law.

Further, human rights is one of the concerns of the Global Compact, which Indesit Company joined in 2006.

On the subject of human rights, the Group is defining a procedure for qualifying and monitoring new suppliers with a strong focus of ethics, the environment and the safety of employees.

For further information, see the Group’s Code of Business Ethics, p. 15, 21.

Investment and procurement practices

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

In line with its Ethical Code, Indesit Company only chooses suppliers that adopt the same rules of conduct, especially regarding relations with the public administration, confidentiality and respect for ILO conventions. The procedures for qualification of new suppliers and monitoring of existing ones are under review. The main changes will be to the supplier check list, with new elements regarding quality and compliance with technical specifications and also environmental matters (compliance with environmental standards), ethics (compliance with the Code of Business Ethics) and safety

(compliance with work safety regulations). Suppliers provide self-certification of such compliance criteria by compiling the check list.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

No supplier audits were carried out in 2007 on the subject of human rights.

Non discrimination

HR4 Total number of incidents of discrimination and actions taken.

There were no incidents involving discriminatory practices in 2007.

Freedom of association and collective bargaining

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

Indesit Company was the first enterprise to sign an agreement, in 2001, with FIM/CISL, FIOM/CGIL and UIL/UIILM and the International Federation of Engineering Workers' Unions, committing it to:

- respect basic human rights;
- respect trade union rights;
- prevent exploitation of minors;
- not use forced labour or labour in conditions of slavery;
- not employ children under 15 or in any case children under minimum school leaving age under local law.

The international framework agreement recognizes the ILO Conventions and also commits the Group to making its suppliers observe such principles.

For further information, see the Group's Code of Business Ethics, p. 21.

Child labour

HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.

See indicator HR5.

Forced labour

HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.

See indicator HR5.

Company

Management

Indesit Company has adopted an organization model in line with decree law. 231/01, which introduced the “administrative liability” (in practice penal) of companies for certain offences committed in its interest or to its advantage by its directors, statutory auditors or employees. The law exempts companies, however, that can show they have adopted and effectively implemented an organization, management and control model capable of preventing offences considered crimes, such as those against the public administration (e.g. undue receipt of monies from the State or other government agencies, extortion, etc), company law offences and offences in breach of accident prevention and other workplace safety regulations.

The Group has also produced a Code of Business Ethics to help all employees, directors and statutory auditors (i.e. members of the statutory audit committees of Italian companies or the equivalent company officers in foreign companies) in Indesit Company SpA and its subsidiaries which have adopted the Code to maintain their commitment to compliance with the law and in particular to avoid doing anything which may involve the Company in the offences indicated in the decree law.

This Code is in addition to all the existing internal procedures designed, directly or indirectly, to reduce the risk of committing offences. Such procedures cover, by way of mere example, powers of attorney, accounting standards, procurement, expenses notes and market disclosures.

On the Community front, the Group is planning, in 2008, to celebrate the first 10 years of the Jonathan - Indesit Company project and publish a book illustrating this successful social responsibility initiative through the testimonies of young people who took part in it.

Community

SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

Indesit Company believes it is vitally important to understand the impact it has on the communities in which it operates. Dimensional growth brings greater responsibilities and more capacity to positively influence social and economic development of the territories where the Group operates. Business must pursue not only economic gain but also social progress.

This commitment is reflected in both initiatives supporting communities through donations and sponsoring and in the Group’s approach in the case of redistribution of production capacity and plant closures. Instructive examples of this include the Refrontolo agreement (2006), recognized by the ILO as a model for good redundancy management, and the approach used in managing the closure of the Blythe Bridge plant in the UK.

For further information, see indicators EC8 and LA4.

Corruption

SO2 Percentage and total number of business units analyzed for risks related to corruption.

In 2004, the board of directors approved an organization model pursuant to decree law 231/01. An integral part of the Model is formed by the Code of Business Ethics, which contains guidelines on modes of conduct that may be illicit for the intents and purposes of decree law 231/01 and consti-

tutes a basis on which to construct a system of prevention and control. In particular the Code:

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

All Indesit Company employees, directors, statutory auditors and in certain circumstances suppliers and consultants of the Company are subject to the Code.

Meeting on 25th October 2007, the Board appointed a new Supervision Body formed by two external independent members specializing in penal and company law (Bruno Assumma and Giovanni Frezzotti, respectively) and an internal member (initially Elena Figus and then, following her resignation, Giuseppe Catalano, ad interim internal auditing manager since February 2008). The Supervision Body is chaired by Bruno Assumma.

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

The Supervision Body's tasks include:

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

The compliance programme drawn up by the Supervision Body will gradually be extended to all Group companies in line with local legislation equivalent to decree law 231 and in any case such as to guarantee adequate coverage of risks relating to the offences contemplated in the law, in all regions where the Group operates.

The Group has also set up a mail box to which infringements of the Code of Business Ethics may be signalled. It is also used by managers to inform the Supervision Body and Internal Audit of inspections by public authorities and the results of same, especially regarding fiscal, environmental and safety matters.

For further information, see the Corporate Governance Report, p. 29.

SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.

Indesit Company designed an on-line training course to foster knowledge of the Code of Business Ethics worldwide. The aim is to ensure that everyone is fully aware of the key principles on which to base day-to-day business decisions, guarantee full compliance with law, always and everywhere, and to reiterate the concept of "one single company".

This on-line course is available in seven languages (English, Italian, Russian, Polish, Turkish, Spanish and French) and has been done by all employees with access to the Company intranet. At the end of the course, a self-assessment form has to be filled in. 97% of employees involved received a certificate, by e-mail, proving successful participation in the Code of Business Ethics course.

For employees without access to the intranet, communication was by means of posters and leaflets distributed in plants to explain the principles of the Code of Business Ethics.

SO4 Actions taken in response to incidents of corruption.

There were no reports of infringements of the Code of Business Ethics or cases of corruption involving the Group in 2007.

Contributions to political parties

SO5 Public policy positions and participation in public policy development and lobbying.

Directly through its top management and indirectly through the associations it belongs to, Indesit Company works with national and European authorities to find ways of getting consumers to understand the concept that safeguarding the environment can also be achieved through product innovation. In Italy, where Indesit Company is the market leader, ongoing collaboration with the authorities and various associations managed to obtain consumer incentives for replacing obsolete appliances under the 2007 finance bill, which granted a one-off tax deduction of 20% of amounts spent by purchasers in 2007 to replace fridges, freezers and combos with new ones in energy class A+ or higher (with a ceiling of Euro 200 per appliance). This delivers a reduction of energy consumption, and therefore of CO₂ emissions, in Italy, as well as savings for consumers.

Contributions to political parties or candidates, committees and other public organizations are allowed provided they are made in full compliance with the law.

For further information, see the Code of Business Ethics, p. 14.

Conformity

SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

Indicator not reported.

Product responsibility

Management

Indesit Company has always seen innovation as a key factor in international competition, as an attitude to change and new ideas that can enrich its business culture across all its various activities. The Group has developed a production system that is extremely flexible and has attained "best practice" status in the industry. The Innovation and Technology Committee defines the strategies and investments needed to develop the Group's innovation capability. Every year a third of total investments goes into designing new products, also in co-operation with top universities and a network of researchers studying ways to speed up and reduce the cost of launching new products.

Indesit Company believes it is vitally important to listen to consumers. It analyses their needs before defining product characteristics and how best to advertise them. The market's strong focus on environmental issues and on energy consumption in particular is extremely welcome to Indesit Company, which has for years now been developing product ranges with high environmental performance levels: high energy efficiency products (A, A+,...) and products designed to lower both energy and water consumption.

In 2007, the Group launched a range of innovative products capable of anticipating key market trends: environmental sustainability, ease of use, flexibility and design were the concepts behind the

design and development of the year's new product launches. One of the most significant examples is the Indesit Moon, a washing machine designed by Giugiaro and characterized by revolutionary design and extreme ease of use. The machine has won numerous international awards and acknowledgements.

April 2008 saw the 17th Eurocucina, the most important modular kitchen furniture expo in the international calendar, in Milan. Indesit Company presented the latest built-in developments from its Indesit, Hotpoint-Ariston and Scholtès brands. They are innovations stemming from intensive research and design work on consumer needs, materials, management of space, style and ergonomics. In particular:

- Indesit Prime: a new range of co-ordinated stainless steel appliances designed by Giugiaro, with an elegant modern design, good looks, simplicity and originality;
- Hotpoint-Ariston Openspace: the new oven that's the biggest and most flexible on the market (with 20% more room inside than traditional ovens) and offers multiple cooking options;
- Scholtès Multiplo: an innovative cooking vessel with an elegant design integrated seamlessly into the kitchen top. The Multiplo combines ergonomics, aesthetics and flexibility and provides five types of cooking, offering an optimum mix of performance characteristics usually provided by an oven and a hob and together ensuring the best possible results. These professional appliances for genuine lovers of cooking constitute a last frontier, a revolution in the very concept of cooking.

Regarding its customers, the Group's objectives for the future are as follows:

- implementation of a pan-European survey (quali-quantitative) to identify consumer clusters and define target profiles in order to understand and meet their needs;
- further analysis of consumer satisfaction, especially at international level;
- an international campaign by Hotpoint-Ariston to launch its new Quadrio four-door fridge;
- further brand positioning for Indesit with the launch of the Prime line;
- co-marketing with MPE Energia in collaboration with a major distribution chain: end consumers will be offered a renewable energy bonus for purchasing class A and A+ home appliances.

For further information on customer strategies, see the Responsibility Review, p. 19.

Health and safety of consumers

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Product quality is a key priority for Indesit Company and all legislation and standards disciplining the industry are scrupulously monitored.

Product quality strategies cover both existing products, through constant process control and supplier quality monitoring, and new products, through product development procedures geared to quality and guaranteeing not only functionality but also reliability over time.

In the product development stage, Indesit Company considers all possible aspects of safety for consumers. The Indesit brand's new "Prime" line, for example, features hoods without sharps corners for safer use, while the hobs have controls on the front, well away from the burners to avoid accidents when cooking, and all the burners have the Safe Flame device that cuts off the gas supply if the flame accidentally goes out. On all versions of Hotpoint-Ariston's Aqualtis (lcd, digit, led) the control keypad can be locked to prevent accidental changing of the initial settings - a particularly useful option with kids in the home.

On particularly innovative projects, Indesit Company carries out a safety analysis using the “Safety FMEA” method, which looks at all phases in the product’s life cycle to check there are no situations or conditions of possible danger to people. Such analysis is considered an integral part of legal verification according to the national and international standards that the Group adopts.

Lastly, thanks to its excellent relationships with retailers, Indesit Company is able to identify and eliminate risks to the end consumer by activating rapid product recalls in all European markets (recovery process). All products can be traced back to a specific production batch, making it possible to act promptly on quality problems.

Labelling of products and services

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

Indesit Company believes it is of fundamental importance to educate consumers on proper use of home appliances, given that their use is the most environmentally impacting stage of their life cycle. The Group provides full information on this, in both the instructions for use and in the relevant sections of the website.

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Indicator not reported.

Conformity

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Indicator not reported.

Contacts

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