



# Sustainability Report 2009



**Indesit Company S.p.A.**

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# Introduction to the Report

Indesit Company's Sustainability Report is an instrument of reporting and communication on the business processes deemed of most significance for the industry and stakeholders and is designed to represent the Group's sustainability policies and activities. The Report details the main indicators of Indesit Company's economic, social and environmental performance in 2009, many of which are managed and systematically monitored by the Group's business processes thanks to thorough application of corporate social responsibility principles in management and control.

Indesit Company, in 2001, was the first company in its industry to draw up and publish a sustainability report. In defining content and treatment of data, the Group adopts the "Sustainability reporting guidelines" promulgated by the Global Reporting Initiative (GRI) in 2006 (G3), which are still internationally recognized as the best sustainability reporting standards. The level of application of the GRI-G3 guidelines is B.

Indesit Company decided some years ago to integrate its communication of sustainability reporting with that of the Group's financial reporting and general corporate communication to render the various sorts of information more accessible to all stakeholders. Led by the top management, this process of integration saw the introduction, in 2009, of the web as the preferred medium for communication with stakeholders on account of its flexibility, interactivity and worldwide accessibility. Indesit Company has therefore developed a digital document containing information for its stakeholders, including the Sustainability Report.

The Report outlines the Group's sustainability management structure (governance systems, certified management systems) and the main projects and results under economic, social and environmental headings. There is also a section dealing with Indesit Company's commitments to stakeholders regarding the future. The final section details the GRI-G3 indicators and constitutes the Report's interactive content list, including information and detailed data linked to the GRI *Core* and main *Additional* indicators. Throughout the site there are links to sections with further information and to external sites.

## Indesit Company and sustainable development

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

*Aristide Merloni, 1967*

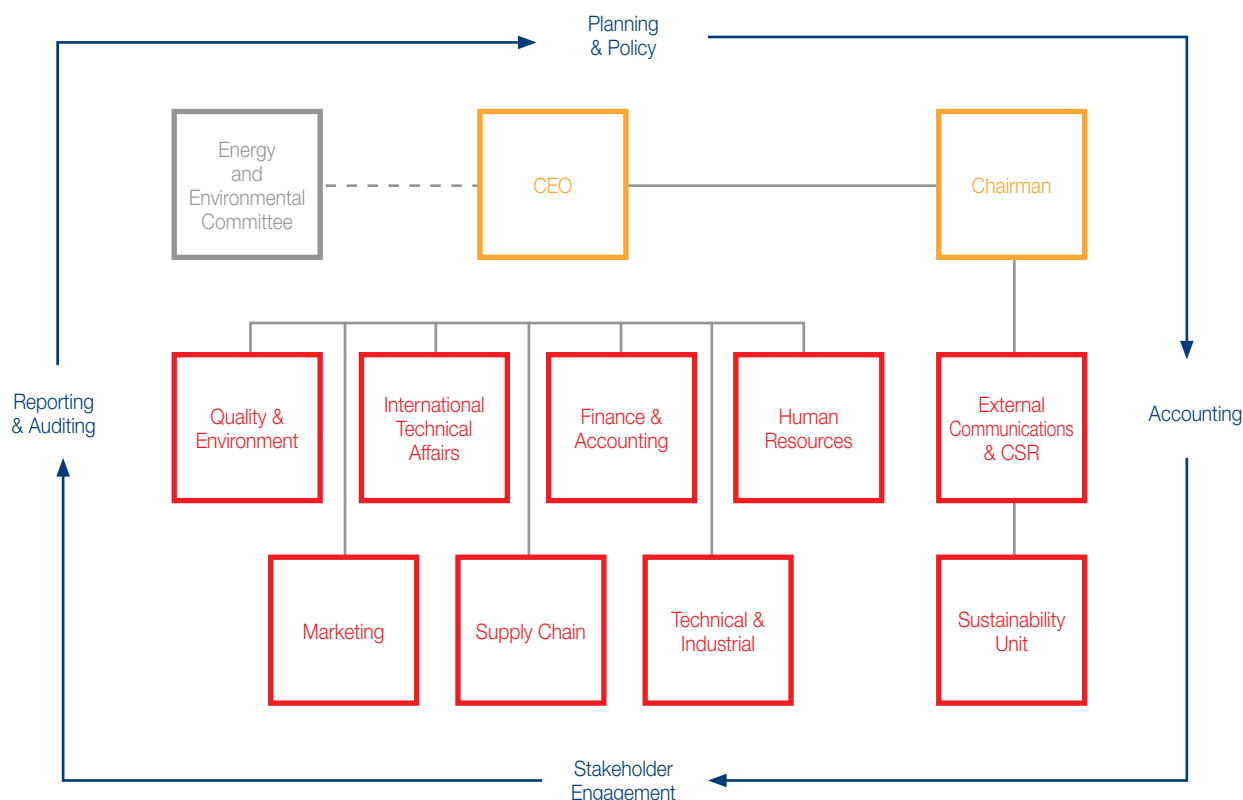
Over the years Indesit Company has built a socially responsible business model and a sustainability governance model founded on its own business principles, mission and corporate values, as well as on the main national and international standards and best practice.

## Management system

In 2006, the Group joined the Global Compact, an initiative supported by the UN that promotes respect for certain universal principles regarding human rights, labour, the environment and the fight against corruption. The Group also produced a Code of Conduct containing principles that must be complied with by all Indesit Company people and all its external partners.

On an operational and management level, various corporate functions are involved in sustainability decision making, actuation and monitoring.

## Social responsibility management system



Indesit Company has a corporate governance system in line with the principles set forth in Borsa Italiana's Code of Conduct for Listed Companies. The Group also adopted an organization model pursuant to decree law 231/2001 regarding administrative corporate liability and has brought its financial communication system in line with law 262/2005 (investor protection law), also to guarantee compliance with international best practice.

In its human resources management, Indesit Company complies with the conventions of the ILO (International Labour Organization) and is actively engaged in promoting responsible labour management practices. It also does this in respect of its suppliers, by only establishing relationships with subjects that commit to fully respecting their employees' rights.

On the workplace health and safety front, Indesit Company has a special Group-wide policy. In 2009 it developed a workplace health and safety management system in line with OHSAS 18001 at all its production facilities and main commercial, logistics and service structures.

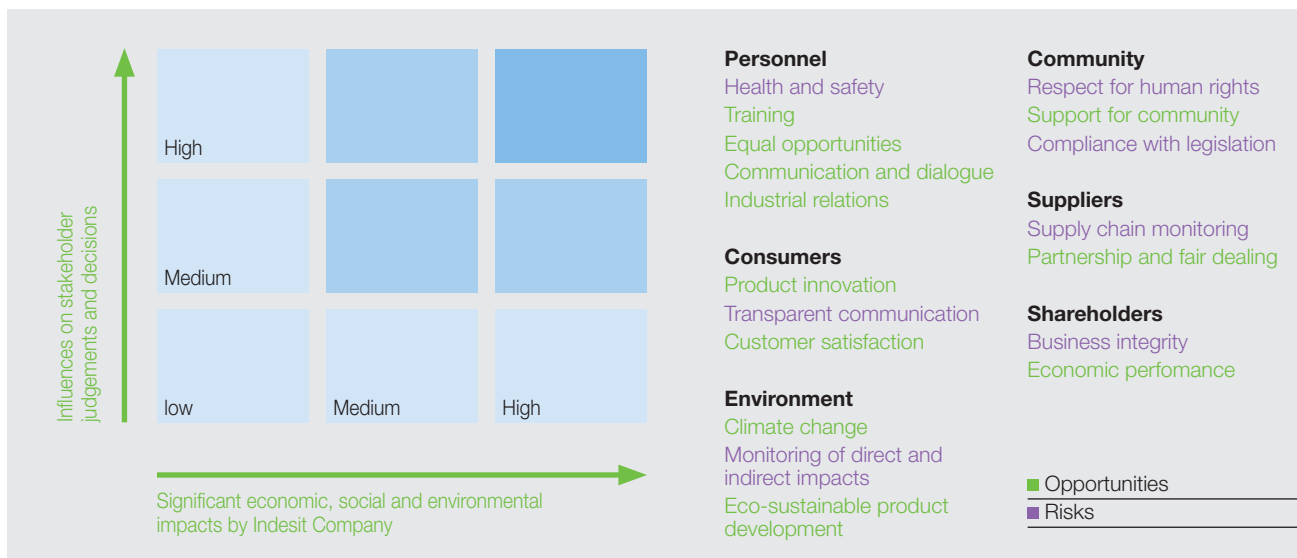
Quality and environmental sustainability have become key factors for success, for Indesit Company as for the rest of industry. The Group is well aware that the environmental impacts of its production units represent 20% of those of the entire life cycle of home appliances and it has been engaged for years in research and development for product innovation, to continually improve the performance and reduce the consumption of water and energy by its appliances.

Indesit Company has in fact adopted an integrated approach to quality and the environment and developed a single quality and environment policy and an integrated quality and environment management system, thus making it possible to organize joint programmes to improve business processes.

Indesit Company carefully analyses issues deemed significant to the Group and its industry and to its stakeholders' expectations and thereby defines the themes to be dealt with in the Report.

The main social responsibility issues dealt with in this Report were mapped using a matrix whose variables are the economic, environmental and social impacts significant to the Group and which also influence stakeholders' decisions. Judgements are expressed by a scale of three levels: low, medium, high.

## Material issues matrix



Issues defined as relevant are then classified under risks and opportunities for the purpose of organizing monitoring and mitigation measures (for risks) and improvement and development plans (for opportunities).

## Sustainability milestones

### 1998

From an energy point of view, Indesit Company achieves full compliance with EU legislation across its various product ranges: all products distributed in the European Union are in efficiency classes A, B or C.

Launch of the Jonathan-Indesit Company project to help disadvantaged young people with criminal records to make a return to society through work.

### 1999

New generation of intelligent home appliances that are easy to use and capable of communicating with one another and with telecoms networks in a home automation system.

### 2000

Launch of the Quality System, designed to engage the entire Company in improving quality procedures in all business processes.

### 2001

Indesit Company publishes the first sustainability report in the sector and wins an "Oscar di bilancio" for its financial communication.

### 2002

The Group receives an "Oscar di bilancio" for its online financial communication.

## 2003

The Code of Conduct stipulated with the trade unions in defence of employees' rights wins the first "Sodalitas Social Award" in the category for internal corporate social responsibility processes.

Hotpoint launches an absolutely revolutionary line of products: the first appliances for the blind, with Braille display and controls and an audio version of the instruction booklet.

## 2004

With its "Riciclette", bicycles made with materials recycled from old fridges, Indesit Company defines degrees of recyclability ahead of legislation that will require home appliance manufacturers to fund the recovery of their products.

## 2005

Indesit Company strengthens its leadership in innovation by launching the Aqualtis, a washing machine incorporating all the most advanced and environmentally respectful technologies and functions.

## 2006

Indesit Company's International Framework Agreement, guaranteeing non-discrimination in terms of gender, race, religion and opinions and prohibiting gender pay discrimination, wins the first "Etica & Impresa" Award for the most significant and socially effective project.

The Group receives an "Oscar di bilancio" for corporate governance, for its response to new legislation and public demand for ethical management of business.

## 2007

Indesit Company is admitted to the Etica Sgr ranking of European companies actively committed to corporate social responsibility.

Indesit Company wins an "Intellectual Capital Value" award for its commitment to developing human capital.

## 2008

Indesit Company enters a 5-year agreement with the Politecnico di Torino to co-operate on research in chemical engineering, advanced materials and energy for the development of innovative technologies and processes to apply to the home appliances of the future.

The Group introduces a Code of Conduct that all employees, executives and directors are required to comply with. The Code's ten points are the basis for conduct that fully respects all stakeholders irrespective of ethnic identity.

## 2009

Indesit Company signs the Charter for Equal opportunities and equality at work: a declaration of intent for the spreading of human resources culture and policies that are inclusive, free from discrimination and prejudice and geared to developing talent and diversity.

The Group's Italian production facilities start to use electricity from renewable sources and high-yield co-generation, enabling Indesit Company to significantly reduce greenhouse gas emissions.

## Code of values

When a company adopts an ethical behaviour, everyone benefits: basing working relationships of honesty, loyalty and consistency help towards a positive work environment. Acting with integrity inspires trust in employees, shareholders, customers, suppliers and the entire community.

The Group's size and the business it works in are also reflected in its focus on the basic values that drive its actions and business decisions.

Indesit Company is committed to constantly improving everything it does, an objective underpinned by five values that inform its people's style and behaviour and its business relationships.

## We are...

### Innovative

because all Indesit Company's activities show the creativity and spirit of initiative of people who seek and apply innovation in everything they do.

### Respectful

because Indesit Company believes in acting thoughtfully and responsibly towards consumers, retailers, employees, suppliers, shareholders and the communities in which it operates and towards the environment in the widest sense of the word.

### Ambitious

because Indesit Company's capacity to improve everyday is driven by its enthusiasm and passion for excellence and leadership.

### In touch with others

because ongoing relationships with all stakeholders enable Indesit Company to listen to their needs and thus offer the answers and solutions that will get the best results.

### Genuine

because Indesit Company operates in an open, transparent and genuine way, with simplicity, dynamism and flexibility.



# Stakeholders

Stakeholders are those entities and persons – including individuals, groups and associations – who have significant relations with the Company and whose interests are influenced by and influence Group activities. Indesit Company is committed to integrating stakeholders into its business inspired by respect and transparency. These conditions are of the essence for the establishment of relations based on trust and credibility vis-à-vis employees, customers, shareholders, partners and the community.



- **Personnel:** people with a labour relation (this category also includes agents and people representing Indesit Company outside).
- **Resellers:** retailers of home appliances, ranging from large distribution chains to small retailers.
- **Consumers:** end purchasers of Group products.
- **Suppliers:** manufacturers of raw materials, components, machineryequipment, goods and services.
- **Shareholders:** Italian and foreign institutional investors.
- **Capital lenders:** credit institutions and other financial institutions supporting the Group financially.
- **Public administration:** government bodies, local bodies, tax authorities.
- **Community:** non profit organisations, associations, universities and, in general, the entire community with which the Group has or could have relationships.
- **Environment:** both the territory in which the Group carries out production activities and the environment, intended in its broadest sense, which could be potentially influenced by the Group's activities and products.

In 2009, Indesit Company developed and performed activities to involve stakeholders, including – specifically – the establishment of a permanent contact with *Fondazione Sodalitas* as well as activities to involve suppliers in the context of the annual Supplier Awards. Moreover, the Group intends to develop new forms of communication relying on the technology provided by web 2.0, such as the restyling of the corporate website and the [company Intranet], for the purpose of increasing interactivity and favouring the circulation of innovative ideas.

## Interview



### **How does Fondazione Sodalitas judge Indesit Company's sustainability policies and projects? In what ways do you think the company's social responsibility record is particularly virtuous?**

Indesit Company has shown a constant focus on sustainable development issues for years, both on aspects directly linked to its business, such as product innovation and energy efficiency, and on the management and development of its human capital and on its impact on the community and territory.

In particular, the Group has been outstanding in the field of environmental innovation, thanks to ongoing investments in R&D in the area of energy efficiency and the reduction of environmental impact in all phase of a home appliance's life cycle, from production to use and disposal. This is also a source of competitive advantage for Indesit Company, given that consumers are now increasingly interested in products that deliver energy savings and in the new frontier of "intelligent products" that allow for centralized monitoring and control of energy consumption to avoid overloading the grid.

In its human resources management, the Group has always adopted a policy based on fully developing the potential of the places where it operates. For years now, this has meant that working conditions applying in Italy have gradually been extended to countries where legislation and standards are less stringent, as in the case of its production personnel in Russia and Turkey.

As to its investments in the community, over and above its constant commitment to its own roots, the Group has put great effort into supporting the Jonathan Project, which for over a decade now has been helping young people with criminal records to regain a place in society and the workplace. The Group has also made commendable efforts to extend the project to other countries where it operates.

### **How would you suggest Indesit Company should continue to improve in these areas?**

More communication about its commitments and the projects it's completed. This first suggestion applies above all to environmental and community issues. Environmental sensibility is not only a fundamental moral value: it's also a strategic competitive factor and should therefore be communicated transparently and effectively, highlighting its performance and constant drive to find advanced technological solutions making products more and more eco-compatible.

Regarding its own employees, I would suggest continuing to focus on equal opportunities, a theme of great relevance today.

### **The Group decided this year to publish its Sustainability Report exclusively online. What do you think about that choice?**

All means of communication have their advantages and limitations. Online communication has the advantage of being more interactive and flexible but stakeholders need to be informed of the change and be put in a position to get all the information they need without difficulty.

### **What are the key aspects you expect to find in this Report?**

A good sustainability report must document results, not just good intentions. It should therefore report on commitments undertaken and on results achieved, as well as defining clear and measurable objectives enabling stakeholders to understand and judge the company's economic, social and environmental performance over time.

Ugo Castellano  
*Chief Executive Officer*

# Economic Report

In 2009, the repercussions of the international financial crisis (credit crunch, contraction of GDP, reduction of families' available income) were felt in all the countries where the Group operates, albeit to varying extents and for different periods of time. Cyclical industries, like consumer durables (including home appliances), were among the hardest hit.

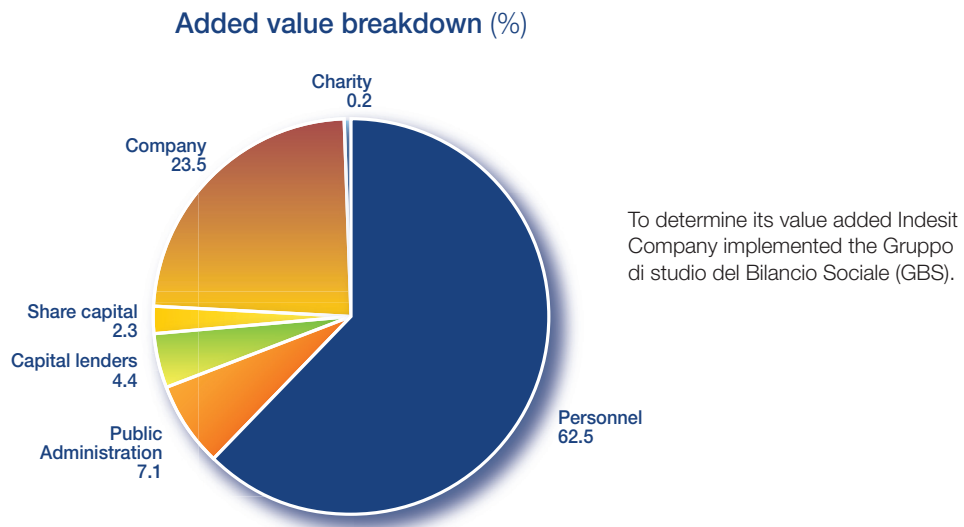
All the product lines showed loss of revenues, more seriously in cooking and cooling products than in washing. Regarding the price/mix, the Group managed for the third year running to increase average unit revenues, thanks to improvements in the mix of products sold and price increases in certain markets.

Indesit Company's priority in 2009 was defending its financial solidity in view of its long-term strategic choices. To safeguard profitability and equity, the Group took the measures provided for in the industrial plan for the Kinmel Park facility in the UK, None in Italy, Wuxi in China and the logistics centre in Basse Ham in France. The Group also rationalized expenses for investments on an annual basis by reducing or eliminating the non-strategic and/or non-essential ones and initiating major cuts in operating costs, also through extraordinary operations such as redundancy schemes for production personnel and reduction of benefits for executives.

Net financial indebtedness at 31st December 2009 stood at 290.2 million euro, marking an appreciable improvement on the figure at 31st December 2008 (473.8 million euro).

## The value added created and distributed by the Group

In FY 2009 Indesit Company's global gross value added equalled approximately euro 684.3 million. Value added represents the Company's ability to generate wealth in compliance with the cost reduction principle and distribute it among the various stakeholders with which the Group interacts.



The Group's global gross value added was distributed as follows: 62.6% was allocated to personnel (in the form of salaries and wages, canteen service, training, etc.); 7.1% to the public administration in the form of taxes and duties; 4.4% in interest on loans to the company and 23.5% was allocated to corporate-related remuneration. Lastly, 0.2% was allocated to the community in the form of charitable contributions, while dividend payouts amounted to 2.3% of the total.

For additional information see the GRI document.

# Social Report

## Human capital

The Group operates 16 production factories and 24 sales offices globally and in 2009 the Group employed more than 16,000 people.

The cross cultural approach is the principle upon which Indesit Company personnel policy is based, aiming at developing one single corporate identity, while respecting diversity in the different local communities in which it operates. Diversity is an asset, a value that is increased through ongoing processes of knowledge, integration and exchange between people of different cultures while presenting an opportunity for personal and professional growth for employees.

### *Human capital improvement*

Indesit Company has increasingly intensified its commitment to developing the human and professional capital of its employees directly involved in the process of value creation both internally (know-how, corporate culture, sense of belonging, innovative capacity and cohesion) and externally (relational capital).

The Group's primary objective is to consider people as the hub from which spokes develop, represented by organisational development and service tools that contribute to maximising corporate success. In the service of this objective, the Company has implemented a bottom-up approach that triggered a significant change in the people involved, who, perceiving their centrality in the organisation, undertook to directly contribute to the Company's development and success.

Involvement boosted the collection of ideas and contributions from all the people involved, leading to implementation in various fields: growth, innovation, quality, eco-sustainability, social responsibility etc.

### *Professional and organizational development*

2009 was an extremely difficult year for industry, which had to manage internal resources prudently yet not neglect the need for constant motivation. In this context, Indesit Company concentrated on identifying the most useful capabilities and placing them in the most suitable positions available. Recourse to the external market was made only exceptionally.

This strategy was implemented by the Best People Fit project, a set of initiatives by the human resources department to develop capabilities and qualities already in the organization. To achieve this objective, the Department mapped professional profiles and skills (Job Catalogue) and proceeded to redefine the organization of the main business processes. Through measured use of succession pipelines and inter-functional, functional and international job rotations, some 711 rotations were made under Best People Fit in 2009. Of these, 450 were management positions. The project enabled Indesit Company to invest in its own people and cover nearly all vacancies by transfers or promotions.

*Best People Fit* is based on the integrated use of people development instruments, the most important of which is the *Performance Management System* (PMS). The aim of the PMS is to support both a continuous process of feedback on employees' performance and a process of individual coaching. It was therefore of great use in defining professional targets and those of managerial development, training plans and identifying resources' strengths and areas for improvement. The PMS involves 60% of the Group's office staff every year and is in two main stages: at the beginning of the year manager and team member meet to discuss the previous year's performance assessment and assign new objectives; mid-year there is an initial formal assessment during which people receive feedback on their performance and "business needs" are reconsidered.

Alongside the PMS there is another important development instrument, the *Human Resources Review* (HRR), which provides assessments of professional performance cross-referenced with individuals' potential within the organization, thus contributing to the development of the company. The HR Review is another annual process, taking place in all countries and involving 40% of office staff; at Corporate level it concentrates mainly on management positions. The results of HR Reviews are submitted to the Human Resources Committee, whose tasks include guaranteeing managerial continuity and checking on the adequacy of the Group's human capital with respect to its current and future tasks.

The third major people development tool is the organization's system of "communities", groups of people sorted on the basis of PMS and HRR results and other indications as to individuals' managerial or technical skills. There are six "communities": two are based on potential (Young potential and Key potential), two on managerial characteristics (Key manager and Senior manager) and two on specialist technical skills (Key specialist and critical know-how). The six "communities" account for a fifth of the company population and provide a convenient segmentation on which to base training and professional development programmes tailored to the needs and potential of each cluster of resources. Acting together, these processes gives Indesit Company reasonable certainty of putting the right people in the right positions.

In 2009, the foundations of a new organizational development project were laid: People at First will build on the process initiated by Best People Fit and will be implemented in 2010. People at First is designed to put people even more at the centre of company life by further adjusting the organization to their needs and ensuring that everyone enjoys optimum working conditions in an enhanced meritocratic arena.

## Training

The organisation of training activities followed the complex process of company re-organisation, increasingly focused on the central importance of people. In 2009, a bottom-up approach was implemented for the purpose of directly involving human resources in the training process. In this respect, the perspective regarding planning and use of training activities was reversed, meaning that, in addition to the top-down approach – from the corporation to the individuals – requests forwarded by individuals were taken into account, thus giving all employees a chance to drive and develop their own training paths. This permits the alignment of individual expectations with corporate ones.

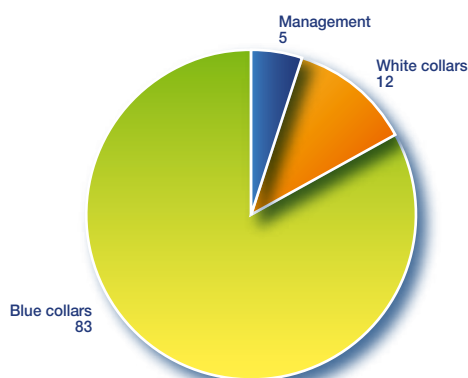
In 2009 a new online training platform was implemented, which allows employees to choose training activities by topic or session. Training activities are integrated with other personnel management tools, such as the PMS (link a paragrafo precedente), the HR Review and other management tools (i.e. the Occupational Health and Safety Management System).

In FY 2009, the standard training activities (excluding on-the-job training) involved approximately 5,400 employees for a total amount of about 87,000 hours of training and a per-capita average of about 16 hours. The total amount of training hours including on-the-job training provided to blue collar employees in 2009 came to approximately 432,000. The main training areas are listed below:

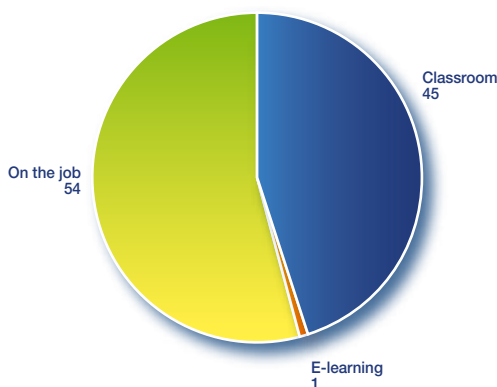
- Occupational integration programmes;
- Relational training;
- Technical training;
- Foreign language training;
- Safety training.

The total outlay for training activities in 2009, excluding on-the-job training, amounted to euro 1,100,000, of which euro 900,000 was funded.

2009 Training activities by grade (%)



Training activities by method (%)



Note: Data refers to traditional training (class, e-learning) and on-the-job training (for blue collar employees).

## Communication and involvement

The corporate identity of a Group operating in widely different geographical regions is also built through the development of effective and innovative communication tools and involvement.

To this end, Indesit Company has organised its internal communication processes based on increasingly interactive, dynamic and cross-border systems, in order to consolidate the sense of belonging of all its employees while increasing their participation and involvement in the Company's life and business.

### Insight – the new portal

Accessible by all Group employees wherever they're based, this new intranet came online on 1<sup>st</sup> July 2009 and is characterized by bottom-up visibility and a strong participatory base.

It was designed to develop a common company identity and help spread the Group's values, but also knowledge and information. It is, in fact, the main channel of internal communication and an absolutely new workplace, based on the principles of social networking and offering a wide range of collaborative tools to foster new social dynamics in the work environment.

The new portal immediately won a major award, the 2009 European Excellence Award (a prestigious international award organized by the trade magazine "Communication Director". Insight was judged "best project" in the Intranet category because of its capacity to involve employees, its effectiveness and its results in terms of organizational and business progress. The "old" Insight won the same award in 2007.

The new portal contains the complete array of internal communication initiatives for employees and was developed out of the intersection of the other "Insights" in the main countries where the Group operates. Users can access projects like "Sharing Your Ideas", department websites and internal blogs and forums. It's all the result of applications and technologies that employ and embody the concepts of Enterprise 2.0, including RSS, Tagging, Wiki, Forum, Surveys, blogs and applications which, like the more widely known social networks, enable employees to actively participate in the in-house creation and development of knowledge.

An example of the new concept of "user generated content" is LinkIndesit, a tool combining functions from Facebook, MySpace and LinkedIn. Advantages: users can publish information on their career experience (current and past), education and training, main projects worked on in the company; they can talk about personal interests, and post the names of colleagues with whom they have particular professional and/or personal affinities in a contacts field which is used by LinkIndesit's search engine.

Insight also has a Country section for matters of local interest: at present there are four areas permanently implemented (Italy, UK, Russia and Poland), providing useful info, product promotions and work tools.

There are two sections, Inspiring Tomorrow and Innolab Web, that gather innovative ideas and encourage creativity as a tool with which to improve the company's business.

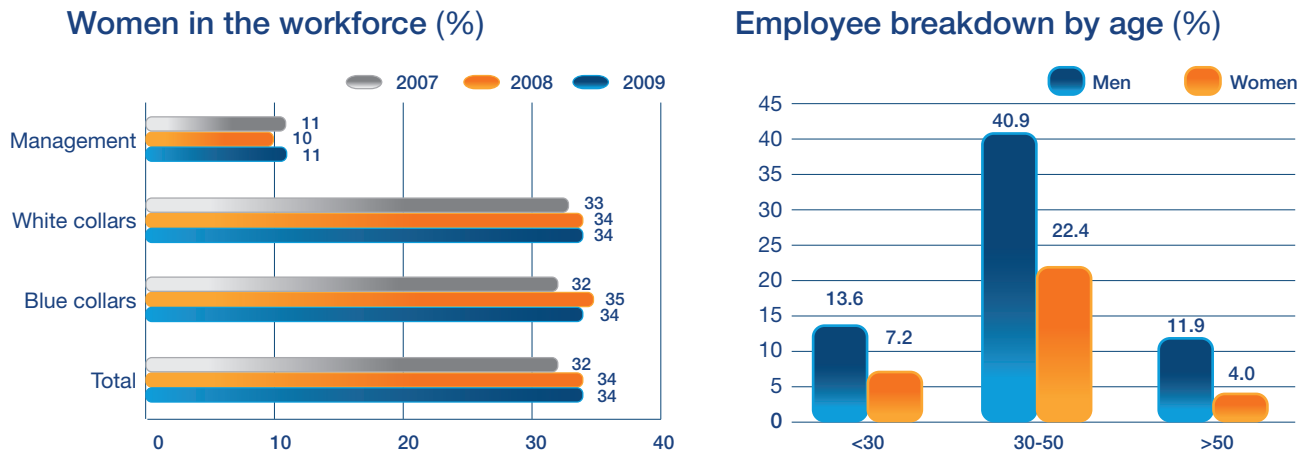
The new Insight is a great opportunity for users to become protagonists in an international community in which everyone can express their identity and share their knowledge with others.

## Equal opportunity

The five corporate values are present in all the Group's activities, including corporate processes, personnel management, product development, governance and communication.

Indesit Company considers respect an essential principle for the Company, formally confirmed through the official underwriting of the International Labour Organisation conventions (included in the Company's Corporate Governance) and the Charter on Equal Opportunities and Equality at Work in 2009.

For the purpose of respect and social development, the Group has also decided over the years to implement a globalisation process based on knowledge and understanding of the culture and diversity of people and territories in which the Group operates, while continuously favouring integration without discrimination based on the gender, religion and political or cultural ideas of its employees.



In 2009 women represented more than one third of the total of Indesit Company employees, corresponding to 34% of the total with a rising trend in recent years.

## Health and safety

Indesit Company considers workplace health & safety fundamental elements for the purpose of achieving excellence in performance. For this reason, the Company has implemented specific tools (policies, procedures and responsibility) to monitor employee workplace health & safety in all the regions in which the Group operates, while complying with the relevant local legislation.

In particular, since 2008 all the activities have been managed and monitored by the Health and Safety Division which is responsible for:

- the promotion of a sound sense of responsibility among employees vis-à-vis the aforementioned policies;
- the establishment of a centrally managed control system to guarantee compliance with national and international regulations in the matter of workplace health & safety;
- the control of a functional co-ordination of all entities involved in this context;
- the development of a system for the management of workplace health & safety issues;
- the development and implementation of environmental policies in strict collaboration with the Environment Department.

In June 2009 Indesit Company adopted a Workplace health & safety policy, setting out the guidelines that each Group company needs to comply with. This policy also represents a point of reference, a strong commitment by the top management that seeks to engage all employees and visitors who have access to Group sites.

## OHSAS 18001 certification

In 2009, Indesit Company set its sights on a challenging objective: the development and implementation of a workplace health & safety management system (WHSMS) at all its operating units and obtain multi-site certification to OHSAS 18001 standard.

To this end, the Group mapped and analysed shortcomings with respect to OHSAS 18001 requisites, implemented a management system, assigned roles and responsibilities and drew up programmes and improvement priorities.

Personnel training played a vital role in the certification process. The Group organized over 71,000 hours of training, involving 6,370 employees, on the following themes:

- risk assessment;
- awareness of site risks;
- individual protection devices;
- first aid;
- forklifts;
- health&safety issues for function managers;
- training of auditors;
- training for new entries.

Having undertaken in 2008 to obtain OHSAS 18001 certification at seven pilot sites in the Group, in 2009 Indesit Company obtained multi-site certification (unique in its geographical coverage) for all its production facilities in Greater Europe (Italy, the UK, Russia, Poland and Turkey) and for the main non-production operations (service, logistics and commercial), thus including 95% of the Indesit community.

What defines the project is the fact that a uniform WHSMS has been implemented in all the countries in which the Group operates, meaning that Indesit Company can set targets and monitor results homogeneously. Further, since the system is based on stringent Italian legislation on health and safety, its implementation sets high standards also in countries where legislation is less advanced.

During the year, over 50 internal audits were carried out under the WHSMS. They identified a number of areas for improvement which were addressed by action plans subsequently monitored on a fortnightly basis.

Results obtained in health & safety following OHSAS 18001 certification include an appreciable improvement in accident rates, with a 54% reduction in the frequency rate compared to 2008 and a 21% reduction in the accident severity index.

## Industrial relations

Indesit Company has always adopted transparency and fairness principles for the management of its employees, aiming at establishing profitable relations based on trust and also on the development of innovative tools to manage industrial relations. Proactive interaction and respect for workers' rights are the principles that drive the corporation in the management of its industrial relations. Indesit Company, in fact, fully accepts the cultural and historical differences of the various countries in which it operates with the objective of:

- always guaranteeing compliance with labour law and the workplace health & safety of all its employees;
- negotiating and reaching agreements with trade unions and employees in line both with current legislation and the culture and customs of each single country;
- ensuring, wherever possible, employee working conditions that are above the minimum established by the relevant regulations in terms of wages and salaries, worker disability and medical insurance (supplementary contracts, negotiations on specific aspects with the unions).

The Group's approach, based on ongoing negotiations and full compliance with the fundamental principles established by the ILO conventions, favours the identification of mutually devised innovative solutions to critical issues like factory shutdowns, redistribution of production processes and forms of flexible work.

Indesit Company's industrial relations aim at involving and sharing corporate decisions with employees in order to develop a constructive environment and avoid conflicts.



## EWC sustainable development training

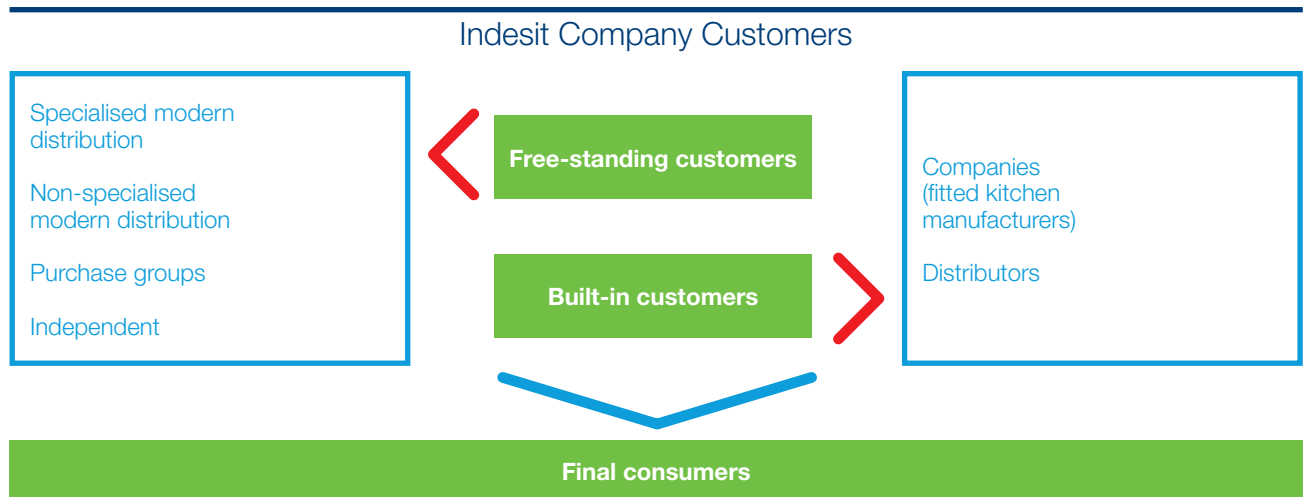
In 2009, Indesit Company's European Works Council (EWC) organized a series of meetings on the theme of sustainable business development to stimulate dialogue and make employees fully aware of the needs and benefits arising from implementation of sustainability policies and programmes. Involving EWC delegates and company executives, assisted by academic, trade union and business experts, the initiative also discussed sustainable development and environmental protection under various economic, organizational and social aspects.

Two meetings were held, one in Ascoli Piceno and one in Istanbul. In the first, after reviewing European sustainable development policies in light of the results of the Copenhagen summit, the theme was the environmental assessment of industrial activities and the application of REACH regulations in organizations. This was followed by a presentation of results obtained by Indesit Company in the field of workplace health & safety and an illustration of the environmental policies implemented in Russian, Polish and UK facilities, with a focus on the role played by industrial relations. The Istanbul meeting opened with proposals from the European trade union on climatic change and new industrial policies, followed by discussions on the role of workers in developing sustainability policies. Lastly, there was a presentation of environmental improvements made by Indesit Company, sustainable development policies in Turkey and a number of successful sustainability case histories.

The meetings gave participants insights into the voluntary and mandatory legal frameworks within which the Group moves and into Indesit Company's objectives and strategies in terms of social and environmental responsibility, and also demonstrated that the various dimensions of social responsibility tend to converge on a single company strategy.

## Customers

Listening to and understanding customers, retailers and consumers provides the key to anticipating and meeting their needs and desires. Indesit Company is strongly focused on these categories of stakeholders in order to develop products and services that take their needs and expectations into account from the design stage.



The Group remains focused on quality and innovation, so as to always be in a position to offer avant-garde, eco-sustainable solutions.

## Relations with retailers and final customers

Indesit Company believes that it is only possible to fully meet customer needs and requirements if all the components of the value chain are oriented towards understanding them. For this reason the Group is fully committed to developing collaborative projects with retailers, who represent the primary interface between the company and its customers.

Indesit Company pursues a transparent commercial policy with retailers, oriented towards the establishment of long term relations, prompt problem solving and top-class professionalism. In addition to maintaining contacts with distributors at the major trade fairs, the Group organises events dedicated to retailers in the markets in which it operates. Relations with distributors mainly include meetings for the presentation of new products, training activities and dissemination of the results achieved by the Group, as well as future development plans.

In the UK, Indesit Company is particularly committed to providing support to independent retailers, who account for approximately one fourth of the British market and actively enhance sales and after-sales activities with their expertise and professionalism. In this respect, the Group provides a series of specific training activities both at the point of sale and at the Peterborough Training Academy. In 2009 Indesit Company also developed a partnership with the Energy Saving Trust for the purpose of developing a training pack for retailers so they can effectively advice customers on how to save energy through the intelligent use of Indesit Company products. In addition to providing retailers with the promotional material required for products presentation and a streamlined and user-friendly online order entry system, Indesit Company also offers independent retailers the possibility of selling a range of products on an exclusive basis, thus supporting their efforts to gain a competitive edge in the market by enhancing their product offering and organising additional marketing campaigns to encourage customers to buy the products from independent retailers.

The quality of relations with the retailers doing business in all the countries in which the Group operates is a key element in the identification and solution of potential risks for the end user. To this end the Group has implemented specific measures to recall defective products from the market. In fact, each item can be traced back to a specific production batch, permitting prompt and effective action if problems arise.

Indesit Company comes in direct contact with all end users of its products through various channels, including the internet, call centers and service centres. In this context, the Group has adopted a customer service management system that guarantees a direct link between the company and consumers.

Indesit Company communicates with its customers through product information material (stickers, manuals, instructions for use), providing useful information for correct use, preventive measures and advice on how to achieve the best performance. In order to assist customers in choosing the right product, all home appliances carry an energy class label, which also includes other information that helps customers evaluate the product before making a purchase.

In addition to product information material, customers can also directly contact the call centers to ask for information or advice on problems. In 2009, Indesit Company added an additional section in its website dedicated to contacts with the top management. This new section confirms the Group's constant focus on consumers. Any comment made is in fact considered an opportunity for continuous improvement of corporate flows and processes.

Customer Service provides problem solving on first contact with customers, on the phone, by e-mail or by letter. Complaint management is integrated in the continuous process of quality improvement and envisages the implementation of specific procedures to promptly route all claim reports to the competent corporate division.

Call center service quality is measured on the basis of specific parameters that gauge the number of inbound calls, the average response time and the ability to solve any technical problem or incorrect product usage in real time. Call avoidance strategies, based on specific, ongoing operator training, provide end users with a service whose quality is constantly improving. In 2009 this led to a 20% reduction in the number of technical interventions in Italy and in the UK.

Indicator	Value	Remarks
Number of inbound calls	5,000,000*	Inbound calls
Level of service	94%	Calls resolved out of the total
Calls answered within 15s	70%	without re-routing

Data refers to the Italy – UK – France markets in 2009

\* Rounded value

In addition to the call centers, the Group also provides customer service. This is an extremely important service which proved successful thanks to Indesit Company's continuous effort to provide training to technicians, organise its presence in the territory and use advanced trouble-shooting and problem solving tools.

In 2009 Indesit Company also upgraded its website, giving it increased visibility and completing information contained in the Market Service area and carried out a Consumer Satisfaction survey on after-sales activities, whose findings were extremely encouraging.

Electronic components, present in increasing amounts in home appliances, have also been included in the Customer Service section. Group technicians are provided with laptops that enable them to make accurate diagnoses and identify the most suitable corrective actions. Thanks to these tools, technicians can also verify the availability of spare parts in real time. In the near future we expect home appliances to be able to signal any malfunctioning directly to customer service, including an indication of the defect and a request for a targeted intervention before actually stopping operation.

In 2009 Indesit Company carried out a massive restyling operation, giving its web infrastructure a total makeover. Specifically, the corporate website was redesigned to be more user-friendly and accessible. The quick and easy to use portal now includes information and news to meet the needs of all stakeholders involved, with a section for each stakeholder category.

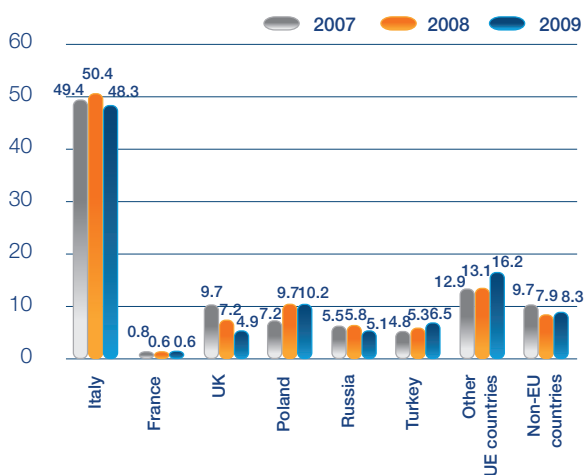
## Suppliers

Indesit Company's purchase policy is based on the development of local suppliers, which are strategically located close to the Group's production units.

The Group's policy for the identification and development of suppliers close to the factories is intended to create a significant and consolidated base on which to rely for future development plans.

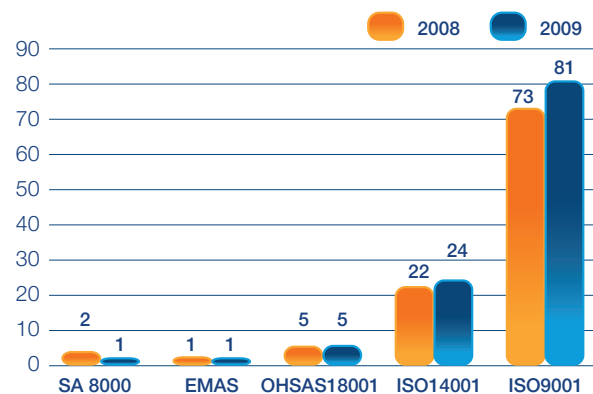
2009 supplies were worth euro 1,255 million and supplier composition reflects the Group's re-balancing approach in recent years. In particular, in 2009 the impact of Western European suppliers decreased while that of suppliers operating in countries where production rose (eg. Poland and Turkey) increased.

Suppliers by geographical region (%)



Note: Data refers to values of direct material supplies

Certified suppliers (%)



Note: Data refers to a significant sample of suppliers (more than 454 suppliers)

Supplier selection criteria also include the supplier's social and environmental responsibility policies. In line with its Corporate Governance, the Group's only establishes relations with suppliers that comply with the governance standards envisaged in the relevant document, particularly with reference to the rules governing relations with the public administration, confidentiality and the ILO (International Labour Organization) conventions. Suppliers are also bound to comply with specific quality standards that the Group monitors by means of periodic controls performed by the Group's Quality Division.

All newly certified and existing suppliers are monitored by applying certified procedures, including the use of a check-list comprising issues that not only refer to quality but also to adherence to specific technical, environmental, ethical and workplace safety issues. Each individual supplier is requested to fill out the check-list and by underwriting it, it confirms compliance with the aforementioned rules. In 2009 all new suppliers were requested to fill out a self-assessment form, while existing suppliers are gradually being asked to follow it. Consistently with the enforcement of the REACH regulation, the European legislation in the matter of chemical substances, Indesit Company has established a work team and an action plan for the purpose of performing a complete assessment of the substances used and implementing an information exchange system with suppliers.

Lastly, in 2009 no criticalities were identified in relation to non-compliance with human rights standards during new supplier selection audits. Under its international framework agreement, the Group is committed to obliging its suppliers to adopt the same principles. In this respect, Indesit Company continues to send its Code to all new suppliers, requesting that it be underwritten for acceptance.

## **Relations and initiatives**

Indesit Company has adopted a communication policy with its partners that is based on transparency and fairness. Suppliers participate in corporate development plans, participating and sharing in the design and development of innovative projects, as in the case of recycled plastic materials in the manufacture of home appliances. Also in the case of contract re-negotiation, the Group communicates its requirements in good time and listens to suppliers' requests.

### **2009 Supplier Awards**

For the third year running, Indesit Company met its strategic suppliers on the occasion of the 2009 Supplier Awards to share 2009 results and 2010 objectives, reinforce relations and inform partners about short-to-medium term company strategies. The meeting is also an opportunity for the Group to renew its trust in suppliers and reiterate the importance of their role in the creation of the value chain, since Indesit Company product success also depends on their support.

Indesit Company sees the strategic role of its suppliers in terms of their economic impact on the Group's business, the importance of their components, materials and services, their level of innovation and ability to guarantee quality performance and excellent service. It is also focusing increasingly on continuous improvement in suppliers' environmental performance. Indesit Company has established multi-year contracts with its major suppliers that include pre-established volumes and prices, framework agreements, shared development and growth policies and development of new projects.

More than 50 suppliers of components, raw materials, processing and indirect suppliers participated in the meeting and Indesit Company issued awards to the three top companies in the Quality, Innovation and Environment categories.

## Community and territory

Indesit Company has always sought dialogue with the territories and communities in which it has operations. Its approach is based on respect and fair relations with institutions and citizens, exploring opportunities for mutual economic development and identifying social issues requiring attention, effort and resources.

In addition to continuing the Jonathan project, which helps young people in the Jonathan Association find work, the Group also participated in the following cultural and social initiatives.

### Kenya and Nicaragua

For the third consecutive year, Indesit Company supported the “Hands” association in raising funds for two projects that support research into eye diseases in Kenya and development projects in Nicaragua.

### Prince’s Trust

In collaboration with the Municipal Council of Peterborough, operating partner of the Prince’s Trust National Team Programme, Indesit Company offered its support for a training project addressing jobless young people aged 16-19 (courses on job search skills). Participants took part in simulated job interviews and some of them were offered a two-week internship at the Group’s factories.

### Radomsko children’s support

On the occasion of Children’s Day at Radomsko (Poland), a playground was inaugurated thanks to the collaboration between Indesit Company and local government. The playground is located in the centre of the city and has swings, wooden shelters, roundabouts and slides. It is guarded and open 7 days a week.

### The World’s biggest coffee morning

MacMillan Cancer Support is an organisation providing medical and financial assistance to cancer patients. Every year, MacMillan organises an event to raise awareness with the objective of raising funds to improve quality of life for patients. It offers coffee, tea and sweets in exchange for donations. Over 400 Indesit Company employees participated in this initiative.

### Łodz campaign

Indesit Company supported the “Zawodowo dla Łodzi” (Professionally for Łodz) campaign. The campaign’s main objective was to create and disseminate a locally relevant industrial culture to improve the image of the vocational schools in the city of Łodz. Indesit Company met with several students and explained the importance of this type of training, which results in real job opportunities.

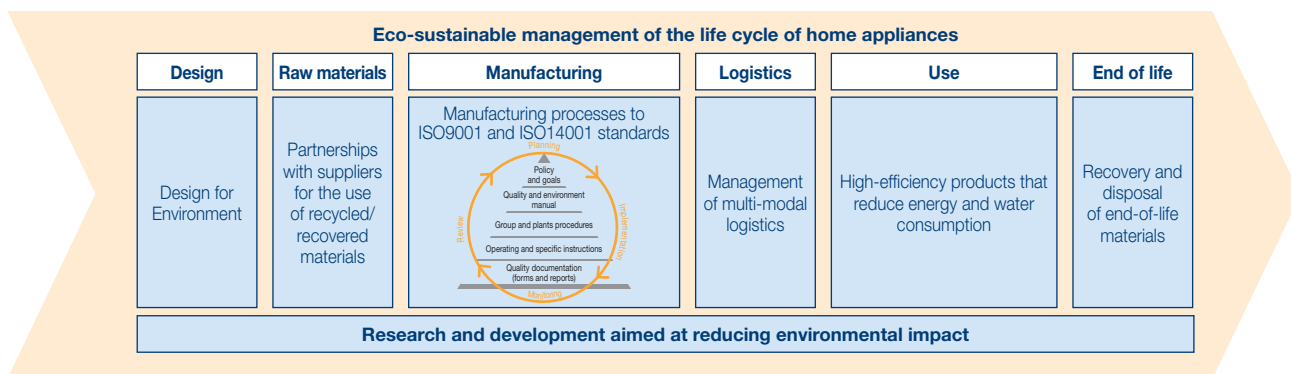
### Children in Need

The Petersborough contact centre served as a branch of “Children in Need”, receiving donations for children in need. More than 100 Indesit Company employees contributed as phone operators and raised 2,400 promises of donations.

# Environmental Report

Indesit Company has an environmental culture that it shares with its stakeholders in the firm conviction that environmental protection is not only a fundamental moral value but also a strategic element for the competitiveness and sustainability of its business model.

The Group is active along the entire life cycle of home appliances by implementing management systems that minimize the impact of its manufacturing processes and continuously investing in research and innovation for the development of increasingly eco-efficient and eco-sustainable solutions.



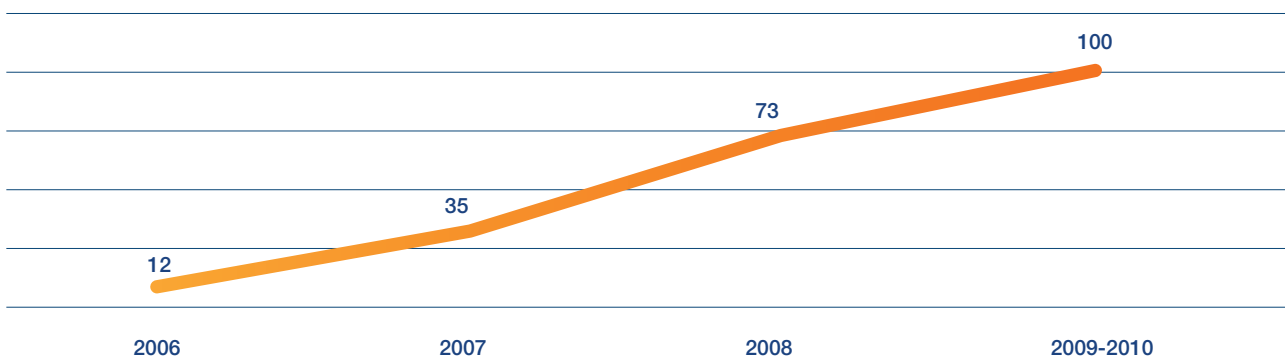
## Eco-sustainable processes

The Group has always used advanced environmental impact systems in its factories. Indesit Company has always considered environmental aspects as strictly correlated to the overall quality of its processes. For this reason, it decided to handle the two aspects as one, by adopting a policy focused on quality and the environment based on the following improvement criteria:

- increase stakeholder satisfaction optimizing the quality of the entire life cycle of products and minimizing the relevant environmental impact (both product-related and site-related);
- improve process efficiency;
- disseminate an environmental culture;
- promote the use of communication tools to provide information on quality and the environment.

This Policy is the point of reference for the Company and drives the Group's performance. It also serves as a starting point for the development and implementation of a management system focused on quality and the environment consistent with ISO 9001 and ISO 14001 standards. These management systems have already been implemented in the majority of the Group's sites and the implementation and certification process is expected to be completed within 2010 for all environmentally relevant sites.

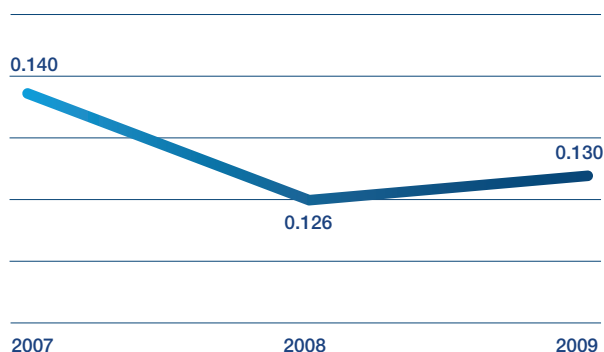
### Site certification plan (%)



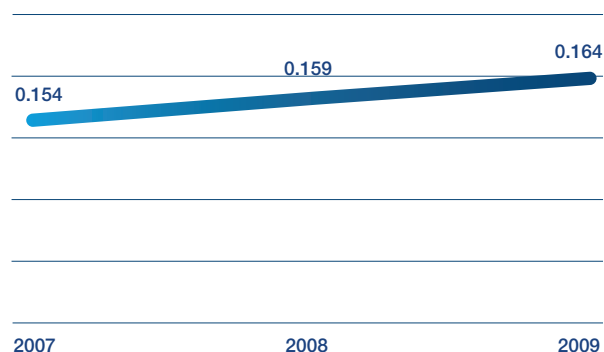
In setting environmental objectives, Indesit Company takes into account stakeholders' interests and expectations, the relevant environmental aspects, the applicable legislation, technological options and the results of the audits. In particular, objectives regarding environmental improvement are defined annually and periodically monitored, both for the entire Group and for each individual company that adopts the Group's environmental management system.

2009 was characterised by the effects of the international economic crisis that hit the global markets. The Group's home appliance production dropped by approximately 23%, resulting in lower consumption and emissions levels and less waste from manufacturing processes. In addition, the reduction in production also led to a slight loss in terms of efficiency of the manufacturing processes, as reflected by the key per-piece environmental performance indicators.

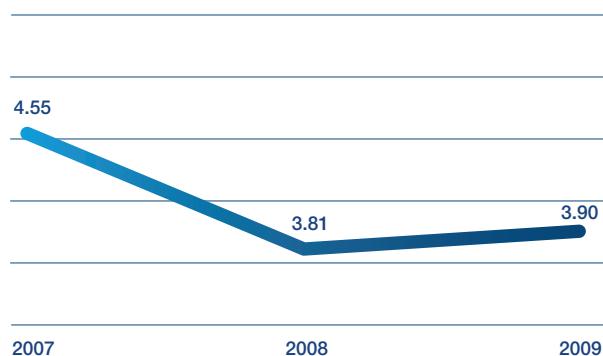
### Energy consumption by site (GJ/piece)



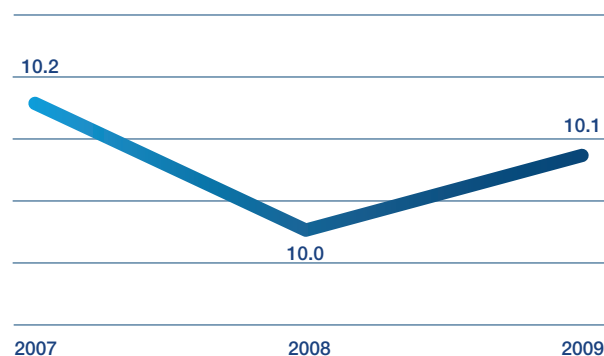
### Water consumption by site (m<sup>3</sup>/piece)



### Waste produced by site (kg/piece)



### CO<sup>2</sup> emissions by site (kg/piece)



A noteworthy recent achievement by Indesit Company involves the use of energy from renewable sources and high-yield co-generation for all Group companies in Italy starting from 2010.

Indesit Company is not only proactively involved in reducing the environmental impact of its factories, but also actively collaborates with its suppliers to find solutions that can also reduce the impact upstream of the manufacturing process. In this respect, the Group has been working to ensure the recycling of materials used for the manufacturing of home appliance components.

Indesit Company is also directly involved in the management of end-of-life home appliances. In fact, the Group is committed to recovering and recycling end-of-life home appliances through Ecodom, a manufacturers' consortium, increasing the value of these products, which if disposed of as normal waste would release large quantities of valuable – harmful – materials, such as iron, aluminium, copper, steel, plastic and glass. The use of materials obtained from the disposal of old home appliances for the manufacturing of new ones enables Indesit Company to implement the so-called "from cradle to cradle" principle, completing the waste cycle and offering an opportunity to use the recycled materials for new applications.

Indesit Company is also actively involved in the promotion and dissemination of environmental best practices to the public at large. In this respect, it participates in the CresCo (*Crescita Compatibile*: Compatible Growth) project, promoted by Fondazione Sodalitas, together with other companies pioneering in the sector of sustainability. The main objective is to promote and disseminate sustainable lifestyles among the citizenry in some selected municipalities. Specifically, the project intends to transfer best practices to citizens in three specific sectors of environmental sustainability: energy saving and energy, recovery/recycling and disposal, sustainable mobility. The initiative involves representatives from local institutions, citizens, students and businesses in the creation of models of virtuous and replicable communities.

## Eco-sustainable products

In the life cycle of a home appliance, the energy impact generated during use accounts for 80% of the total impact. Energy consumption is related to climate change issues, which have recently become strategic to the global agenda of governments and international organisations.

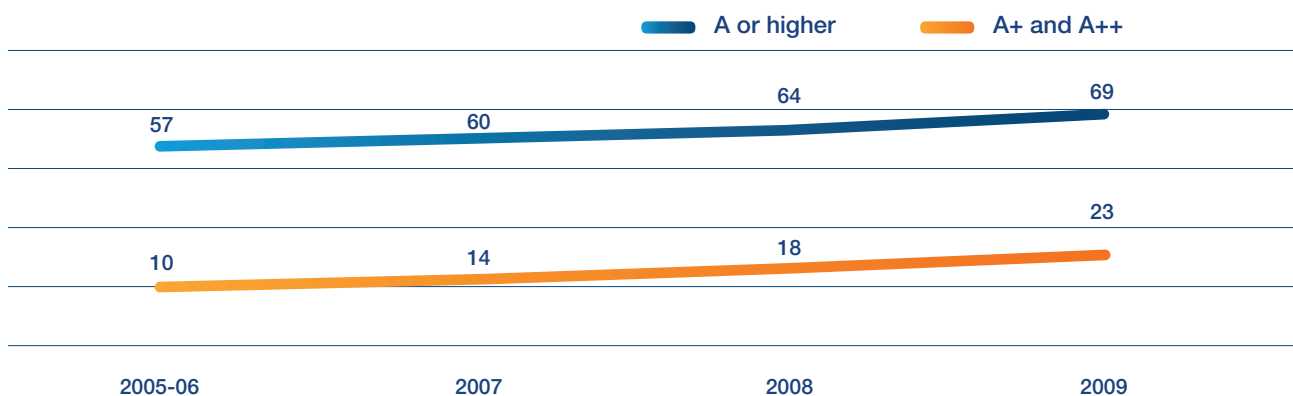
In the past years, Indesit Company, being fully aware of the impact that the use of home appliances has on the emissions of greenhouse gases and, consequently, on global warming, specifically focused on the development of more energy-efficient products. In addition to traditional activities centred on continuous improvement, other projects are currently in progress for the development of new technology and configurations that increase the product's operating flexibility. Some examples are the new sensors and the power management system for washing machines, the selection of innovative solutions to improve food preservation and the development of modular refrigerators.

In the past years, the Group has made a concerted and successful effort to develop eco-efficient products that deliver energy savings of 50%-60% compared to similar models of ten years ago.

Indesit Company continued to achieve significant results in the mix of high-performance products in 2009, thanks to the new product platforms introduced over the years and the implementation of policies centred on eco-compatible product marketing and development.

In 2009, Indesit Company consolidated its innovative thrust, favouring the growth of eco-friendly products and obtaining excellent results in the highest performance refrigerator categories (A+, A++).

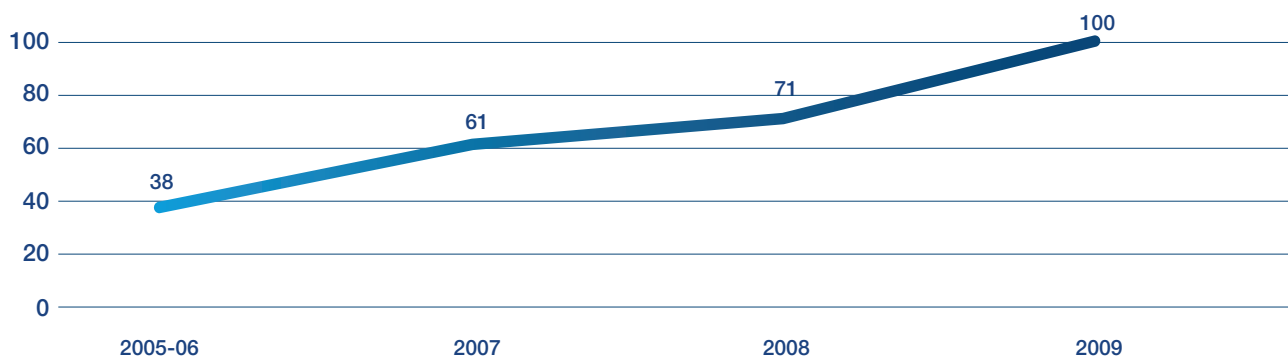
### Refrigerators sold in energy class A or higher (%)



In 2007 the introduction of the new 60 cm dishwasher increased the number of models available in the top class (AAA - excellent washing and drying performance at low energy consumption) from 38% in the 2005-2006 two-year period to 100% in 2009.



## Dishwashers sold in energy class AAA (%)



In relation to washing machines, Indesit Company has already complied with the standards set out in the European directives in the matter of Eco Design, envisaging the elimination of class B from the market starting from July 2010. All washing machines sold are, in fact, in energy class A and A+.

Indesit Company is the Italian leader in the production of eco-efficient home appliances, also certified with the innovative Ecotech green label. In relation to development, Indesit Company is currently investing in research on smart grids. This is a new technology that will let home appliances communicate with the future smart grids, thus reducing energy loads and providing users with information on consumption.

The evolution of home appliances certainly plays a fundamental role in relation to climate change. If the almost 190 million home appliances which have been in operation for more than 10 years all over Europe were replaced with the more efficient models developed by Indesit Company, the result would be a reduction in energy consumption and a drop in CO<sub>2</sub> emissions of over 20 million tons per year. This would also imply significant financial savings for consumers. The cost of the operation of a new refrigerator is, in fact, euro 25 per year against euro 100 per year of a 1990 model, and considering 15 years as the average lifetime of a home appliance, the cost would drop from euro 1,500 for ten years of operation of an old refrigerator to euro 375 for a new one.

In 2009 Indesit Company participated in various environmental initiatives and received several acknowledgements for its commitment to sustainable development:

- participation in the Copenhagen Bright Green Expo (December 2009) with “The Energy Aware House” in collaboration with other 12 partners. The Group presented new climate-friendly home appliances that can interact with other home appliances and with the world outside, thanks to the internet and smart grid technology;
- participation in the “Italian Design for Sustainability” exhibition, organised by the Italian Ministry of the Environment and Protection of the Territory and the Sea, in Trieste (April) and Rimini (November). The Group presented new products characterised by the new Ecotech green labels on Hotpoint-Ariston’s eco-efficient products;
- assignment of the “2009 Sustainable Development” award for the “Made in Italy” Green Economy, launched by the foundation of the same name with the sponsorship of the Presidency of the Italian Republic and won by Indesit Company in the energy efficiency category for its new home appliances, particularly low energy and water consumption washing machine and dishwasher, as well as for the innovations introduced in the manufacturing process, including indications on measuring product recyclability;
- assignment of the prestigious Ecohitech 2009 Award in the “Eco-Virtuous Enterprises” for the development of Ecotech-labelled, low-impact products;
- participation in the initiative launched by “The Prince of Wales’s – Corporate Leaders Group on Climate Change” in support of the stipulation of a global agreement on climate on the occasion of the Copenhagen UN conference (December 2009).

## Smart grid technology: future home appliances interact through smart grid technology

The ability to constantly innovate and develop state-of-the-art products allows Indesit Company to produce products that are eco-friendly, easy to use and feature an innovative design. A completely new concept for home appliances.

Indesit Company projects in domotics are intended to develop a software that can help users in the configuration and concurrent operation of various home appliances in the home, while simplifying their use and reducing energy consumption. These studies will lead to the introduction of new functionalities as well as improved performance. Future home appliances will consume less energy and water, be equipped with smart grids and integrate highly innovative technological solutions. For instance, they will be able to run low energy cycles during periods of reduced use (at nighttime or when the user is not at home), thus permitting substantial energy and cost savings under equal operating conditions. Thanks to intelligent technology applied to domotics, home appliances will be in a position to exchange information about operation among themselves, balancing energy consumption and avoiding peaks of operation or, also, adjusting to the feed-in electricity tariffs enforced in the most developed markets – with smart grid technology –, by opting for low cost and low impact solutions.

In relation to smart grid technology, Indesit Company started two important projects in autumn 2009. The world's first large scale home project for DDC (Dynamic Demand Control) technology (smart refrigerators that can manage consumption based on network availability), and Energy@home, a research project for the experimentation of an interconnectivity standard for home appliances that will optimise home energy consumption.

### The DDC project in the UK

DDC technology is being experimented in the UK, where 300 homes agreed to try this new technology and were given – free of charge – Indesit Class A refrigerators with DDC technology. This initial large-scale test of the concept of Demand Site Management is part of the research on smart grids, the innovative future energy distribution networks whose “intelligence” allows them to monitor and control energy consumption centrally, thus preventing overloads and channelling energy from sources with the greatest availability to areas in deficit. All this occurs in real time and dynamically thanks to the application of the same principles of networking as the internet.

The installed home appliances will monitor the frequency of the network and will adjust their energy demand by reducing or automatically delaying energy consumption at energy demand peaks. This will happen without the user's noticing what is going on and without any impact on the performance of the refrigerators. This will also allow the utility company to furnish enough energy to meet demand in a balanced way throughout the day, guaranteeing an optimised performance apart from unpredictable demand fluctuations and avoiding recourse to supplementary energy sources, which are both less efficient and more polluting.

An analysis carried out on the potential findings of the project revealed that if all refrigerators in the UK were to use this technology, it would be possible to dismantle a 750 megawatt backup power station. The UK government estimates that large-scale distribution of these innovative refrigerators in the UK alone could lead to a reduction in CO<sub>2</sub> emissions of 2 million tons per year and an overall energy saving of more than 250 million euro (220 million £). These benefits will be even more accentuated by an increased use of renewables, including wind farms and solar power, which are by definition discontinuous sources that tend to destabilise the network and therefore require dynamic compensation.

For the project, Indesit Company relied on RL Tec, a leading UK company in innovation technology to reduce CO<sub>2</sub> emissions, and NPower, the second ranking UK utility company. Each of the partners provided advanced technology and established a work team, including a group of highly-skilled Indesit researchers, who will commute between Italy and the UK.

After completion of the first stage of the project, the initial results will be collected and analysed in detail in order to plan future developments and applications for the project. The Dynamic Demand system can also be applied to other home appliances and electronic devices, including air conditioning systems, immersion heaters and car battery chargers, all high energy users. The DDC technology will allow all users to stipulate privileged supply contracts at a lower price, and the utility company will save in energy.

### The Energy@home® project in Italy

Indesit Company is committed to the development of smart grid technology in Italy as well, through the Energy@home® project, developed in partnership with Electrolux, Enel and Telecom Italia. The main

objective is the development of a management system that enables smart home appliances to operate by themselves, adjusting energy consumption in the user's home and avoiding network energy peaks. Moreover, this innovative system will also provide users with information about home energy consumption directly on the customer's PC, cell phone or appliance display, thus giving users a chance to use home appliances more "intelligently", with the ultimate objective of making the entire system more efficient. For this project, each partner will contribute highly advanced, innovative technology: Enel with the Telegestore system and suitably adjusted applications to guarantee interaction between the telecommunication infrastructure and the home appliances; Telecom Italia with its fixed and mobile broadband network platform which, using the Alice wireless home portal, will allow the exchange of information between home appliances and Enel systems; Electrolux and Indesit with prototypes of smart home appliances and the management applications for the connection and the correct exchange of consumption regulation information and the possibility of establishing a ZigBee technology wireless connection, in whose development Indesit is actively participating at an international level as a member of the ZigBee Alliance. The project envisages the involvement of a select group of Italian consumers. After its completion, expected in 2010, the possibility of involving other partners will be evaluated, for the ultimate objective of creating the largest possible eco-system of interoperating companies.

## Ecotech: technology for nature

Ecotech is an Indesit Company investment in technology at the service the environment, an initiative launched by the Hotpoint-Ariston brand to promote a selection of products that are "eco-sustainability champions".

The project was formed at the end of a European survey in 2008 to analyze consumers' needs and expectations and identify profiles characterizing their relationships with home appliances, technology and the environment. The study showed that technology is perceived as a useful way to deal with environmental problems and overcome the prejudice that quality of life and ecology are pulling in opposite directions. Home appliances, in particular, are seen as crucial in the day-to-day relationship between technology and ecology because on one hand they have a strong environmental impact and on the other they enable people to act "ecologically" at home. Consumers therefore expect an active commitment from companies in all phases of the production process and product life cycle. They also expect companies to play a primary role in the phases of purchasing and use.

In light of the results of the European survey, Indesit Company developed Ecotech, a "green label" enabling consumers to recognize Hotpoint-Ariston products, which are designed, more than any others, to guarantee minimum consumption of resources. Customers can consciously choose to use resources intelligently, leading to cash savings (smaller bills) but also ecological savings (less waste of power, water and detergent).

Ecotech products are specially featured in catalogues, point of sale info material and a website accessible via Hotpoint-Ariston's corporate site, containing detailed information on products carrying the label and section with some "eco-tips" on sustainable use of the products.

The first Ecotech label products, which will continue to be developed and enriched, are:

- the Aqualtis washing machine with Care Technology systems, the Auto Dose System and new Eco programmes enabling appliances to save over 50% in energy and up to 30% in water;
- the Flexipower dishwasher with New Sensor System technology, saving 10% in water and up to 10% in energy with respect to class A;
- the Quadrio fridge, with two doors and two drawers (all independently opening), saving over 50% in energy compared to a traditional fridge, is in energy class A+;
- the Openspace oven, saving up to 30% in energy thanks to a special insulator partition enabling optimized use of energy by heating the two oven compartments separately.

# Objectives achieved and future challenges

## Personnel area

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
Development and implementation of the “Best People Fit” project with the objective of improving processes and tools to involve and train individuals, based on a shared value platform.	All the objectives envisaged for the “Best People Fit” project were reached with the completion of a mapping of skills and profiles, a functional and hierarchical re-organisation, the implementation of new information systems to support personnel management and the activation of 711 job rotations in 2009.	Following the completion of the “Best People Fit” project, whose objective is to identify the best corporate assignments for employees, the “People at First” project will be launched in 2010 for the purpose of identifying the best working conditions.
Certification of the management systems governing workplace health & safety in compliance with OHSAS 18001 standard at seven pilot sites in different European countries within 2009 and subsequent extension to all the other Group sites and factories.	Development and implementation of the management system for workplace health & safety in compliance with OHSAS 18001 standards at all Group factories and the main commercial, logistic and service organisations, attaining a 54% accident frequency reduction and a 21% reduction in severity.	Consolidation of the management system for workplace health & safety consistent with OHSAS 18001 by monitoring the improvement and management review process plans.
Extension of the monitoring system for accidents in the offices, service areas and logistics within 2009.	Training on workplace health & safety involving 6,370 employees for a total of 71,203 hours.	Focus on training activities in relation to specific risk areas.  Better understanding of risks deriving from non-industrial activities, to improve accident frequency indicators.
	Extension of the accident monitoring system to the following areas: service, logistics and offices in line with the implementation of the workplace health & safety management system for.	Monitoring and reduction of noise levels in the factories and improvement of workstation ergonomics for the purpose of reducing the risk of work-related illness.  Implementation of asbestos removal plans in the Group sites within two years.

## Customer area

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
<p>In 2009 the Indesit brand positioning process will be continued through an extension of the Prime line offering. Moreover, in 2009 the biggest new product launch plan in the history of the Group will be developed with the marketing of over 200 new products.</p>	<p>The Prime line was extended with the introduction of new products. For more information see the future objectives section for the Environment Area.</p>	<p>Progressive renewal of the CRM (Customer Relationship Management) systems for the purpose of simplifying customer management and further integrating corporate processes.</p>
<p>In 2009 the website will be entirely restyled, giving priority to interactivity and dynamic tool features, particularly in the sections dedicated to customers, in order to favour improved dialogue.</p>	<p>Indesit Company's corporate portal was renewed and restructured to better meet stakeholder needs through the development of specific sections for each of them and the introduction of innovative tools, such as news and real time quotations and RSS feeds, the new download section, the calendar of events in the media and investor relations area and more.</p>	

## Supplier area

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
Continuation of the existing supplier assessment request plan and its distribution to all new suppliers.	In 2009 168 self assessment plans were collected and all new suppliers are subject to the same procedure.	Extension of the self assessment request plan to all existing suppliers.
Launch of the General Supply Terms and Conditions underwriting request plan to the highest possible number of suppliers. The General Supply Terms and Conditions include references to compulsory European regulations in the matter of environmental protection and also include the Group's Corporate Governance Code in attachment, whose principles must also be complied with by suppliers.	In 2009, 35% of suppliers underwrote the General Supply Terms and Conditions.	Continuation of the General Supply Terms and Condition underwriting request plan to obtain the highest possible number of signatures from suppliers also for 2010.

## Company area

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
Continuation of the Jonathan – Indesit Company project, which provides assistance to young people searching for a job .	Also in 2009 Indesit Company continued to support the Jonathan project and provided internships to young people at the Group's Italian factories.	Launch of the procedures to extend the Jonathan project to Poland and the UK through the involvement of the Ministry and no-profit organisations working to re-integrate young people in society.

# Future challenges

## Environment area

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
Confirmation of the objective of developing a multi-modal transport strategy.	Development of an experiment for a new railway transport service between Italy and the UK.	Full operation of the railway transport service with the objective of transporting 25% of shipments between Italy and the UK by rail.
Completion within 2009-2010 of the environmental certification of all Group factories that have an environmental relevance.	Continuation of activities in relation to environmental management within the implemented systems, with further development of improvement plans for production processes and systems specifically aimed at reducing energy consumption.	Confirmation of the objective to complete the certification procedure for all environmentally relevant sites by 2010.
Definition of environmental KPIs that will be monitored starting from 2009 on a monthly basis and whose results will be presented at every business review meeting (BRM) organised by the Group on a monthly basis.	Development of an environmental KPI monitoring system with collection of data from all Group factories in order to present and discuss them at BRMs.	Environment-related objectives for 2010: <ul style="list-style-type: none"> <li>• 3% reduction in energy consumption;</li> <li>• 2% reduction in gas consumption;</li> <li>• 3% reduction in water consumption;</li> <li>• 5% reduction in CO<sub>2</sub> emissions.</li> </ul>
Definition of the following quantitative objectives in the matter of environmental protection to be reached by 2009: <ul style="list-style-type: none"> <li>• 3% reduction in energy consumption;</li> <li>• 2% reduction in gas consumption;</li> <li>• 4% reduction in water consumption;</li> <li>• 1% reduction in waste production;</li> <li>• 2% reduction in CO<sub>2</sub> emissions.</li> </ul>	In 2009, the drop in production (23%) due to the international crisis led to a significant drop (in absolute terms) in consumption, emissions and waste. In specific terms (values per product price), the following efficiency reductions have been recorded: <ul style="list-style-type: none"> <li>• +1.4% increase in energy consumption;</li> <li>• +5.2% increase in gas consumption;</li> <li>• +3.6% increase in water consumption;</li> <li>• +2.4% increase in waste production</li> <li>• +1.3% increase in CO<sub>2</sub> emissions.</li> </ul>	For the Prime line, phase-out of all classes below A.
Launch of Class A and A+ products for Indesit free-standing Prime line.	All the objectives relative to the launch of new high-energy and eco-sustainability performance products were reached. In particular: <ul style="list-style-type: none"> <li>• After the launch of the built-in Prime line in 2008 the free-standing Prime line was launched in February with the introduction of the washing machine.</li> <li>• The Quadrio line has been expanded to include innovative models featuring a central drawer that can be set either as a refrigerator or a freezer according to user needs.</li> </ul>	The Quadrio line will be increased with Class A+ models.

## Environment area (cont.)

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
<p>Quadrio line extension with the introduction of Energy Class A+ version. As a result, the Quadrio line will consume even less energy thanks to the Class A+ models, in addition to the feature including four doors, which already provides considerable energy savings. The built-in Hotpoint-Ariston Class B freezer line will be increased in 2009 with the introduction of the Class A and A+ versions.</p>	<ul style="list-style-type: none"> <li>• Several built-in Class A and A+ freezers are available to provide consumers with an extensive range of products.</li> <li>• The new complete S3 line was launched onto the market in 2009 and includes: a 7 kg Class A+ washing machine for Laundry; a 7+5 kg Class B washer-dryer, both equipped with LCD display.</li> <li>• The new 45 cm dishwasher was successfully launched in 2009. This product is unique in the market as it is the most eco-sustainable product in its category. It consumes less than 1 liters of water for each table setting, using up to 10% less energy than Class A. It also has room for an additional table setting compared to the standard 45 cm dishwashers.</li> <li>• The Hotpoint-Ariston washing machine line was expanded to include the Aqualtis, featuring the ADSystem. This system is composed of sensors that select the appropriate quantity of detergent and softener for each load from two built-in tanks. This guarantees perfect washing without waste of detergent/softener for up to 40 cycles before requiring a refill.</li> </ul>	<p>All built-in Hotpoint-Ariston freezers will be exclusively Energy Class A and A+, phasing out lower classes without impacting the product mix.</p>



## Environment area (cont.)

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
<p>In 2009 the new Scholtès S3 product line will be launched, which stands out not only for its innovative and attractive look, but also for the various solutions aimed at reducing environmental impact, including induction hobs and combi ovens.</p> <p>A new 45 cm dishwasher will be launched under three brands (Indesit, Hotpoint-Ariston and Scholtès) with different special features: energy consumption levels below the ceiling values for Class A, with water consumption of only 9 liters for 10 table settings, as well as noise reduction (43dbA).</p>	<p>Scholtès brand extension with the introduction of the 90 cm-wide induction hobs. This technology guarantees optimised energy efficiency and minimum environmental impact. Moreover, all Scholtès induction hobs feature the new Schott Ceran® eco-glass, free of antimony and arsenic.</p> <p>A new 9 kg washing machine will be launched, the largest in the market, to be included in the Hotpoint-Ariston Aqualtis line. In addition, a minimum environmental impact washer drier in energy Class A-30% will be launched.</p> <p>The washing machine and washer drier line will be expanded to include increasingly energy efficient models (Aqualtis 9 kg A+, Aqualtis and Prime 8 kg A++, Aqualtis 7 kg A+++, Aqualtis Slim and Prime slim 6 kg A+, Aqualtis 8+6 kg washer drier and HA Classic 7+4 kg in Class A) with features that permit energy saving while concurrently guaranteeing optimal washing performance. In particular, the SunWash System will be presented, which uses heated water from alternative sources, like solar panels; the Eco cycles for the HA Classic line and the Energy Saver option for the Indesit Eco Time line.</p> <p>Launch of the innovative Flat Thin Gas Hob burner, an exclusive Indesit Company patent, under the Scholtès brand. This innovative burner represents a true revolution in the kitchen: thanks to the new gas and air channelling system, the heat is distributed in a more uniform way and boiling point is reached more quickly, using up to 20% less energy than an equivalent power burner, thus reducing cooking times.</p>	<p>Scholtès brand extension with the introduction of the 90 cm-wide induction hobs. This technology guarantees optimised energy efficiency and minimum environmental impact. Moreover, all Scholtès induction hobs feature the new Schott Ceran® eco-glass, free of antimony and arsenic.</p> <p>A new 9 kg washing machine will be launched, the largest in the market, to be included in the Hotpoint-Ariston Aqualtis line. In addition, a minimum environmental impact washer drier in energy Class A-30% will be launched.</p> <p>The washing machine and washer drier line will be expanded to include increasingly energy efficient models (Aqualtis 9 kg A+, Aqualtis and Prime 8 kg A++, Aqualtis 7 kg A+++, Aqualtis Slim and Prime slim 6 kg A+, Aqualtis 8+6 kg washer drier and HA Classic 7+4 kg in Class A) with features that permit energy saving while concurrently guaranteeing optimal washing performance. In particular, the SunWash System will be presented, which uses heated water from alternative sources, like solar panels; the Eco cycles for the HA Classic line and the Energy Saver option for the Indesit Eco Time line.</p> <p>Launch of the innovative Flat Thin Gas Hob burner, an exclusive Indesit Company patent, under the Scholtès brand. This innovative burner represents a true revolution in the kitchen: thanks to the new gas and air channelling system, the heat is distributed in a more uniform way and boiling point is reached more quickly, using up to 20% less energy than an equivalent power burner, thus reducing cooking times.</p>

## Environment area (cont.)

Objectives established in the 2008 Report	Results achieved in 2009 against pre-established objectives	Future objectives
		<p>Additional improvement in performance objectives:</p> <p><b>Products</b></p> <ul style="list-style-type: none"><li>• Use of recycled materials;</li><li>• Use of recyclable materials;</li><li>• Reduction in energy and water consumption.</li></ul> <p><b>Processes</b></p> <ul style="list-style-type: none"><li>• Reduction in the use of resources and waste production;</li><li>• Reduction of leakage (air, steam, heat and water);</li><li>• Reduction of waste and recovery/recycling;</li><li>• Increased efficiency in the use of resources;</li><li>• Reduction in energy demand (lighting, heating, machine shutdown);</li><li>• Reduction in consumption at equal conditions of production (increased machine efficiency, energy re-use, water recycling, etc.);</li><li>• Use of energy from renewable sources;</li><li>• Standardisation and centralisation of the environmental data monitoring system.</li></ul>



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