



## Indesit Company Communication on Progress (CoP) Anno: 2014

Indesit Company è tra i leader in Europa nella produzione e commercializzazione di grandi elettrodomestici (lavabiancheria, asciugabiancheria, lavastoviglie, frigoriferi, congelatori, cucine, cappe, forni e piani di cottura).

Attraverso la presente Communication on Progress, il Gruppo Indesit Company riconferma la propria adesione ai 10 principi del Global Compact inerenti i diritti umani, il lavoro, l'ambiente e la lotta alla corruzione, sottoscritti già dal 2006.

Indesit Company ha adottato principi di business, politiche, accordi e iniziative coerenti con questi principi. In tal senso, i Principi di Business, il Codice di Comportamento e il Modello Organizzativo, le politiche di selezione e gestione del personale, gli accordi sindacali, le pratiche di selezione dei fornitori e le politiche ambientali costituiscono esempi concreti di tale adesione.

Tutti questi elementi sono descritti nel Bilancio di Sostenibilità 2013, che qui viene allegato a testimonianza dell'impegno preso dal Gruppo nei confronti di tutti i propri stakeholder.

Fabriano, 23 luglio 2014

Il Presidente e Amministratore Delegato  
Marco Milani

A handwritten signature in blue ink, reading 'Marco Milani', positioned above a horizontal dashed line.

### Contatti

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# Sustainability Report 2013



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## About this document

Indesit Company's Sustainability Report, which has been published yearly since 2001, is intended as a statement of the Company's approach to sustainability and provides stakeholders with an exhaustive and balanced account of values, strategies and performance in three areas: economic, environmental and social.

The 2013 Sustainability Report was drawn up as recommended in the "Sustainability Reporting Guidelines" (GRI-G3) defined by the Global Reporting Initiative in 2006. The GRI-G3 guidelines contemplate three levels of reporting reflecting breadth of content covered, levels which may be qualified by a + sign if the report is audited by an independent 3rd party organization. 2012 was the third year running in which Indesit Company attained the maximum application level (A+).

In addition to informing stakeholders on all relevant aspects of the impact generated by their activities, the Report underwent a limited audit on the part of auditors KPMG S.p.A. Their independent auditing shows that the sustainability report is not a merely self-referential instrument but a representation of the Group's economic, social and environmental performance that is as objective as possible.

To help readers find the information they need the Report includes, at the end, the GRI Content Index, with cross references to pages in the Report itself and to external sources.

The data and information in the Report refer to the year ending on 31 December 2013 and, where specified, to significant projects implemented in the first few months of 2014. They refer to the parent company Indesit Company S.p.A. and the companies it controls (hereafter also "Indesit Group" or "Indesit Company"). Further details may be found in Indesit Group's consolidated financial statements. Any limitations to the reporting boundary are duly specified in the text.

To achieve the highest possible level of reporting reliability, directly measurable values were preferred to estimates, which were used as little as possible. Where necessary, estimates are based on the best methods available or on sampling and their use is specified in the text.

To enable readers to appreciate trends in the Group's sustainability performance, quantitative information is given for the last two or three years.

Finally, significant events or changes in measurement methods which could significantly affect the comparability of the information in this document with that in the 2012 Sustainability Report are dealt with in footnotes.

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## To our stakeholders

2013 was another difficult year for the economy and the home appliance industry but for Indesit it was also characterized by positive elements, such as the recovery of profitability in Italy and solid performance in the UK.

The persistent contraction in demand in Europe, accompanied by the unexpected weakness of the Russian market, and the strong appreciation of the euro against the other main continental European currencies significantly affected the Group's profitability.

In this context, we had to revise our plans yet again in order to defend the Group's margins, with further measures to contain costs and selective adjustments to prices. At the same time, careful financial management has enabled us to keep the indebtedness under control.

Another event that characterized the year for Indesit Company was the agreement reached with government and the trade unions, in December, over the re-organization of the Group's operations in Italy. It provides for adequate use of social shock absorbers and extraordinary investments of euro 83 million to re-organize and upgrade our production capability in terms of both performance and competitiveness.

Research work in the field of innovative home management technologies continued under the HomeLab consortium, which in January 2014 presented HomeLab Open World, a project aiming at concrete sharing of information between products of various kinds from different home appliance manufacturers and which will generate substantial benefits in terms of consumption levels, usability, smart grid management, diagnostics, etc.

The Group's patents registered worldwide reached 1,200; investments in research & development amounted to euro 21 million; we made a further improvement, of over 4%, in the quality of our products; we reduced energy consumption per unit manufactured by another 2% and consumption of water by 15%; and we continued to improve safety, with 18 sites recording zero accidents and reductions in our industrial sites of 39% in the frequency index and 40% in the seriousness index.

In 2013 too, we used the supplier self-assessment system in the fields of ethics, the environment and safety, which involves not only compliance with organizational, process and technical requisites and workplace environmental and safety regulations but also the observance of ethical principles in line with Indesit Company's social responsibility policies.

2013 was also important for our social projects in support of communities in many countries where the Group operates, and especially for the further consolidation in Italy and Poland of the Jonathan Project, which Indesit has been supporting uninterruptedly for 15 years now. The objective of this project, which uses innovative methods, is to help young people with social and judicial problems reintegrate into the community.

2014 looks like yet another difficult year and we are well aware that we will have to deal with various uncertainties. We continue to look to the future with optimism however. I am confident the measures we took in 2013 are creating the conditions for furthering our plans to improve the Group's margins and growth.

Marco Milani  
*Chairman and CEO, Indesit Company*

## **Indesit Company and the sustainable development**

“THERE IS NO VALUE IN  
INDUSTRIAL INITIATIVE UNLESS  
THERE IS ALSO COMMITMENT  
TO SOCIAL PROGRESS”

Aristide Merloni, 1967



## Who is Indesit Company

- Founded in **1975** and listed on **Borsa**

**Italiana** in **1987**

- One of **Europe's leading** manufacturers and distributors of large home appliances (washing machines, washer-dryers, dishwashers, fridges, freezers, cookers, hoods, ovens and hobs)

- **Leader** in major markets like **Italy**, the **United Kingdom** and **Russia**

- New **entry** to the **Small Domestic Appliance** market

- **Sales** of **2.7** billion euros in 2013

- **8 industrial centres** (in Italy, Poland, United Kingdom, Russia and Turkey)

- **16,000 employees**

*"To be the leading European manufacturer of technological solutions that are compatible with the environment and deliver quality time to people day after day"*

**INDESIT COMPANY'S MISSION**

**Innovative • Respectful**  
**Ambitious**  
**In touch with others**  
**Genuine**

**INDESIT COMPANY VALUES**

- **3** main **brands**

 **INDESIT**  **Hotpoint**  **Scholtès**

## BUSINESS PRINCIPLES

### People at the centre

Development of human resources and professional know-how, respect for the physical, moral and cultural integrity of every individual, promotion of equal opportunities and diversities.

### Respect for workers' rights

Respect for the fundamental rights of workers the world over in line with the principles set forth in the Conventions of the International Labour Organisation (ILO) on the abolition of child labour, the principles of trade union freedom, worker organisation, collective negotiation and the development of equal opportunities.

### Adoption of a "participatory model" in industrial relations

Serving as a tool for communication, engagement and co-operation on shared objectives.

### Creation and distribution of value added

Success in production and market competition through the creation and equitable distribution of value to stakeholders.

### Respect for and protection of the environment

Sustainable development based on a proactive approach towards environmental issues and constant commitment to objectives that privilege the needs of future generations.

### Innovation and quality

Focus on research and development for continuous innovation in all business processes.

### Permanent training

A permanent training system to foster the development of skills and professional trades.

### Fairness and transparency

Satisfying stakeholders' expectations through transparent communication of strategies, activities, results and decisions.

### Integrity

Ethical behaviour in every activity, avoidance of all forms of corruption and violation of laws and ethical principles.

## QUALITY AND ENVIRONMENT POLICY: KEY POINTS

### Increase the satisfaction of all parties concerned by:

Maximizing the quality of the entire life cycle of the product range through a focus on excellence, which can be achieved and measured by exceeding customer expectations.

Prevention of pollution and reduction of the environmental and energy impact of both products and industrial sites, with their greater integration into the territory, through the use of eco-compatible technologies and techniques, renewable energy sources and recycling of materials and products.

### Improve process efficiency by:

Optimizing the efficiency of resources.

Refining processes through ongoing development of technologies that help improve the quality of life of all concerned (consumers, clients, employees, suppliers, shareholders, local communities).

Training personnel and fostering a culture of continuous improvement of performance.

### Foster a culture of quality and respect for the environment by:

Maintaining and improving the quality management system (based on ISO 9001:2008).

Implementing and upgrading environmental management systems in all Indesit Company sites, in compliance with ISO 14001:2004.

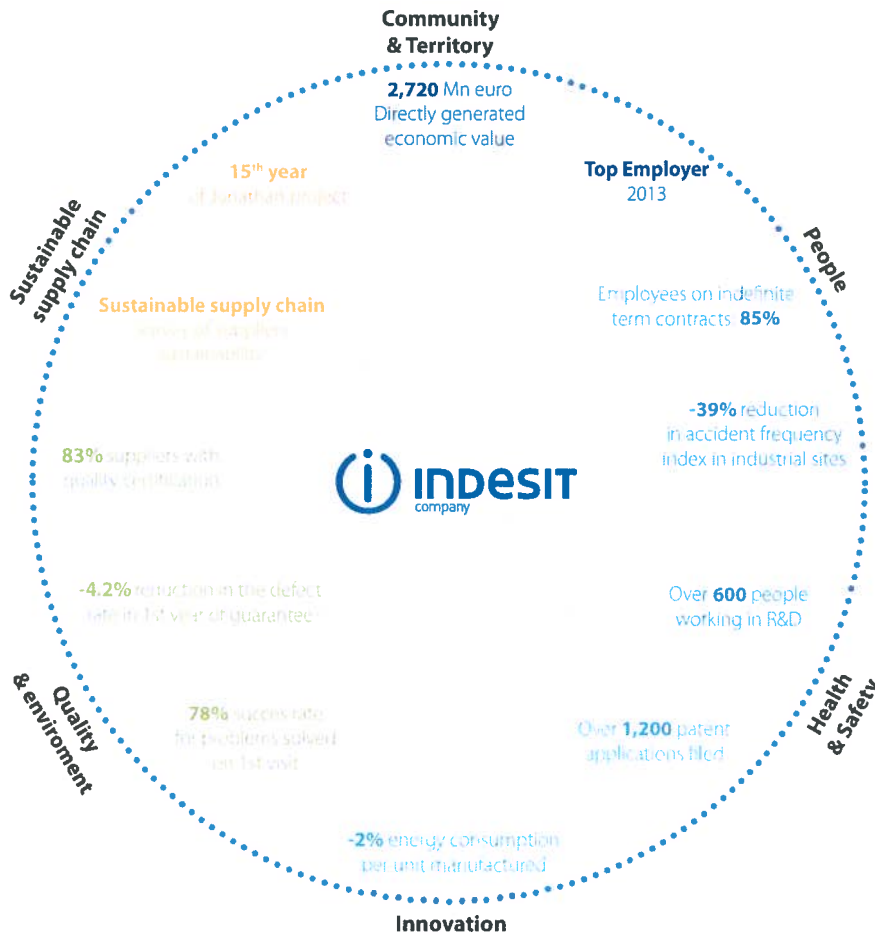
Periodical internal and external communication to inform all stakeholders of the main initiatives, innovations and results and contribute to the cultivation of a "quality and environment" culture.

### Promote and broaden communication tools:

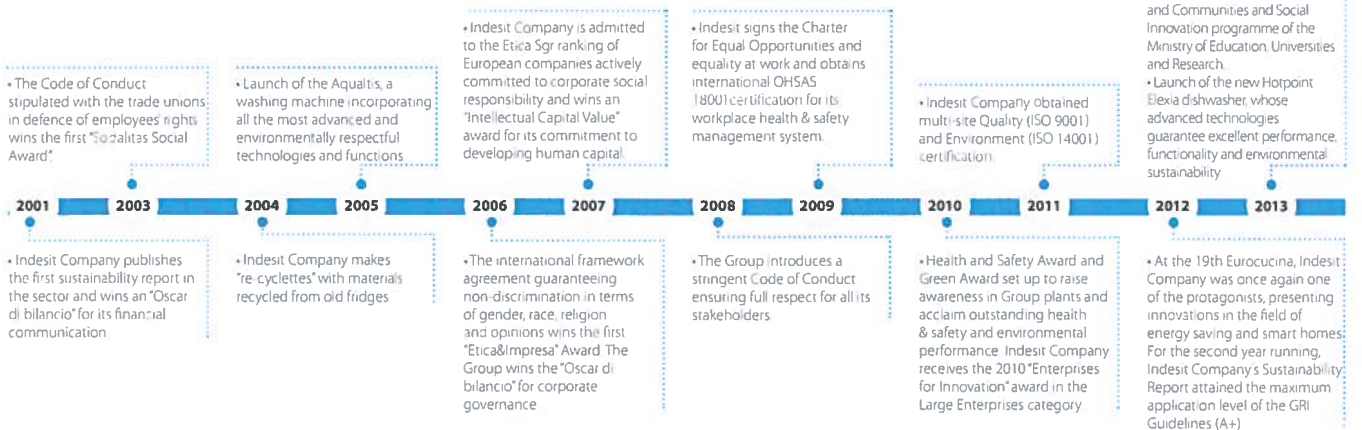
Promoting the exchange of experiences and best practices as tool for improvement.

Spreading information about Quality, Environment and Energy inside and outside the Group.

## 2013 milestones



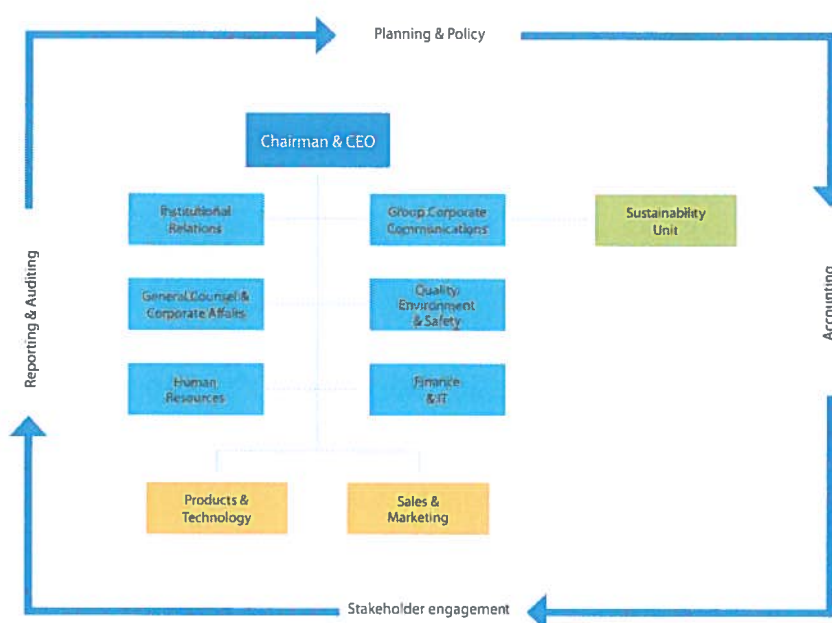
## Sustainability milestones



## Sustainability governance

Indesit Company adopts measures aiming to prevent, as far as is possible, the occurrence of events which may jeopardise the rights of stakeholders and the prudential approach adopted by the Group in its management of economic, social and environmental issues is founded on strict compliance with the applicable laws in the countries where it works.

### Social responsibility management in Indesit Company



### Organization and control Model

Indesit Company S.p.A. adheres to the listed companies governance code issued by Borsa Italiana; the Group's corporate governance system therefore conforms to the principles expressed in that document, as described in its Report on corporate governance and the ownership structure.

The Company has also adopted its own Organisational Model pursuant to decree law 231/2001 (administrative liability of companies) and has adjusted its financial reporting system to the requirements of law 262/2005 (Investor Protection) in order to guarantee adherence to international best practices.

The Code of Conduct, an integral part of the Organisational Model, applies to the entire Group, in line with the provisions of local legislation and, in any case, in such a way as to guarantee a suitable level of risk coverage concerning the offences provided for in decree law 231/2001 in all geographical areas

This is why work was also done in 2013 to redefine processes and activities at risk for the purposes of decree law 231/2001 in light of changes in the law and in Indesit Company's organization. Such activities led to, among other things, the updating of the Organisational Model and Code of Conduct to introduce risk control procedures regarding the offence of "corruption between private individuals".

The risk of corruption is kept under tight control thanks to both specific monitoring activities (“Business Ethics Compliance and Internal Control over Financial Reporting - ICFR” audits were carried out on certain Group subsidiaries in Portugal, Hungary and the Czech Republic) and dedicated training. Regarding the latter, the training course on the Code of Conduct that has been done by all the Group’s white collars in recent years is now obligatory for all new entries as well and involves a final assessment.

#### INDESIT ADHERES TO THE MAIN INTERNATIONAL SUSTAINABILITY STANDARDS

**Global Compact:** the initiative supported by the UNO to promote and encourage respect for certain universal principles regarding human rights, labour, the environment and the fight against corruption.

**Charter for Equal Opportunities and equality at work:** an initiative promoted by Fondazione Socialitas and other associations, obliging signatories to respect a series of principles on equal opportunities.

**CECED Code of Conduct:** obliges all members to promote correct and sustainable working conditions, social responsibility and quality of the environment.

**International Labour Organisation Conventions:** the Group undertakes to promote responsible labour management practices, also through its suppliers.

#### Management of environmental impacts

Indesit Company is also aware that its business, and therefore its economic and financial performance, performance, are correlated to the risks and opportunities created by sustainability issues.

Firstly, the need to reduce energy consumption is constantly stimulating the Group to invest in research and development for the production of increasingly eco-friendly household appliances and the adoption of production systems respecting the ecosystem.

Secondly, new legislation and the Indesit’s own sensibility over environmental issues have led the Company to refine its environmental performance monitoring systems.

In particular, work continued on the implementation of the BLINK system to come into line with the requirements of EU directive 2012/27 on energy efficiency (installation of intelligent systems for measuring energy consumption for the purposes of checking utilization profiles and monitoring the data needed for analysis in preparation for the energy audits that will be obligatory from 2015 onwards). The BLINK system is based on automatic metering in all factories linked to a central IT system to monitor environmental performance with respect to specific objectives used in incentive programmes under which the environmental performance of certain company profiles is assessed.

The data thus collected is also discussed in Business Reviews, as is the state of progress on projects to reduce consumption levels and environmental impacts.

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## Responsible communication

Since its stock market listing in 1987, Indesit Company has had a communication department to provide constant, timely and transparent information for the market, and its own stakeholders, in compliance with governance regulations for listed companies.

Following changes in 2013, Group Corporate Communications now also controls sustainability activities and the reporting of sustainability performance.

In line with the Company's objectives, the Department helps inspire confidence and credibility in stakeholders and provides indispensable protection and consolidation of the Company's reputation.

Further, the Institutional Relations department provides a constant flow of information to government, as do the Industrial Relations department to trade unions, the Investor Relations department to the financial community and all the other departments to their respective stakeholders.

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## Indesit Stakeholders and material sustainability issues

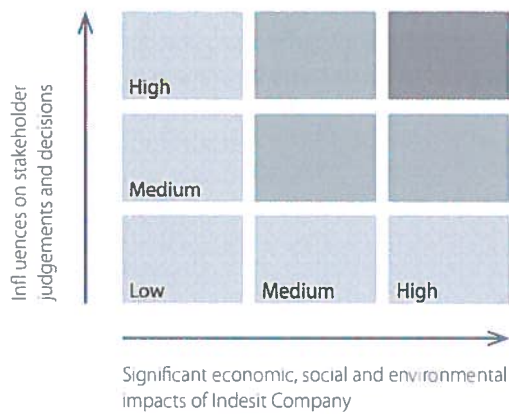
Indesit Company is committed to open and transparent dialogue with its stakeholders. Such communication provides opportunities to listen to their expectations, generate benefits in terms of improving risk management, strengthen trust in the Group and identify new strategic opportunities.



Relevant stakeholders were identified using the AA 1000 SES methodology (AccountAbility 1000 Stakeholder Engagement Standard) and dialogue continued in 2013 in line with this approach. Activities included the supplier conventions within the framework of the annual Supplier Awards, customer satisfaction surveys and ongoing dialogue with trade unions on industrial issues.

Indesit Company defined the key themes to treat in its Sustainability Report by analyzing social responsibility parameters relevant to the Group and its particular industry in relation to the expectations of its stakeholders. This process involved the use of a matrix of variables representing the Group’s economic, environmental and social impacts and their influence on stakeholders’ judgements and decisions. Themes identified as important were classified as risks or opportunities to facilitate planning of monitoring and mitigation (for the risks) and improvement and development (for the opportunities).

**Material issues matrix**



**Issues of concern to stakeholders**

■ Opportunities ■ Risks

**Personnel**

- Health & Safety
- Training
- Equal opportunities
- Communication and dialogue
- Industrial relations

**Consumers**

- Product innovation
- Transparent communication
- Customer satisfaction

**Shareholders**

- Business integrity
- Economic performance

**Environment**

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

**Suppliers**

- Supply chain monitoring
- Partnership and fair trade

**Community**

- Respect for human rights
- Support for community
- Compliance with legislation

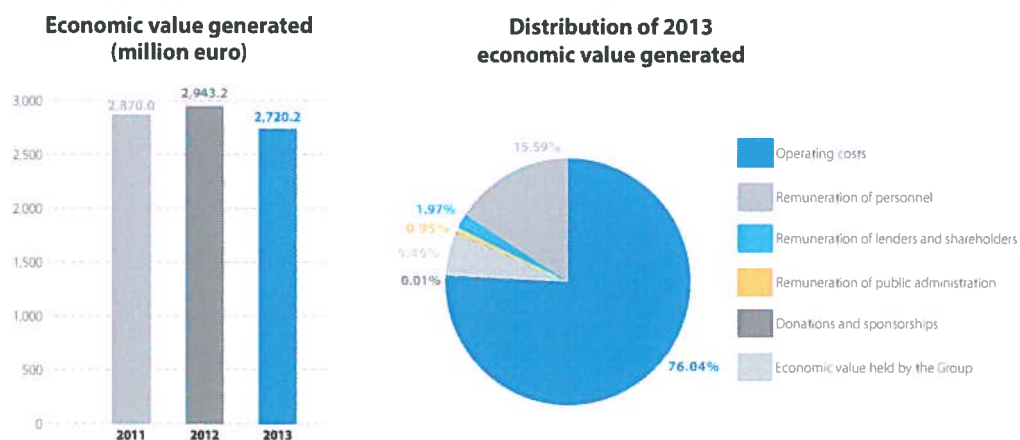
## Economic performance

### Economic background

The appliances market in 2013 lost around 1.5% in Western Europe and gained 0.8% in Eastern Europe compared to 2012. These changes affected Indesit Group's economic and financial performance. Total revenues were down by around 7.7% on 2012, mainly due to lower sales volumes and exchange rate trends. It should be noted that shrinking demand and the trend in exchange rates in the key markets where the Group operates made it necessary to cushion the negative impact on profitability by adopting selective pricing policies, which penalized sales volumes. In the Western Europe area, sales of Major Domestic Appliance (MDA) finished products were down by around 10.6% on 2012. This was mainly due to the reduction in sales volumes and the depreciation of the GB pound. Further, the contraction in home deliveries led to a drop in sales of the relative services. In Eastern Europe, sales of MDA finished products in 2013 were down 6.6% on 2012 due to the drastic effect of lower sales volumes (particularly significant on the Russian market) and depreciation of the ruble and Turkish lira. In the non-European countries (International Area), revenues from MDA finished products were up 5% on 2012. These positive impacts were in part offset by the unfavourable trend in exchange rates. Further details may be found in the annual financial report to 31 December 2013.

### Creation and distribution of wealth

Directly generated economic value represents the Group's capacity to create wealth and distribute it to its stakeholders. The tables and charts below detail results in terms of value creation and distribution among the Group's stakeholders and are based on reclassified consolidated income data.





<b>Economic value (million euro)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Economic value generated by the Group</b>	<b>2,720.2</b>	<b>2,943.2</b>	<b>2,870.0</b>
Total revenues <sup>1</sup>	2,717.9	2,940.8	2,867.2
Financial income	2.3	2.3	2.8
<b>Economic value distributed by the Group</b>	<b>2,572.1</b>	<b>2,758.2</b>	<b>2,705.0</b>
Operating costs	2,068.4	2,233.4	2,153.7
Remuneration of personnel	424.0	418.2	426.5
Remuneration of lenders and shareholders	53.6	57.3	63.7
Remuneration of public administration	25.8	48.7	60.5
- direct and indirect taxes	28.3	52.9	67.1
- grants (subsidies)	(3)	(4)	(6.6)
Donations and sponsorships	0.3	0.5	0.6
<b>Economic value held by the Group</b>	<b>148.1</b>	<b>185.0</b>	<b>165.0</b>
Amortisation and depreciation	110.3	109.9	112.4
Provision	34.6	34.1	17.4
Reserves	3.2	41.0	35.2

<sup>1</sup> For the sake of comparison with data in the Annual Financial Report to 31 December 2012, the consolidated income statement was reclassified by nature so that "Total Revenues" includes the "Other revenues" and "Change in finished products inventories" items and is stated net of subsidies from public administrations.

## **Social performance**

## Human resources

In 2012 we said that we would...

In 2013 we...

### Grow human capital

<ul style="list-style-type: none"> <li>Develop and further improve Indesit Performance Feedback, Leadership Review and Communities processes.</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated development processes, from performance assessment (Indesit Performance Feedback) to Leadership (Leadership Review), and initiatives in support of progress by people in the Communities. The multi-function Lumesse platform widened opportunities for improved and more focused people management.</li> </ul>
<ul style="list-style-type: none"> <li>Refine the job rotation management process.</li> </ul>	<ul style="list-style-type: none"> <li>Continued to focus on job rotation as an essential instrument for defining professional paths in line with people's skills and potential and in response to the organization's needs.</li> </ul>
<ul style="list-style-type: none"> <li>Continue to develop integration of remuneration processes and systems at global level.</li> </ul>	<ul style="list-style-type: none"> <li>Launched at global level the new on-line remuneration system, integrated in the Lumesse platform and designed for maximum transparency and clarity for employees.</li> </ul>

### Safeguard people's health and safety

<ul style="list-style-type: none"> <li>Launch new communication activities to raise personnel awareness of health and safety.</li> </ul>	<ul style="list-style-type: none"> <li>Initiated a communication campaign on the concepts of near miss and non-safe conditions and behaviour addressing all operatives and activated instruments for rapid signalling thereof. The campaign helped towards an increase of over 50% in the number of near miss reports compared to 2012.</li> </ul>
<ul style="list-style-type: none"> <li>Initiate a project to assess earthquake risks at 14 sites in Italy and Turkey.</li> </ul>	<ul style="list-style-type: none"> <li>Completed seismic vulnerability analysis at most of the sites in Italy and Turkey and formulated possible improvement activities. The first phase of the project will be completed by mid 2014.</li> </ul>
<ul style="list-style-type: none"> <li>Remove at least 70% of the asbestos at the Peterborough site.</li> </ul>	<ul style="list-style-type: none"> <li>Removed over 80% of the asbestos at the Peterborough site.</li> </ul>
<ul style="list-style-type: none"> <li>Strengthen co-ordination of health inspections, also in relation to management of work stress.</li> </ul>	<ul style="list-style-type: none"> <li>Defined common guidelines for managing health supervision in Italy in collaboration with Università Cattolica del Sacro Cuore, Rome; organized meetings to co-ordinate doctors and organized monthly Central level monitoring of the health supervision in place at the various sites. Completed the updating of risk assessment for work related stress in the industrial sites in Italy; said updating is still in progress in the other sites.</li> </ul>

 Goal reached

 Goal partially reached

 Goal failed

Contd. 

**For the future**, we want to...

**Grow human capital**

- Strengthen and integrate all HR processes (development, compensation, organization) and facilitate the process of change management for the development of the skills in the Indesit leadership model.
- Continue to ensure effective organization through continual investment in the development of people thanks to finalization and constant improvement of the key processes (Indesit Performance Feedback, Leadership Review, Communities Management, Compensation and MBO, Employer Branding).
- Implement the broadbanning system by organizing job positions in bands of importance at Group level.
- Strengthen governance of global rewarding processes and continue to integrate remuneration processes and systems at global level.

**Safeguard people's health and safety**

- Prevent the risk of stress related to work and workplace ergonomics.
- Develop projects to improve investigations into accidents to identify root causes and programme corrective action.
- Carry out reporting on non-safe actions and conditions in order to raise employees' awareness in non-industrial sites.
- Raise awareness of the need for safe driving to prevent road accidents

**The Human Value Chain** Indesit Company's approach to the management of its human resources is based on the definition and maintenance of the Human Value Chain, a value creation process that starts at the moment of "talent attraction" and continues throughout all the stages in human capital development in the Company.



Indesit Company's main objective is to become more competitive in its industry both by developing professional expertise in-house and by taking in high level specialists from outside.

In this light, Indesit Company believes it is essential to optimize the professional development of all internal resources applying criteria of merit, and especially outstanding resources as identified on the basis of the leadership model that the Company has adopted and which is used in all managerial assessments.

Indesit Company will continue to focus on attracting the best external candidates (mainly from universities and other companies) and to invest in a major employer branding campaign, which also operates through on-lines communication channels, including social networks.

**People**

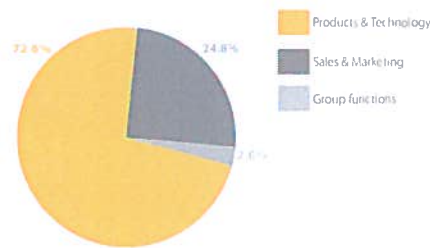
The global economic situation over the last few years has made it necessary for the Group to carry out overall organizational changes to safeguard and rationalize its corporate structure.

This has led to a scaling down of certain structures at various levels of the organization. The total number of terminations in 2013 was 1,806 and this affected all grades. On the other hand, over 1,260 new people were taken on. At the end of 2013, Indesit Company thus employed 15,790 people in its eight industrial centres (in Italy, Poland, the UK, Russia and Turkey) and 24 commercial offices.

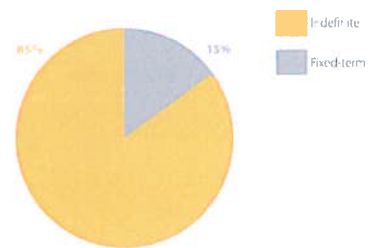
**85%**  
*In its relationships with human resources, the Group prefers stable, long-term contracts: at the end of 2013, 85% of operatives (in line with 2012) were on indefinite and 15% on fixed-term contracts.*

Over 585 temporary workers were employed in 2013 and 25 young people were offered internships.

**Professional areas in 2013**



**Types of contract in 2013**



NB.: In 2013 there were three professional areas: Group Functions, Sales & Marketing and Products & Technology. The latter includes the previous "industrial" and "innovation & development" areas now merged.

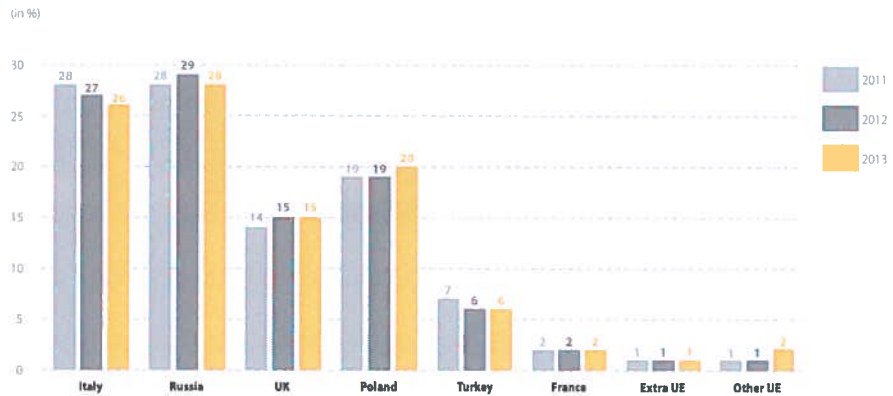
Employees by	2013	2012	2011
<b>- title (no.)</b>			
Management	117	142	136
White collar	4,138	4,335	4,401
Blue collar	11,535	11,854	11,575
<b>Total</b>	<b>15,790</b>	<b>16,331</b>	<b>16,112</b>
<b>- gender (%)</b>			
Women	34%	34%	34%
Men	66%	66%	66%
<b>Other staff</b>			
Temporary	585	618	290
Internships	25	36	44

<b>Turnover (leaves) by</b>	<b>2013</b>	<b>2012</b>
<b>Total</b>	<b>11.4%</b>	<b>8.5%</b>
<b>- geographical area</b>		
Italy	8.0%	4.9%
Turkey	14.4%	17.4%
Poland	10.7%	11.1%
France	24.5%	10.6%
UK	15.2%	8.5%
Russia	11.3%	7.9%
Other countries	16.9%	10.6%
<b>- gender</b>		
Men	11.5%	9.4%
Women	11.4%	6.8%
<b>- age</b>		
< 30 years	15.9%	14.7%
between 30 and 50 years > 50 years	8.9%	6.2%
> 50 years	16.1%	10.3%
<b>- title</b>		
Management	29.0%	8.5%
White collar	11.2%	6.3%
Blue collar	11.3%	9.3%

<b>Average seniority of employees (years)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Management	12.3	11.0	11.5
White collar	11.2	10.4	10.9
Blue collar	10.8	10.5	10.4
<b>Total</b>	<b>10.9</b>	<b>10.5</b>	<b>10.6</b>

<b>Average age of employees (years)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Management	45.6	45.9	45.6
White collar	39.9	39.1	39.7
Blue collar	40.1	39.9	39.2
<b>Total</b>	<b>40.1</b>	<b>39.8</b>	<b>39.4</b>

Employees by geographical area



**Personal selection: storytelling and engagement**

The international Employer Branding campaign, “Shape Your Career”, was enriched with new initiatives and activities to attract the best talents in observance of the principles of equal opportunity, non-discrimination and protection of diversity.

The strategic objective was to boost Indesit Company’s visibility and position as an employer in the eyes of both university students and new graduates and professionals and profiles with more seniority and expertise.

To this end, the strategy in 2013 was characterized by a “storytelling” approach highlighting the four attributes of Indesit Company’s Employer Value proposition (*Innovative, International, Informal, I do a job that I like*), above all on the main online communication channels (website Indesit & I International careers <http://careers.indesitcompany.com/>)

**LinkedIn** and intro pages on LinkedIn ([www.linkedin.com/company/indesit-company](http://www.linkedin.com/company/indesit-company))

**YouTube** and YouTube ([www.youtube.com/user/IndesitAndICareers](http://www.youtube.com/user/IndesitAndICareers))

The international communication plan was enriched by a series of videos that show Indesit Company’s main training programmes through the experience of those who participated in them, both company employees and university students engaged in project work, thus promoting an innovative way to communicate the company’s main strengths as an employer.

The plan was also characterized by the promotion and communication (integrated across all the channels) of the main Employer Branding activities at international level, with around 80 initiatives in major European universities to give a full picture of the Company’s international reach.

In addition to its interest in attracting and training students and new graduates in the various development and career programmes, the Group is constantly focused on profiles with higher levels of experience. At a senior level, eight key figures were introduced, mainly in sales, after sales and finance, to strengthen the organizational structure and respond increasingly effectively to new business challenges.

## Shape your Future

In 2013, “Shape your future”, an on-line tool for providing students with career orientation ideas through the medium of a virtual game, was launched on Indesit Company’s career website [www.careers.indesitcompany.com](http://www.careers.indesitcompany.com).



This on-line tool enables students to understand their position with respect to knowledge of the Company, their study plans and their professional expectations and gives them feedback on professional areas of possible interest to them. At the end of the course, users are issued a

participation badge that they may decide to share on their Facebook profiles.

## On campus activities

The “Shape your career” campaign also involved a wide-reaching plan of over 70 events at international level, including career days and job fairs addressing a wider public to raise the Company’s profile as an employer, and initiatives such as project work and on campus presentations targeting a more specific population of students to activate collaboration and analysis of certain aspects of the business.

Over 80 Indesit employees, from department heads to line managers and junior profiles, took part in the Employer Branding campaign as ambassadors and enriched the story of the Company with their testimonies. The plan was carried out according to the consolidated Campus Program model, characterized by interaction with universities and business schools in all the markets where the Groups operates, starting with the territory where the Company originated. The Campus Program proved itself a successful frame of reference for various international collaboration projects.



*An independent survey by CRF Institute recognized the excellence of Indesit Company HR policies in terms of variables such as remuneration, working conditions and benefits, training and development, career opportunities and business culture. Indesit Company excels, in particular, in its innovation characteristics, internationalism, dynamism and internal career development.*

## Your Talent for innovation



In 2013 Indesit launched a new way to engage university students and new graduates with the “Your talent for Innovation” contest.

University students compete, in groups, to construct ideas promoting challenging and implementable innovations in a specific product category indicated by the Company. The contest was developed in collaboration with four universities and involved 62 participants who promoted 17 new ideas, four of which were short-listed for final assessment. The promoters of the “finalist” projects were able to spend a day in the Company studying themes relative to the business and presented their projects to a committee of managers.



## Equal opportunities

Indesit Company's human resources management works towards the integration and safeguarding of diversity and subscribes to ILO principles. In 2009, Indesit Company signed the Charter of equal opportunities and equality at work, an initiative promoted by Fondazione Sodalitas, AIDAF (Italian Association of Family Businesses), AIDDA (Association of Women Entrepreneurs and Company Executives), Impronta Etica, UCID (Christian Union of Entrepreneurs and Executives) and the National Equal Opportunity Agency, and supported by the Ministry for Labour, Health and Social Policies and the Ministry for Equal Opportunities.

Employees by age, gender and title (no.)	2013			2012		
	< 30 years	30-50 years	> 50 years	< 30 years	30-50 years	> 50 years
Management	0	94	23	0	109	32
- of which women	0	13	2	0	17	2
White collar	652	2,844	642	806	2,900	630
- of which women	344	1,147	188	422	1,148	195
Blue collar	2,146	7,253	2,136	2,213	7,476	2,165
- of which women	611	2,495	517	636	2,583	534
<b>Total</b>	<b>2,798</b>	<b>10,191</b>	<b>2,801</b>	<b>3,019</b>	<b>10,485</b>	<b>2,827</b>
- of which women	955	3,655	707	1,058	3,748	731

Over and above normal application of the law, the Group seeks to safeguard women's jobs by facilitating part-time work for mothers. 89% of employees on part-time contracts in 2013 were women.

Part-time employees (%)	2013	2012
Full-time total	95%	96%
Part-time total	5%	4%
- part-time men	11%	12%
- part-time women	89%	88%

Note 1: 2013 figures referring to employees in Italy, France, Spain, Switzerland, Portugal and the UK.

Note 2: 2012 figures referring to employees in Italy, France, Spain, Switzerland, Portugal.

Regulations on the employment of protected categories vary from country to country. In some contexts it is not possible to provide specific reporting because such categories are not legally recognized or because of local privacy law.

The Group encourages the employment of protected categories in compliance with local legislation or adopts alternative measures to such end specifically provided for by law. In Italy in particular, where forms of social shock absorbers (entailing exemption from hiring protected categories) are being implemented, Indesit Company has in any case entered agreements with the relevant authorities to favour the employment of people with disabilities in accordance with the provisions of law 68, 12 March 1999. To comply with protected category recruitment quotas in Russia, on the other hand, the Group operates preferential selection of local suppliers who employ protected categories, thus defending and developing the value chain of local industry.

## Training

The scenario of growing competition and technological complexity in which Indesit Company engages everyday significantly influences the quality of the professional profiles required and therefore the training needed to develop them.

The leadership model built by Indesit in response to this context underscores the importance of certain capabilities, such as entrepreneurial flair, strategic vision, the capacity to involve others and manage change, flexibility of thought and action, a deeply ethical approach. Above all else, however, is the constant focus on the customer, whose needs continually guide the initiatives of everyone in the Company, from top to bottom.

Training is the principal tool for developing such virtuous behaviour, inspiring people to act on the leadership model in their daily work.

Training initiatives vary according to needs and address different targets, from young new entries to the senior profiles with the "critical know how" that the Company insists on.

Alongside these, a category that deserves special attention is that of people defined as "talents" because of their non-ordinary characteristics. Constant focus on their development also means specially designed training that on one hand further improves their abilities and on the other allows them to enjoy the privilege of personalized development plans.

Rooted in this policy, training is planned through a process that involves the business structures, both to identify medium- and long-term priorities - "Corporate Programme" – and to respond to the needs of "Business Support", which looks mainly at short- and medium-term objectives. The assessment processes (*Indesit Performance Feedback - IPF* for performance and *Leadership Review - LR* for leadership) are the sources to draw on in understanding training requirements, and are implemented with the support of the HR Business Partners.

Under the IPF system, in particular, managers can agree on training needs with the individual involved, and such needs may be included in training programmes ("In Catalogue"). The LR suggests further individual training needs.

**Courses**

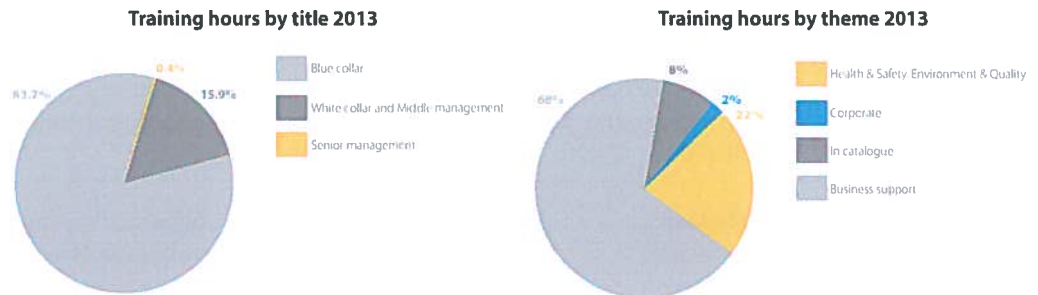
In 2013, training was organized in four main areas:

- *Corporate*: induction (In Indesit, In Induction) and courses to develop skills depending on years of experience (In Tune, In Spire, In Vision);
- *In Catalogue*: courses provided in response to the training needs emerging from annual performance assessments of white collars and middle management;
- *Business Support*: technical courses, mostly for blue collars;
- *Health & Safety, Environment & Quality*: courses addressing mainly blue collars.

In 2013, the total number hours of training provided, including “on the job activities” (around 57,000 hours monitored), was around 290,000.

Per capita training hours by title (classroom and e-learning)	2013
Senior management	9
White collar and Middle management	11
Blue collar	21
<b>Total</b>	<b>18</b>

Finally, some of the training activities were funded by external subjects: over €165,000 was received in 2013.



NB: Business Support training includes on-the-job training.

A course on the Group’s Code of Conduct is mandatory for all new entries and involves a final assessment test. Around 221 employees did this course in 2013.

## INDESIT FACULTY

**Indesit Faculty** is a network of managers (about 70 people of various nationalities) and specialists selected from different business functions on the basis of their knowledge to design and provide classroom training of other employees and channel people's energies toward shared goals. Compared to other companies, this is an alternative approach to development processes and in-house training. Changing market scenarios (technological change, competitiveness, volatility, etc.), the way society is changing (new methods of interaction, of which young people in particular are carriers) and new needs for fast and direct learning have led to a revision of the manager's role. In addition to doing business, managers must now provide for transfer of knowledge to others, with mutual enrichment. "Teaching & Learning" are two sides of the same coin, both rooted in Indesit Company's values.

In the last five years Indesit Company has invested in new technologies and instruments to satisfy the training needs people express and has put in place new methods of interaction and learning, such as on-line training. 2013 saw the launching of the International Blended Catalogue, which makes it possible for all Indesit companies to use content of a specific nature tying in with classroom type training in all the Group's major sites. This helps spread the Company culture within the framework of diversity presented by individual sites and local culture.

The innovative aspect of this training product lies in the striking of a proper balance between the need for uniform content (guaranteed by the on-line method) and that of direct learning through locally provided training.

The blended method also makes it possible to see training not only as an event but as a learning path with monitored objectives for which each participant is responsible. Thus conceived, the system is a first in the history of the Company's training function.

### **In Indesit** new entries

This is the integrated e-learning platform on the Group Intranet, available in real-time for around 5,000 employees worldwide. New entries can do a virtual tour of processes, businesses, people and places. In Indesit prepares new entries for induction and is currently in English, Italian, Russian and Polish. There are currently two modules on the Code of Ethics and Safety designed to periodically back up awareness raising campaigns addressing the entire workforce.

### **Induction** people in Company for 2/4 months

A 1-day training course for people who have been in the Company for 2 to 4 months. It contextualizes the virtual tour provided in In Indesit by introducing them to key Indesit Company people. They can also listen to other young people talking about their experience of the In Tune course ("cascading" transfer of know-how). The course takes place in each Group site.

**International Graduate Education**  
people in Company for about 8 months

A course designed to facilitate induction through the acquisition of both basic general knowledge and more specific knowledge about Indesit. The first module gives a general picture of the most important functions enabling business results to be achieved, while the second centers on the Company's key functions/themes. The latter is provided by the in-house Faculty, in English, while the former is held at the Istao Business School (Istituto Adriano Olivetti).

**In Tune**  
young people in Company for 2 years

This is a "Made in Indesit" international training course for young graduates from all countries and it takes place in three different geographical areas. In Tune is an exclusive and "best practice" training module in that it enables people to learn about the Group's basic processes (product development, operations, sales, service, customer care) and relative key factors in a mere six days. In Tune is conducted by managers from Indesit Faculty.

**In Spire**  
young people with potential

This is a new-generation international training course for the professional development of young employees with growth potential and between 3 and 6 years experience in the Company. The objective of this 4-month course is to develop managerial attitudes within a framework of "business acumen skills" and patterns of conduct in line with Indesit Company's leadership model, of particular importance in this stage of development of future managers.

**Induction for senior managers**  
new managers

4-day course for managers joining Indesit from other companies and therefore needing to rapidly understand the key factors in its success, the organization and how it works and the leadership model that inspires people's behaviour. The training method is based on experience and the in-house Faculty is made up mainly of direct reports to the CEO.

**In catalogue**  
white collars and middle managers

Designed in co-ordination with all the training managers throughout Indesit Company, this addresses the need to improve certain soft and hard skills relating to performance. Most users of this training package are white collars and middle managers across all of Indesit's sites in Europe. The courses are assembled in a single on-line catalogue accessible via the Intranet. Every year there is a "Blended English course".

**In Vision**  
key managers

Designed in collaboration with Indesit Faculty, this international training course addresses the “key manager” community on the advantages of strategic thinking (one of the main aptitudes in the Group’s leadership model) as an instrument of development. The course content includes key factors and the approaches and instruments of strategic thinking to use for continuous improvement of business in the medium and long-term. The second part of the course is project work that puts the learnings of the first part into practice; its results are presented to the top management.

**Managerial**  
training  
executives

The training path for the “Senior Manager” community started up in 2012 was continued in 2013. This not only develops strategic managerial skills for this category but will also broaden knowledge in certain areas to cope with the widening of responsibilities. There are also various master’s courses, some in partnership with national and international business schools.

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**Personnel**  
assessment  
and professional  
development

In 2012 Indesit Company launched a change management project employing a new development process redesigned to new criteria and backed up by a more efficient IT platform.

In 2013 the focus was on supporting the change of process, improving its quality and enhancing the people management tools available.

To bring the process more in line with market prospects and the needs of managers and white collars, there was a special focus on the definition of consistent objectives and calibration of performance and leadership, as well as on the importance of reciprocal feedback, identification of training needs and the creation of career paths and succession pipelines:

Indesit Company’s People Development process is formed by four macro-processes perfectly integrated and rooted in the Company’s philosophy. They make it possible to develop people coherently through job rotation, promotion and specific training to ensure they are fully engaged in and aligned with the business. Every year, the focus is on the improvement, innovation and evolution of the processes in line with the needs of the business and its people. It is a very dynamic process and is reviewed every year on the basis of business requirements and strategy. The results of these processes are presented to the Human Resources Committee every year.

The macro-processes making up “People Development” are described briefly overleaf.

### **Indesit Performance Feedback (IPF)**

This performance management system involves around 3,000 office staff and managers worldwide. Its name, "Performance Feedback", reflects the importance the Company attributes to feedback as a key tool in human resources development. At the beginning of the year, people define their individual objectives and reach agreement over them with their superiors on the basis of team objectives to ensure compatibility. The system provides for a Mid-Year Check in which the team leader may decide to change objectives to adjust to new business needs. At the end of the year, the process closes with a self-assessment on the part of the employee and an assessment by the manager (hierarchical or functional, if any). In 2013, The process acquired a further phase in which performance assessment is weighted by a calibration system in meetings at department level. This makes it possible to discuss assessments and obtain a final rating that's fairer and more accurate.

### **Leadership Review (LR)**

The Leadership Review process is perfectly integrated with Performance Feedback, being fed by the IPF itself, and runs on the same IT platform, Lumesse. All the Group's white collars are assessed not only on their performance but also on leadership characteristics as defined by the Indesit Company Leadership Model. Like performance, leadership is calibrated by comparing results emerging at the various meetings and using a worldwide cross-functional approach in which the leadership profiles of people in a given job family are compared. This helps guarantee sharing, coherence and greater objectivity for the process. As of 31 March 2014, the performance assessment process (IPF) involved 2,894 white collars, of whom 1,186 in an integrated (IPF + LR) programme.

### **Communities**

Communities are homogeneous groups for which training and career development paths have been defined on the basis of the particular characteristics of individual clusters: Junior (young people at the start of their careers), Professional (people with not only high performance and leadership qualities but also high level technical know-how) and Managerial (people with managerial characteristics). Communities are also representative of the Company's diversity, since their members are employees from Italy, Russia, Poland, Turkey, the UK, Austria, China, Portugal, Ukraine and the Czech Republic.

### **Career Paths and Succession Pipelines**

The results obtained in the processes outlined above (IPF, LR and Communities) are used to design career paths for people in the various communities: for each of them, in fact, there are indications of possible job rotations and willingness to take on a new role within the following time frames: less than 1 year, between 1 and 2 years, between 3 and 5 years.

At the same time, succession pipelines are created for key positions in the organization. People in the Communities are entered on a priority basis, followed by other profiles, and willingness to take on the aforementioned roles is indicated. The availability states here are "emergency cover", "ready now", "between 1 and 2 years", "between 3 and 5 years" or "no substitution available".

**INDESIT LUMESSE**

All the personnel development processes are supported by an innovative new management system, the "Lumesse" IT platform, which integrates performance and leadership assessment modules with others such as remuneration, career preferences and professional profile. The system works in various languages (Italian, English, Polish, Spanish, Russian and Turkish) and enables managers to obtain information on employees at any time and other employees to create their own profile and carry out a simple and complete self-assessment. It also enables HR Business Partners to analyze performance and leadership and give specific advice on people development. Every year Indesit Company aims to improve the system making it always more user friendly, also through feedbacks from an internal survey on the tool.

**Global skills development**

The Group adopts an international job rotation policy as a tool for professional development and to encourage exchange of know-how among the various international units in the organization. This approach on one hand offers personnel an opportunity to gain significant international experience of use in their professional development and, on the other, it fosters the dissemination of know-how and the development of local skills. Job rotation may be in a person's own department or a different one and involves both management grades and junior profiles.

In 2013, 2.9% of the Group's white collar and managerial population worked abroad, either on secondment (remaining an employee of the home company) or localized (becoming an employee of the foreign company). Secondment/expatriation generally lasts an average of two years and involves employees (on secondment/expatriation) from other countries in newly acquired or new start-up sites or who are pursuing career objective at international level.

Local senior management	2013	2012
Italy	99%	99%
Greater Europe <sup>1</sup>	37%	47%
Other countries <sup>2</sup>	50%	71%

NB: "Senior management" means employees of executive grade or equivalent. "Local" means senior managers operating in their country of origin or in which they are resident.  
 For 2013 this includes: Austria, Bulgaria, Germany, Spain, France, UK, Hungary, Poland, Portugal, Russia, Sweden, Turkey and Ukraine.  
 For 2012: Austria, Bulgaria, Germany, Spain, France, UK, Hungary, The Netherlands, Poland, Portugal, Russia, Sweden, Turkey and Ukraine.  
 For 2013: Switzerland, Argentina, China and Singapore. For 2012: Switzerland, Argentina, China.

**Remuneration**

Indesit Company has always invested in the economic and personal wellbeing of its employees, offering competitive wages and salaries and all possible conditions ensuring equal opportunities in the Company. The fundamental principles underlying the remuneration policy are transparency, compliance with regulations and the Code of Conduct, rewarding of achieved objectives on a pay-for-performance basis, and retention and motivation of a highly trained workforce capable of generating competitive edge for the Group and reflecting its values.



Basic pay does not vary between men and women but depends on an individual's role and responsibilities. It reflects people's experience and skills, levels of excellence shown and their general contribution made to the business. There is no discrimination in terms of race, age, religion or personal or social circumstances.

In many countries, a minimum wage is defined by national or local regulations. In countries where there is no legal minimum wage, pay may be negotiated by employer associations and trade unions. A mapping of 97% of the workforce (including all the Group's main companies) revealed that the entry wage of blue and white collar employees is higher than the local legal minimum.

Lastly, the Group has an annual Management by Objectives (MBO) incentive system for around 4% of personnel. The scheme varies with the importance of employees' roles and their impact on the business. The parameters of the plan are generally quantitative performance indicators, which for some roles may include not only economic (eg. sales and margins) but also social and environmental indicators. For people in the Quality, Environment & Safety department, assessment is also based on environmental indicators for manufacturing (reduction of energy and water consumption and waste production in manufacturing), while objectives for those in the manufacturing area also relate to workplace health & safety (eg. accident frequency and seriousness).

## **Benefit**

Indesit Company's remuneration policy provides for a series of non-cash benefits integrating employees' remuneration (fixed and variable). Such benefits are designed to provide additional support for employees and, where possible, their families within the context of local labour markets, legislation and social security policies.

Certain elements, such as canteen service, transport or extra-professional accident insurance are provided under internal guidelines applying to all employees, including part-time and temporary personnel, and subject to local practices. In some countries childcare and other services meeting family needs are made available through agreements with local authorities.

Status benefits, on the other hand, are linked to the importance of employees' roles and may include a car and certain types of insurance. Regarding the latter, in 2013 the Group continued to retain a broker to guarantee a higher degree of centralized governance and to support individual markets in their operations in this area.

## Communication with employees

The main objectives of Indesit Company's internal communication in 2013 were the dissemination and explanation of the Company's strategies and supporting the business by facilitating understanding of its products and services and raising public awareness of the Company's strategies and development and training initiatives.

Various instruments and campaigns were used to achieve such ends. A fundamental role is played by the "Insight" intranet, which reaches around 5,000 employees worldwide. Insight is a portal bringing together instruments of various generations not only to ensure a constant flow of information on the business, people and main events in a variety of languages but also to offer a platform for knowledge sharing.

The internal communication plan also involves regular use of other media, such as direct mailing, for various purposes in support of business objectives, organizational development, caring for people and managerial development.

A few examples of internal communication campaigns are given below. They were all developed according to a model of inter-functional and inter-departmental collaboration and employed various instruments in synergy.

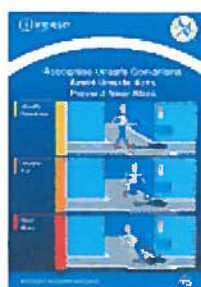
### Internal campaign for small appliances launch

The aim of this communication campaign was to create employee awareness of the market launch of a new line of products, small domestic appliances.

In addition to the campaign on the Intranet, a series of "show session" events called "Small Taste of Appliance" were organized in various Company locations for employees to get hands-on experience of the products.



### Internal campaign on Health & Safety – Near Miss



In this case the communication campaign had a dual purpose: it had on one hand to inform and raise the awareness of all employees on workplace health & safety issues and the importance of prevention, and on the other hand actively engage people in an integrated international prevention drive by offering them digital and paper instruments for bottom-up reporting.

Various means of communication were activated following meetings with site managers and then the creation of a mini-portal on the Company intranet where people could report any non-safe situations. Posters, totems and quick report pads (paper) in five languages (English, Italian, Russian, Turkish, Polish) were also used.

Posters on reporting were placed in strategic points in offices and production facilities to ensure optimum response from the target population. The result was an appreciable reduction in near miss events in the workplace.

### Leadership in action



A special portal for the managerial population was developed for the Insight Intranet in 2013. It collects ideas and suggestions of use in favouring managerial development, communication culture and people management.

The initiative was backed up by the distribution of a toolkit in support of the cascading and sharing processes involved in organizational communication.

## Safeguarding health and safety

The Group's health & safety policy adopted in 2009 and confirmed for 2013, together with the founding objectives of the Health & Safety department, has inspired various improvements to the workplace health & safety management system. This made it possible to have in place a set of procedures appropriate to the new needs emerging over the year and to make central level control more effective.

### OHSAS 18001

*In 2013, OHSAS 18001 certification was also extended to the Milan office (viale Certosa 247). This means that all the Group's industrial sites, its main warehouses and over 94% of the total company population are now covered by such certification.*

In 2013, the certification organization completed the annual audit cycle both in Italy and abroad and the positive results made it possible to confirm the validity of the OHSAS 18001 multi-site certification.

A number of prevention programmes were organized over the year to continue pursuing the objective of reducing risk factors, and therefore the possibility of accidents or the onset of occupational disease, to a minimum.

### Risk prevention

- Re-qualification of electrical systems at the Caserta and Melano sites (Italy).
- Use of packaging systems with "no heat source" technologies was extended to the Ovens division at Fabriano, in addition to the Cooling and Washing Machine divisions at Lipetsk (Russia).
- Upgrading of the fire prevention system in the Washing Machine division at Lipetsk (Russia) thanks to the installation of a water extinguishing system (hydrants on a dedicated fire circuit).

### Equipment and machinery safety

- Improvement of the safety levels of machinery with the highest level of risk in use in the Cooling division at Manisa (Turkey) and the Cooling and Washing Machine divisions at Lipetsk (Russia). Over 80 machines were improved by adopting fixed and mobile shielding of moving parts and protection barriers with light sensors against accidental access.
- Monthly Central-level monitoring was introduced for maintenance operations carried out by sites and measures adopted to control the relative risk.

### Forklift truck safety

- Reduction of risk attaching to the use of forklift trucks following the increase in the number of low accident impact vehicles. In 2013, the number of these vehicles covered 16% of sites in the industrial area and 10% of total forklift trucks in use in the Group.
- Improvement of circulation inside the Cooling division at Manisa (Turkey) and the Cooling division at Lodz (Poland) to reduce the risk from interference between pedestrian flows and forklift trucks.
- Extension to the warehouses at Radomsko (Poland) and Melano (Italy) of the system for reporting forklift truck anomalies. The system can recognize anomalous manoeuvres and prevent a vehicle being used by unauthorized or insufficiently trained persons, or stop it in the case of impacts.

#### **Prevention of work-related stress conditions**

- Updating of the risk assessment for work-related stress carried out in prior years at industrial sites in Italy on the basis of analysis of certain parameters monitored from 2010 to 2013.
- Extension of such risk assessment to non-industrial sites in Italy.

#### **Upgrading of first aid**

- Use of semi-automatic defibrillators in most of the Group's sites (covering around 90% of the operative population).
- Education and training of personnel in the First Aid Teams, with over 400 people now qualified to use the device.

#### **Employee awareness of accident and occupational disease prevention**

- Info campaign to clarify the concepts of near miss (non-safe conditions and actions) so they can be promptly identified and reported. At the same time, education and training of personnel was provided and electronic and paper reporting instruments were produced. The number of near miss (non-safe conditions and actions) reports was up over 50% on 2012 as a result of awareness raising over the year.

Lastly, the project to revise the procedures and instructions of the health & safety management system was completed. This activity involved 14 system procedures and 20 instructions and made it possible to conduct the update in line with experience gained over the four years of actuation. To continue in the same direction, a new project was started up to integrate the procedures and instructions common to the workplace health & safety and environment management systems.

### **Performance in 2013**

Indesit Company produces an annual Health and Safety Report illustrating performance in terms of personnel health and safety. The contents of the Report conform to OHSAS 18001 requirements and draw data from the central health and safety management system, specific reports by local managers and individual site managers and reports on process audits.

All industrial and non-industrial sites monitored the trend in accidents and their causes and defined objectives on the basis of Company health & safety policy, local regulations and the results of annual checks and activities carried out; 7 objectives were defined in 2013, with a success rate of 90%.

At the end of the year, the main results of the aforementioned operations translated into a global reduction (industrial and non-industrial areas) of 25% in the accident frequency index and 40% in the seriousness index compared to 2012.

**“0 accidents”**  
*No accidents has always been one of Indesit's main aims. 18 sites achieved this in 2013.*

NB. accident is defined as causing absence for over 3 days

**-39%**  
*accident frequency in the industrial area.*

**-40%**  
*accident seriousness in the industrial area.*

**-15%**  
*accident frequency in the non-industrial area.*

**-39%**  
*accident seriousness in the non-industrial area.*

Accident index by geographical area - Industrial sector	2013	2012	2011
<b>Frequency index</b>			
Italy	2.5	4.2	5.0
Poland	0.9	0.7	1.0
Russia and UK	0.4	0.8	1.2
<b>Total</b>	<b>1.1</b>	<b>1.8</b>	<b>2.5</b>
<b>Severity index</b>			
Italy	0.11	0.19	0.12
Poland	0.06	0.08	0.04
Russia and UK	0.02	0.04	0.06
<b>Total</b>	<b>0.06</b>	<b>0.10</b>	<b>0.08</b>

Note 1: The Industrial sector in Italy includes the Manisa plant (Turkey) for organisational reasons.

Note 2: The indexes are based exclusively on accidents that caused more than 3 days lost work.

Note 3: Data taken from the 2013 Annual Corporate Health and Safety Report, which includes data from the Company's monitoring system (OHSAS 18001 certified).

Note 4: Frequency index: # accidents per year / # hours worked per year x 1,000,000.

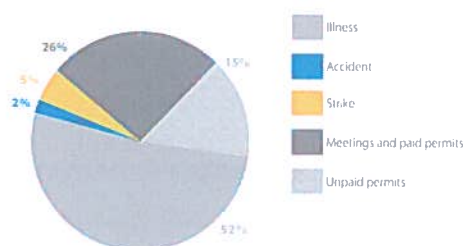
Note 5: Seriousness index: # days absence through accident per year / # days worked per year x 1,000.

### HEALTH & SAFETY AWARD

The Health & Safety Award is an annual award assigned to the production plants with the best scores for accident frequency and seriousness indexes and other performance indicators. The 2013 Award was given by Indesit Company's chairman to the washing machine plants in Radomsko (Poland) and Comunanza (Italy), the hob plant in Fabriano (Italy) and the fridge plant in Lodz (Poland). The four plants recorded zero accidents (absence from work for over 3 days) and at the same time the best health & safety performance. A special award was given to the sales structure in the UK for having significantly improved its safety indicators for the third year running.

At the end of 2013 the Group's occupational disease rate (total cases of occupational disease/total number of hours worked x 200,000) was 0.07, substantially the same as the previous year.

**Absences by type in 2013**



Note: percentages relative to 97% of the population.

Only 2% of total absences recorded in 2013 were through accident, while most of the hours lost were attributable to sickness (52%) and meetings/paid leave (26%). Parental leave was taken by 2.4% of employees.

Days of absence by geographical area	2013
Italy	57,785
Russia	76,024
United Kingdom	24,843
Poland	35,169
Turkey	8,953
France	4,092
<b>Total</b>	<b>206,865</b>

Note 1: calculation: total hours of absence/8 hours (working time).

Note 2: excluded absences for parental leaves.

Note 3: percentages relative to 97% of the population.

**Health & Safety training for employees and the Community**

Indesit Company makes sure that all operators, safety staff and managers receive adequate workplace health and safety training, and are fully aware of the issues involved. Over 64,000 hours of training were provided in 2013. The duration, content and procedures of all safety training for employees (operators, safety staff and managers) were discussed in advance with company and local trade unions representative.

### **Italy and Turkey: “H&S Walk the Talk”**

In Italy and Turkey the H&S Walk the Talk project achieved important goals in putting a continuous operative training process in place by strengthening safe working practices and correcting those at risk and raising the awareness of and training the entire company population on the reporting of near misses and non-safe working conditions. The project produced a significant increase in reports and saw the formation of audit groups made up of factory managers, HR managers and other key figures in sites.

### **Italy: “Non-Technical Skills”**

In October 2013, Indesit took part in a convention promoted by INAIL and Confindustria in Pesaro. The theme was “Non-technical skills” and Indesit presented its experience of on-the-job training and H&S Coaching. It also went to the 1st congress of the Italian Non-Technical Skills Association in Milan, with a paper on the non-technical profiles of the skills of various subjects in the Company’s prevention system. The aim of these educational events was to promote the development of non-technical skills for the prevention and management of workplace health & safety risks, to integrate these concepts within corporate organizational policies and to overcome the limitations of the technical-legal approach to prevention by centring the system on the importance of the human factor and the development of non-technical skills.

### **Russia: Safety Management Project**

Over 200 executives and managers at the Lipetsk industrial centre attended a training session on the themes of health & safety policy and employee engagement, risk assessment and management methods, legal requirements and the OHSAS 18001 management system. Representatives from all departments took part in the event, which included a number of workshops designed to sharpen their capacity to recognize risks and identify non-safe conditions and actions.

## **Workplace safety culture**

- *disseminate the culture of safety as the basis for all business operations*
- *raise awareness of risks in the workplace and strengthen the capacity to identify and report them*
- *facilitate safe behaviour through functional integration of health and safety concepts with actual work tasks*
- *use equipment in safety*

### **Poland: prevention campaign**

Strong commitment to the prevention of risky behaviour in the workplace and sensibility towards the social aspects of health & safety issues of common interest led the Lodz and Radomsko sites to launch initiatives designed on one hand to raise awareness among the working and general public of problems related to use of alcohol and other psychoactive substances in the workplace and the home, and on the other to help local charity associations. The first initiative, conducted in collaboration with the National Centre for Health Promotion in the Workplace and the Institute of Occupational Medicine, produced an info campaign using posters in both sites. The second one got around 100 employee volunteers from the Radomsko and Lodz sites to donate blood to local health centres.

### DISSEMINATION OF WORKPLACE SAFETY CULTURE

In 2013 students on the "Prevention Techniques" degree course and the "Industrial Hygiene" Master's courses at Università Cattolica del Sacro Cuore in Rome visited the Comunanza plant to attend workshops on risk assessment and the health & safety management system. In Poland, under a project in collaboration with the Polytechnic University of Lodz, 15 students did a training course on workplace health & safety themes. Also in Poland, a teaching video for forklift truck drivers was produced in collaboration with the Polish government agency UDT to help minimize risks attaching to the use of forklift trucks through continuous training. Shot at the Lodz plants (Verpol and Hoods divisions), the video was made available on-line to all interested parties. Lastly, thanks to collaboration with the Polish Labour Inspectorate, a conference on accident prevention was organized at the Lodz plant. It was attended by managers and operatives from the Group's Polish facilities, safety managers from other companies and representatives and students from Lodz Polytechnic University.

### Health & Safety committees

Health & Safety committees are set up at local level as required by Indesit Company's corporate Workplace Health & Safety Management System (WHSMS). They have decision-making powers at individual site level and work to promote programmes to improve health and safety conditions and approve the results of the local WHSMS. These committees represent the entirety of employees who work at the site, being formed by the site's legal Health & Safety representative, executives, employee representatives, Human Resource managers and the heads of operating departments, offices and laboratories, as well as the head of the Prevention and Protection Service. Committees' tasks are defined in a WHSMS procedure that also sets the minimum frequency of meetings. Such meetings are quarterly, though some organisations prefer their committees to meet monthly.

### Industrial relations

Indesit Company has an industrial relations system structured to maintain correct and transparent relationships with employees (all covered by collective Group or company agreements) and trade unions, with which it enters agreements based on the principles of co-operation and social responsibility.

In the case of business relocations, the Company starts talks with the unions (and the International Works Council where provided for) well in advance in order to identify the best solution possible, in addition to giving the minimum notice required by Italian law (in writing, to trade union representatives at least 25 days beforehand and with reasons for the relocation and the legal, economic and social consequences for employees).

On 15 November 2012, the International Works Council (IWC) was instituted with a protocol signed by the trade unions of all the countries where Indesit operates and by the Industrial European Trade Union and the Industrial Global Union. The IWC replaces the European Works Council to extend its geographical reach and involves the active participation of worker representatives from countries outside the European Union (Russia and Turkey). The new Council is thus formed by representatives of six countries (Italy, the UK, Poland, Russia, Turkey and France). Indesit's agreement goes beyond European and Italian legislation and is the first of its kind in Italy.

The IWC's rules, like those of the EWC before it, provide that trade unions must also be informed of and consulted on the introduction of new working methods or production processes that significantly affect the Group as a whole, as well as any changes to organizational and production structures that have transnational repercussions. As happened with the EWC, the Select EWC was transformed into the Select IWC. The purpose of this Committee, formed by representatives of workers in Italy, Poland and the UK, is to favour faster information flows.



**Responsible  
management  
of Group  
reorganization**

The management model that the Group uses in restructuring and/or re-organization processes involves a series of initiatives in favour of employees, ranging from job training (training and consulting for internal redeployment or outplacement) to direct incentives (also for micro-business projects) and subsidies to companies that hire Group employees and internalization of production and/or services provided by external companies. The complex integration of production facilities in Italy initiated at the end of 2010 is a good example of this industrial relations philosophy.

Organizational changes in recent years have involved employees in facilities in both Italy and other European countries. In managing scheduled facility closures, Indesit Company's objective was to guarantee maximum safeguarding of occupation, meaning the outplacement of workers. In particular, on 16 December 2013, at the Ministry of Economic Development, in the presence of representatives of national and local government, Indesit Company and the trade unions signed an agreement over the re-organization and restructuring plan presented by the Company in June 2013. Reached after six months of talks and approved by a large majority (80%) of the workers, the agreement provides for investments of euro 83 million in the 3-year period 2014-2016 making it possible to redesign and strengthen production capability in Italy in terms of performance and competitiveness.

The Fabriano (Ancona) site will be the exclusive production centre for high innovation content built-in ovens (also producing those now made in Poland), small ovens (now made in Spain) and special cooking products. The Comunanza (Ascoli Piceno) plant will be the centre of innovation and production for high-end front-loading washing machines. The Caserta facility, lastly, will be the exclusive centre for the production of built-in fridges with high innovation content (also producing those now made in Turkey) and built-in gas hobs (currently produced in Fabriano and part of which originally scheduled for production in Poland). Adequate use of social shock absorbers was secured and an agreement over their application was signed with the unions on 28 January 2014.

The decisions taken are in line with the solutions adopted in December 2010 for the closure of the Brembate and Refrontolo sites in Italy, where Indesit reached an agreement with the Ministry of Economic Development, local government, employers associations and trade unions. Under that agreement, regional technical committees were set up to implement re-industrialization and redeployment of personnel to safeguard the workers of the closed production facilities. As of December 2013, 397 of the 510 workers employed in the Brembate and Refrontolo plants at 31 December 2010 had left the Company. Of those outgoing employees, 80 were hired by other companies, 235 accepted voluntary severance incentives, 71 went into retirement and 11 were transferred to other Group sites.

The same principles were applied in the shut down of production at None in December 2012 due to the unsustainability of production under the negative conditions in the dishwasher market. The agreement reached in October 2012 confirmed continuation of the Product Research and Development facility at None and identified measures to manage redundant personnel (site re-industrialization, redundancy schemes, outplacement with external companies and within Indesit Group). As of 31 December 2013, of the 357 workers employed as of 31 October 2012, 212 had left the Company: 128 accepted severance incentives, 10 went into retirement, 11 were hired by other companies and 63 were transferred to other Group sites.

## Strikes and litigations

Discussion, engagement and participation in corporate choices on the part of employees prove effective ways to maintain a healthy climate and avoid conflict. In 2013, however, there was a big increase in the hours of industrial action, due mainly to the Indesit dispute in the 2nd half of the year. The strikes were nationwide and involved all the Italian production facilities. In certain cases, the demonstrations were joined by trade unions from other companies or production organizations.

Strike times	2013	2012	2011
Hours of strike	89,065	46,742	23,402
- national strikes	89,065	37,621	19,620
- Company strikes	0	9,121	3,782

Note: figures refer to Italy only. There were no strikes in foreign sites.

40 legal actions, mostly regarding employment relationships, were brought against the Company by employees in Italy in 2013.

Disputes with employees by subject	2013	2012	2011
Professional level/tasks/contributions	21	17	17
Biological and moral damage, professional illness, accident	8	12	8
Disciplinary procedures, redundancy, damage from redundancy, reintegration at work	6	4	4
Work relations	5	7	4
<b>Total</b>	<b>40</b>	<b>40</b>	<b>33</b>

Note: figures refer to Italy only.

Regarding the foreign companies (Russia, Poland and Turkey) there are 54 actions pending over disciplinary matters, of which 50 in connection with a dispute with operatives dismissed in Turkey due to reduction in production; 2 actions refer to professional grading, job responsibilities, salaries, social security and bargaining with trade unions and 2 in connection with biological and moral damage, professional illness, occupational disease and accidents.

## Respecting human rights

Indesit Company's entire internationalization and globalization process is driven by responsible awareness of its effect on the wellbeing of the communities in which it operates. Such responsibility is also seen in its commitment to the International Labour Organization's fundamental standards and on protection of the natural environment.

### HUMAN RIGHTS IN AGREEMENTS WITH TRADE UNIONS

In 2001, Indesit Company was the first to sign an agreement with the trade union organisations FIM/CISI, FIOM/CGIL, and UIL/UILM and with the International Federation of Engineering Unions ensuring respect for fundamental human rights and the principles set forth in certain ILO conventions in all its plants:

- no. 29 - no use of forced labour or working in conditions of slavery;
- no. 87 - freedom of association in trade unions;
- no. 98 - freedom of employees and employers to negotiate fixed and indefinite term agreements;
- no. 100 - no salary discrimination between men and women in the same grades;
- no. 111 - no discrimination on the basis of race, religion, political opinions or social origins;
- no. 135 - no discrimination or intimidation against employees' representatives;
- no. 138 - no employment of children under 15 or in any case younger than the compulsory school age under local legislation;
- no. 182 - prevention and suppression of child labour.

Under this international framework agreement, the Group also undertakes to require its direct suppliers to adopt the same principles. Every year, the trade unions who signed the agreement are provided with a list of Indesit Company's top 300 suppliers, while Indesit Company sends all new suppliers its Code of Conduct (which endorses the aforementioned principles) and requires them to sign it.

In connection with the elimination of child labour and forced labour, the Group agreed with the signatory trade unions to:

- promptly intervene to remove any situations of non-conformity, through monitoring and control systems implemented by the National Joint Commission provided for in the company agreements;
- impose sanctions on suppliers who fail to comply with the principles in the child and forced labour conventions and also, in the worst cases, terminate contracts;
- monitor compliance of such principles in the Group's production units.

## Customers

In **2012** we said that we would...

In **2013** we...

### Customer relationships

- ✦ Extend call center coverage in Russia to 95% of total assistance interventions.
- ✦ Open a call center in Turkey to cover 80% of total assistance interventions.
- ✦ Open a call center for Northern Europe to cover 100% of total interventions in Germany and Denmark.
- ✦ Implement the CRM system in England and Turkey.

- Extended call center coverage in Russia to 100% of total assistance interventions.
- Opened a call center in Turkey, with a coverage of 15% of total assistance interventions.
- Opened a call center for Northern Europe to cover 100% of total interventions in Germany and Denmark.
- Implemented the CRM system in England and Turkey.

### Quality

- ✦ Reduce the defect rate of products in the 1st year of guarantee to around 8%.

- Reduced the estimated defect rate by over 4% compared to the previous year.

● Goal reached

◐ Goal partially reached

○ Goal failed

**For the future**, we want to...

### Customer relationships

- ✦ Extend call center coverage in Turkey to 60% of total assistance interventions.
- ✦ Extend B2C (Business to Consumer) websites for products, spare parts and services in all main markets.
- ✦ Extend call center to Austria.

### Quality

- ✦ Reduce the defect rate of products in the 1st year of guarantee at least at 5% less than 2013.

**Quality and innovation to satisfy customers' needs**

Indesit Company sees innovation as the key to sustainable creation of value over time: innovation is a process that encompasses the entire life cycle of products, from design to disposal, and is driven by priorities such as care for the environment, ease of use, ergonomics and flexibility. Indesit Company is working on a number of projects relating to smart technologies employed to develop new functions in the field of Ambient Assisted Living. Intelligent and interconnected appliances play a central role in the domestic environment, ensuring comfort, efficiency, usability, safety and interoperability with the outside world.

**Quality control**  
The Quality, Environment and Safety department carried out 26 inspections at 26 certified sites in 2013.

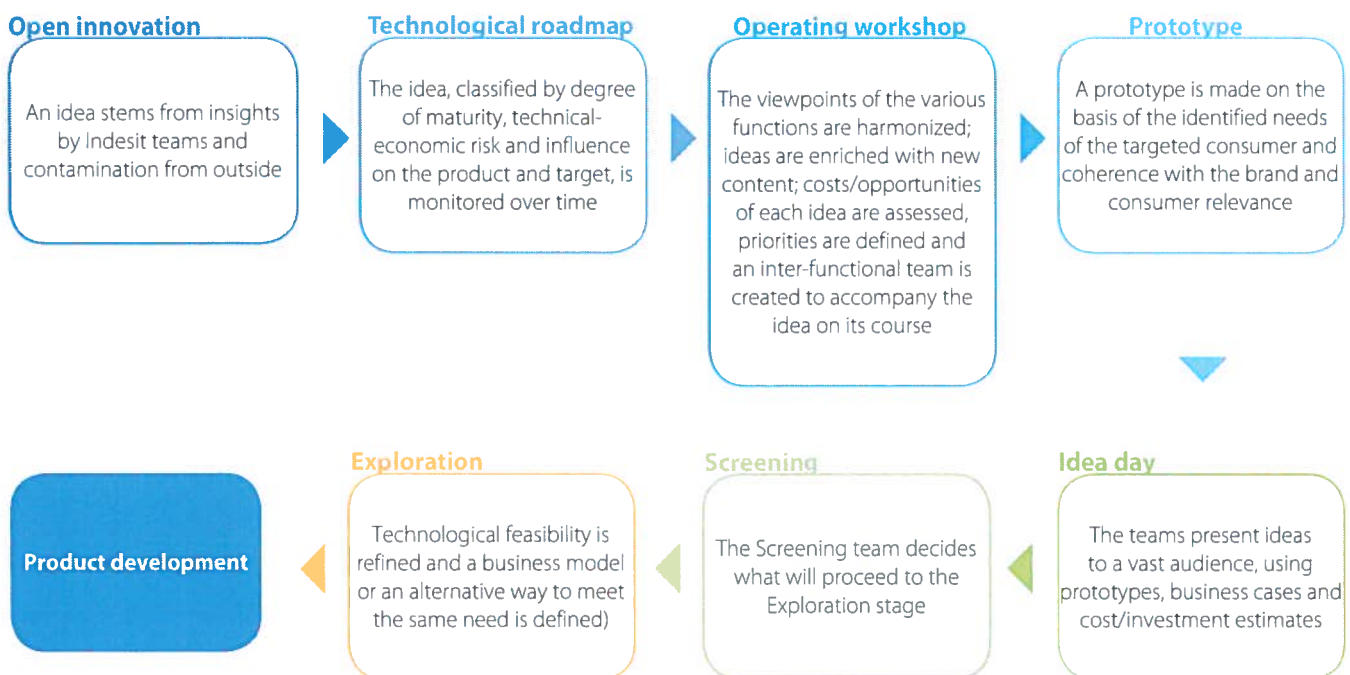
**ISO9001**  
ISO9001 certification has been extended to all Group sites, including offices and storage facilities.

**21 Mn euro**  
invested in R&D activities

**1,200**  
international patent registered

**75**  
patents applications filed in 2013 at UIBM  
(Italian patent and brands bureau)

**over 600**  
people engaged in R&D



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## How innovation is developed in Indesit

Described below are the main projects launched by Indesit Company during the year.

### **Trik-Eco** Innovative cooker

The aim of the project is to use regional funding to develop an integrated cooking system containing technological demonstrators giving the end user an innovative multi-function high energy efficiency cooker that will also deliver optimization of space, reduction of costs, greater versatility and odour extraction.

### **TP Pneus** new technological solutions and materials

Funded by Regione Piemonte within the framework of the regional “new materials innovation centre” (Innomat), the project aims to limit, eliminate or replace certain materials habitually used in home appliances (and in particular direct oil derivatives in dishwashers) in order to reduce the environmental impact of the products and improve the eco-sustainability of their production processes and disposal. In this context, Indesit Company has developed technological solutions and recycled materials or biopolymers or materials from renewable sources that can potentially reduce amounts of bitumen dampening material, soundproofing felts and, in certain models, also eliminate metal side panels and reinforced concrete counterweights. Over and above the obvious benefits in terms of energy savings for the industrial process (elimination of gluing in “hot melt” ovens) and the thermodynamic and acoustic performance of the product, the achievement of such objectives makes it possible to significantly increase the use of recycled materials (currently only 3% of the total) and facilitates dismantling at the end of the product’s life (as well as improving the quality of the recovered materials). Further, it may well enable the company to distinguish itself technologically from all its main rivals, with obvious benefits in terms of competitiveness and image.

### **INERTIA** Smart city

The INERTIA project is funded by the European Community under the 7th framework programme for research and technological development. Its aim is to apply the principles of the “Internet of Things/Services” for the control of power distribution networks and efficient management of end user energy demand (demand side management). Its scope is that of the development of an innovative Energy Provider Demand Management System and domotics systems enabling a building to be an active part of an intelligent city system, so that energy can be used with the correct choice of primary energy vector. Indesit Company’s role in the project will be to implement a new version of the wireless communication platform dishwashers will use to exchange data, information and instructions within the network they are connected to, also for the purposes of energy consumption forecasting.

**OSTIS**  
networked  
home appliances

The OSTIS project aims to offer users a new concept of networked home appliance, integrated within the home system and capable of delivering both ease of use (thanks to unification of the man-machine interface functions), wellbeing (thanks to optimal heat regulation) and eco-compatible energy savings (thanks to use of low cost, low environmental impact renewable sources). OSTIS is proposing the adoption of common design methodologies for home appliances and heating to speed up the development and marketing of such devices and reduce overall costs. The use of the OSTIS common operating platform is an opportunity for designing networked home appliances that adapt their consumption of electricity to users' requirements, are highly reliable and integrated with recent energy production systems (solar and co-generation) and easily serviced and repaired.

**MSEE**  
open innovation

The EU-funded MSEE (Manufacturing Service Ecosystem) project was launched in October 2011 and will close at the end of 2014. With 19 partners in nine European countries, its objective is to support manufacturing companies in the transition from a business model based on a single product to one based on a Product + Service or Product to Service.

This is done by creating an ecosystem in support of open innovation, with the creation of a Virtual Factory and Enterprise. Indesit's role is in the development of the "Carefree Washing Service", a new service supported by the connectivity of the new Smart Aquatic and Dialogic washing machine that will offer customers a coaching service (for more efficient use of the machine), smart maintenance (predictive assistance and more effective maintenance) and marketing geared to consumers' real habits/needs.

Lastly, work continued on a number of projects Indesit launched in previous years, such as Fridge Dialogic (to reduce waste of no longer edible food and the social and environmental impact thereof), VID (Vacuum Insulated Door, to improve a fridge's energy efficiency and CO<sub>2</sub> footprint) and EKitchen (to develop a new "kitchen" environment providing various levels of interaction between "Machine," "Man" and "Environment").

**UNO CAPSULE SYSTEM: INDESIT COMPANY IN PARTNERSHIP WITH ILLY AND KIMBO**



UNO Capsule System is a new capsule system for home made espresso coffee developed by two big names in the Italian coffee roasting tradition, illy and Kimbo. Its compact, simple and functional machine was designed by Indesit, the initiative's technological and commercial partner. For the UNO system, which allows users to choose what capsules to use, the Company produced a new, high reliability coffee machine with a captivating design by the longstanding Bonetto Design brand. With this single dose coffee maker Indesit has entered a new segment whilst staying true to its philosophy of offering efficient solutions that simplify life for consumers.

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## Consumer safety

Product safety - and therefore consumer safety – is an absolute priority. When a sold product shows a potentially risky defect, the quality of retailer relationships can be decisive in rapidly identifying and remedying risk situations. All products are traceable to a particular production batch, enabling rapid intervention on quality issues.

2013 saw significant changes in the organization structure with the set up of the Quality, Environment and Safety department, which has merged three functions to exploit synergies in terms of resources, methods and techniques for managing the various systems. Also under the new department is the management of Technical Affairs, covering the Company's collaboration with and support of manufacturers' associations in Europe (CECED) and Italy to support and promote development and environmental protection policies for the industry. Monitoring and maintenance of the system in terms of its effectiveness and efficiency are key to continual improvement.

To ensure the quality and safety of its products, Indesit Company not only complies with all the legislation regulating the industry but also looks at the entire production process. All the Group's main activities are covered by the quality management system. In particular:

- instruments are defined during the new product development phase to identify potential sources of risk in the product (even where the probability of occurrence is very low) and produce solutions that eliminate or further reduce such risks. Another project sharing this constant focus on prevention was launched at the end of 2013 in the field of product safety. Support from an external company specializing in this field and synergy between risk management experts and product experts will help perfect the current process;
- prior to entering the production phase, all components must obtain quality and safety certification issued by international bodies; products also undergo screening at the Product Qualification Centre and the more innovative ones go through further quality, reliability and customer satisfaction field-testing (in which a panel of consumers use them) and packaging and transport tests;
- automatic tests are performed on electrical and gas circuits throughout the entire production cycle to immediately filter and correct any defect and thus obtain safety certification for 100% of the products;
- during the finished product handling and distribution phases, the necessary rules for guaranteeing the product against damage are applied and checked;
- once the product is released onto the market, there is ongoing monitoring of events on the market that might suggest a risk situation, so that containment and remedial action can be taken where necessary. Over the year, Indesit initiated a project to identify weak signs from the market with greater accuracy.



In 2013, to enable consumers to make more informed purchasing choices, Indesit Company started attaching product data sheets to all user manuals so that they can always be consulted in points of sale. The data sheets are written clearly and in all the languages of the European Union. Following the coming into force of the new RoHS directive (restrictions on certain hazardous substances in electrical and electronic equipment) in 2013, Indesit Company adopted a new internal procedure in line with harmonized standard EN 50581 for checking the conformity of all the components in its products.

### **Product safety controls**

In 2013, the Quality, Environment and Safety department carried out audits on over 5,700 finished products sampled from the warehouses of all the Group's plants. These audits make it possible to identify any weaknesses in inspections and thus to strengthen the control system. To ensure continual improvement, the key business processes are constantly reviewed over the year to test their efficiency and effectiveness and identify opportunities for improvement.

Safety concerns are absolute priorities at Indesit and are under constant review. 2013 saw the continuation of the repairs campaign launched in the UK in 2012 on a batch of dishwashers produced between June 2006 and March 2007 at None (IT). To reduce risks for consumers, the Group serviced 17,938 dishwashers and sent out 151,300 letters to the customers concerned in 2013.

The focus on maximum safeguarding of consumers can also be seen in another two of Indesit's repairs campaigns. The first was on a batch of cookers produced in the Lodz facility (PL) in September-October 2013, totalling around 12,200 products affected and sold across a number of markets. The Group's assistance network had around 11,400 cookers blocked and re-processed, and around 500 consumers were traced; the recall campaign is still in progress. The other campaign refers to a batch of dishwashers produced at the None facility (IT) between June 2007 and December 2009, totalling 225,600 products affected. The problem arose in the UK. The recall campaign by the Indesit network is still being processed by the UK Service organization. In 2013, 25,000 letters were sent to affected consumers and 5,675 products were serviced.

## Guaranteeing product quality

2013 was another year of intense activity to guarantee increasingly high standards of product quality: the trend of constant improvement over the years enabled a further reduction (compared to the previous year) in the defect rate of products their 1st year of guarantee.

**-4.2%**  
*reduction in the defect rate of products in their 1st year of guarantee*  
*(with respect to the forecast value for 2013)*

### PROJECTS FOR QUALITY

Projects for quality included

- The activation of a portal for the management of improvement plans using a flexible and user-friendly instrument capable of delivering better visibility of state of progress and wider reaching monitoring opportunities.
- A significant review of reporting processes to improve the usability of the data collected and the analyses carried out; all of which for more effective communication as the key element in the transfer of information and skills.
- Registration of the characteristics of components in every single finished product to guarantee traceability; in 2013 this activity was completed in the Lipetsk plants; implementation activities will continue throughout 2014.
- Development of collaboration with various component and finished product suppliers in support of improvement in the project analysis phase, in processes and in control procedures. Activity in connection with the development of the Small Domestic Appliances (SDA) business was particularly intense.
- A review of supplier performance assessment methodologies, with a widening of the parameters monitored to include elements relevant critical issues in terms of product safety.

Indesit Company's objective is also to achieve the highest standards of excellence in terms of finishing and consumers' perception of quality. In this field, the AEREA (AEsthetic REview Activities) project aims to raise the level of products' aesthetic finishing by developing new design solutions and improving industrial processes. Work on this project continued throughout 2013.

**100%**  
*Impacts on health and safety are assessed in each phase of a product's life cycle.*

All Indesit products are conceived, designed, certified, produced, distributed and serviced in accordance with Company procedures. Conformity to such procedures is checked by internal audits and external audits (certification organizations).

### PRODUCTS THAT SATISFY CUSTOMERS

Customer satisfaction analysis is a fundamental way of understanding if the value of an Indesit product is perceived by customers. This activity is carried out in the Call Centers, which deliver structured reporting on customers' complaints and observations and provide a valuable data base for identifying areas of excellence and points to improve. Systematic monitoring, classification and reporting, as well as close contact with repair technicians, feed the improvement plans and make it possible to stay in constant touch with our customers, their expectations and suggestions. In 2013, the process for monitoring outcomes of the tests run by the "Consumer Magazine" was optimized. Such tests compare the performance of appliances from various brands and provide significant opportunities for upgrading.

Product certification is carried out externally by IMQ (Istituto Italiano del Marchio di Qualità), which verifies conformity to legal safety and reliability requisites. Over the year, Indesit responded promptly and thoroughly to requests from market control and monitoring bodies.

## Relationships with dealers and customers

The Group continues to develop co-operation projects with dealers, who constitute the first point of contact between Indesit Company and the end user. A transparent sales policy was adopted to create long-term relationships and achieve rapid problem-solving and first class professionalism. In addition to meeting distributors at leading industry fairs, the Group organises events in individual markets where it operates.

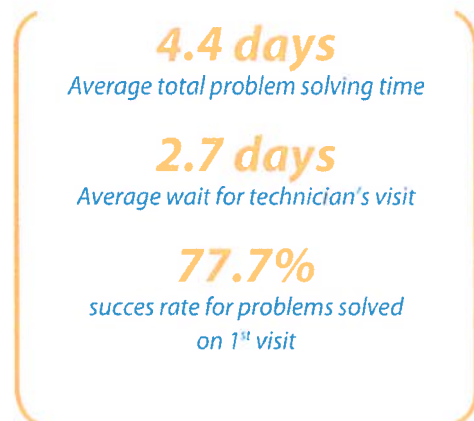
Through the info material accompanying the products and in the relevant sections of the website, Indesit Company supplies exhaustive information on correct use, precautions to take and tips for optimum performance. Further, all appliances carry energy labels with information helping customers make the right purchase.

### INDESIT COMPANY COMPLAINTS MANAGEMENT

The Group constantly monitors and classifies complaints in all European countries. Customer Service is committed to solving customers' issues right from the first contact, which is via phone, e-mail or letter, and has procedures for fast processing of issues in the relevant areas of the organization. The objective is to process at least 80% of complaints in under seven days. Further, Indesit Company's corporate website has had a section for dialogue with the top management since 2009, which shows how important relationships with consumers are considered. Their remarks and suggestions provide vital feedback for continuous improvement.

## After sales support

Indesit Company has direct contact with the end users of its products through various channels, ranging from websites and call centers to customer care services. In this field, the Group adopts a management policy aimed at ensuring direct contact between the company and the consumer.



In the awareness that the Group's after-sales service provides more effective support to customers than a generic service or a distributor, Indesit Company developed an efficient after-sales assistance system for both the initial contact and the technical assistance phases.

In 2013, a Call Center was opened in Porto to cover total interventions in Spain and Portugal; Call Centers were opened for Turkey and Germany/Denmark.

Regarding the solving of customers' problems, the Group continued to invest in call avoidance, ie. solving problems on the phone to avoid having to send an engineer to the customer's home. In 2013, the Call Avoidance result improved with respect to the previous year thanks to continual improvements to the problem solving Web platform developed in previous years on the basis of a failure/solution tree logic.

<b>Call center performance</b>	2013
Calls received	6,541,475
Calls answered	92%
Answers within 25 seconds	35%
Call avoidance (customers that do not recall within 7 days)	18%

### **Consumer satisfaction analysis**

Indesit Company has been analyzing customer satisfaction levels regarding the call center service and after-sales technical assistance every year since 2002. Customer satisfaction is monitored on a monthly basis in Italy, with assessment of the main factors influencing customer relations, which are the contact phase, where the customer calls the Group's technical assistance service, and the technical intervention phase, when the technician works at the customer's home.

The results of the 2013 phone interview survey were very positive, reaching a score of 83/100 for the contact phase and 89/100 for the intervention phase (83 is considered very good and 89 is considered excellent).

## Suppliers

In 2012 we said that we would...

In 2013 we...

### Sustainable supply chain

<ul style="list-style-type: none"> <li>➤ Publish guidelines on the RoHS Directive 2011/65/EC and on the European REACH Regulation 1907/2006.</li> </ul>	<ul style="list-style-type: none"> <li>● Published two guidelines entitled "The new Directive 2011/65/EU in 10 points" and "the European REACH Regulations in 10 points" on the Company intranet.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Obtain signings of the General Conditions of Supply by suppliers representing 47% of Indesit Company's direct materials procurement turnover.</li> </ul>	<ul style="list-style-type: none"> <li>● Obtained signings of the General Conditions of Supply by suppliers representing 51% of Indesit Company's direct materials procurement turnover.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Obtain signings of the Code of Conduct by Indesit's main indirect suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>● Obtained signings of the Code of Conduct by 118 logistics and services suppliers.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Increase the number of direct suppliers monitored on possession of quality, environment and safety certifications.</li> </ul>	<ul style="list-style-type: none"> <li>○ Monitored certifications on a sample of 356 suppliers.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Produce a new edition of the Environment Project for strategic suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>● Produced a new edition of the Environment Project for strategic suppliers, containing new elements with respect to the previous one.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Repeat the sustainability survey for all direct materials suppliers to track changes with respect to 2012.</li> </ul>	<ul style="list-style-type: none"> <li>● Re-sent the sustainability survey to all direct materials suppliers.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Increase to 90% of procurement turnover the number of suppliers active on the Suppliers Portal.</li> </ul>	<ul style="list-style-type: none"> <li>● Increased the number of suppliers active on the Suppliers Portal from 77% to 83% of procurement turnover.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Implement the e-sourcing and vendor management part of the SRM project (Supplier Relationship Management).</li> </ul>	<ul style="list-style-type: none"> <li>● Over the year, the Vendor Management project saw the launch of the Supplier Service Index (ISF), an indicator monitored monthly since June 2013. Actions were planned for 2014 to increase the accessibility of the Supplier Collaboration Portal by direct suppliers and to define an integrated index for measuring their performance (Vendor Rating Index).</li> </ul>
<ul style="list-style-type: none"> <li>➤ Activate 25 Product Quality Plans (PQP) on the Supplier Collaboration Portal over 2013.</li> </ul>	<ul style="list-style-type: none"> <li>● Activated 24 new PQPs.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Activate a new communication channel reserved for indirect suppliers <a href="mailto:indirectsourcing@indesit.com">indirectsourcing@indesit.com</a>.</li> </ul>	<ul style="list-style-type: none"> <li>● Activated <a href="mailto:indirectsourcing@indesit.com">indirectsourcing@indesit.com</a>, the address used over the year for getting logistics and services suppliers to sign Indesit's Code of Conduct.</li> </ul>

● Goal reached

◐ Goal partially reached

○ Goal failed

Contd. 

**For the future**, we want to...

#### Sustainable supply chain

- Increase the direct materials supplier sample base for monitoring attainment of certifications.
- Modify the direct materials supplier portal (Supplier Collaboration Portal) to extend use of the basic functions to 90% of suppliers.
- Review the process qualification checklist for purchased product suppliers to make it flexible and focused on the quality of production processes
- Implement measuring of the integrated performance of direct materials suppliers and develop the necessary reporting (Vendor Rating Index).
- Implement the Critical Data Sharing project on a sample of key suppliers in terms of safety and quality, to guarantee the robustness of production processes
- Verify the percentage of certifications (ISO14001, ISO9001) of purchased product suppliers.

#### Quality and transparency in procurement processes

Indesit Company's dealings with the supply chain are characterized by transparency, co-operation, legal compliance, attention to suppliers' needs and care for the environment. It always aims to establish relations with suppliers who share the same principles, with a view to ensuring stable relationships based on the creation of mutual advantage over time.

The Group is committed to using management practices that directly and indirectly make its partners aware of the need to operate responsibly.

#### "PROGETTO AMBIENTE" AWARDS

The 2013 edition of Progetto Ambiente (for Indesit's strategic suppliers) introduced certain changes. An on-line survey system was used to exchange information with suppliers. Given the various types of strategic suppliers (direct materials, moulds and plant and logistics), the following candidacy categories were introduced to guarantee participation for everyone:

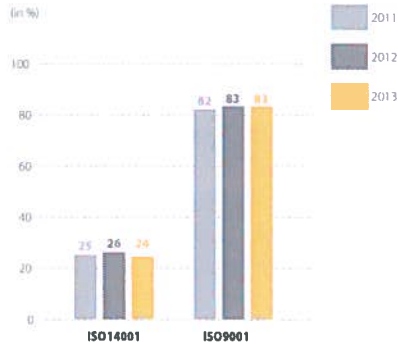
- 1) Carbon Footprint,
- 2) Water Footprint,
- 3) Use of resources - waste produced.

Three of the suppliers participating in the project were shortlisted for the sustainability prize. The winner of the 2013 Ambiente Award, in the Carbon Footprint and Water Footprint categories, was a supplier which excelled in reduction of greenhouse gas emissions, emissions of organic substances, nitrogen and heavy metals, water, and reduction in use of drinking water by 50%.

#### Responsibility in selection of partners

The criteria Indesit Company applies in its direct materials and purchased products supplier selection also involve assessment of suppliers' social and environmental responsibility policies. In line with its Code of Conduct, the Group enters supply contracts with companies that subscribe to the provisions of the Code, including those disciplining relations with public administrations, confidentiality and the ILO Conventions, all of which of particular importance in spreading socially responsible practices. The Group selects its suppliers by assessing objective elements such as quality, innovation, costs and services but also considers ethical values such as respecting human rights and all the laws, and environmental standards in particular, in the country(ies) where the supplier works; fair, transparent and loyal behaviour and good faith in conducting business relations.

**Suppliers' certifications**



Note: percentages in 2013 based on a sample of 356 suppliers of direct materials out of a total of 737 suppliers of direct materials active at 31 December 2013.

**MAIN SUPPLIER CERTIFICATIONS**

- ISO14001:** environmental management standard defining the requisites of an "environmental management system" for organizations
- ISO9001:** international standard for a quality management system geared to improving efficacy and efficiency
- SA8000 (SA-Social Accountability):** set of requisites for certifying aspects of business management relevant to corporate social responsibility. Average % of Indesit suppliers with SA 8000 certification: 2% (in 2011, 2012, 2013)
- EMAS:** Eco-Management and Audit Scheme: voluntary scheme proposed by the European Union to assess and improve environmental performance in the interests of sustainable economic development. Average % of Indesit suppliers with EMAS certification: 1% (in 2011, 2012, 2013).
- OHSAS:** Occupational Health and Safety Assessment Series: international standard for workplace health & safety management systems. Average % of Indesit suppliers with OHSAS certification: 8% (in 2011, 2012, 2013).

As indicated, all new suppliers of direct materials and purchased products are assessed on their approach to the environment (compliance with environmental regulations), ethics (compliance with the Code of Conduct) and safety (compliance with health & safety standards) by means of a self-assessment questionnaire made available in the supplier section of the corporate website or by post. By filling in the checklists, suppliers certify their compliance with organizational, process and technical requirements, as well as with the environmental and workplace safety regulations and ethical standards defined by Indesit Company. The supplier/process qualification formats are in the DMS (Document Management System) (available in a read-only version in the Supplier section of Indesit Company's main website via the link: [www.indesitcompany.com/inst/it/suppliers/becoming\\_supplier/qualifica.jsp](http://www.indesitcompany.com/inst/it/suppliers/becoming_supplier/qualifica.jsp)).

**SUPPLY CHAIN CONTROL**

In 2013, the Ethics, Environment and Safety self-assessment questionnaire was completed by 27 direct materials suppliers and 16 purchased product suppliers. Direct materials suppliers are also obliged to comply with certain qualitative standards that the Group monitors periodically through its Supply Chain Quality department. Audits analyze the quality of suppliers' organization, production processes and conformity to technical specifications. No human rights issues were identified during the supplier qualification processes in 2013. Over the year, Indesit got its main logistics and services suppliers to sign its Code of Conduct by sending out e-mails underlining the importance of the ethical values expressed in the Code of Conduct adopted by all Group companies and in the organization, management and control models specified in D Lgs. 231/01 ("Modello 231") adopted by Indesit Group's Italian companies.

### European REACH Regulation

To comply with the provisions of the European REACH Regulations, Indesit Company continued in 2013 to constantly monitor the supply chain at each update of the Candidate List. Information was exchanged by e-mail (reach@indesit.com). Suppliers received a form (Italian, English, Russian and Turkish) asking them to indicate/exclude presence of the substances listed in the Candidate List and Annexes XIV and XVII. Supplier Quality published guidelines entitled “The European REACH Regulations in 10 points” on the Company intranet. Mainly addressing Procurement, Suppliers and Categories quality personnel, the guidelines are designed to explain the principles of the Regulations also to non-experts, thus raising awareness of possible risks for the Company. Selected employees were invited (by internal e-mailing) to consult the guidelines (in Italian and English).

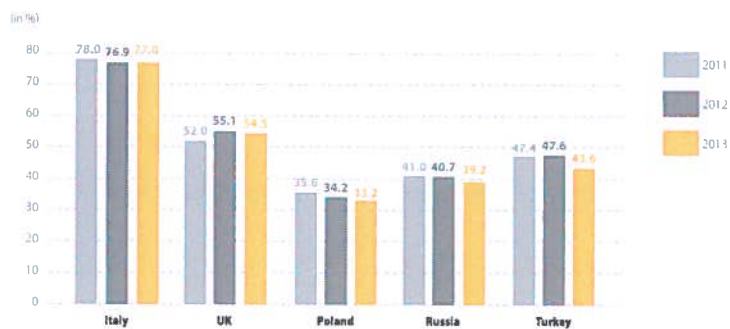
### RoHS Directive

Following the coming into force of Directive 2011/65/EC (commonly known as RoHS - Restriction of Hazardous Substances), Supplier Quality produced guidelines on the main changes introduced. The text is available to all employees on the Company intranet (under “Sustainability and Certifications”).

### Relations with suppliers and stimulation of the local economy

Indesit Company's procurement policy is also geared to the development of local economies, which it can stimulate by selecting suppliers located strategically close to the Group's production units. This approach helps create a consolidated industrial network serving the Group's business development plans.

**Purchases from local suppliers**



Note: Figures referred to purchases from direct local suppliers of which goods are utilized in the countries' manufacturing sites.



## Communication and dialogue tools

Indesit Company uses various co-operation tools to maintain transparent and long-term relationships with its partners. The Logistics Portal, the Supplier Collaboration Portal and EGNYTE are the main instruments supporting contact between the Company and its suppliers.

### Supplier Collaboration Portal

The Logistics Portal has been in use since 2004 to simplify, accelerate and standardize communication and sharing of information on transport between Indesit Company, transport suppliers and warehouses. Since 2008 there has also been a Supplier Collaboration Portal for all the data and information that the Group exchanges with its direct suppliers. Suppliers can access this directly and use various on-line services in real time (eg. mandatory delivery programmes and forecasts, forwarding of shipment bills, checking the status of invoices etc.) with obvious benefits in terms of process efficiency and the speed and reliability of data exchange. The portal handles exchange of forecasted needs, production orders, withdrawal orders, inventory, billing, etc. with considerable gains in efficiency and effectiveness for both parties compared to traditional communication methods (mail and phone). The portal transfers information directly to the SAP accounting system. In 2012, a Process Quality Plan management function was introduced, making it possible to share the Manufacturing and Supplier Control Plan for Indesit Company supplies. Some 40 activations were made in 2012 and another 24 in 2013. By the end of 2013 a number of suppliers accounting for 83% of the procurement turnover had migrated to the Supplier Collaboration Portal. Positive feedback from numerous suppliers is a clear signal that investing in tools of this type is a good policy for the coming years too.

### EGNYTE

EGNYTE is a web portal for collaboration with all suppliers of small domestic appliances who started supplying Indesit from 2013 onwards. It serves for exchanging with suppliers documentation relative to the various stages of projects, starting with definition of specifications (eg. regarding products, packaging, technical drawings, labelling, instruction manuals), testing and inspection (test specifications, certifications by legally recognized bodies, aesthetic and safety inspection specifications) and the mass production phase (process and product audits at suppliers' facilities).

## SUSTAINABILITY SURVEY

In 2013, the number of suppliers that replied to the on-line sustainability survey increased. In most cases there was a higher percentage of positive answers on these issues. For example, there were 12% more suppliers, compared to 2012, who use recycled raw materials (49% of the suppliers who replied saying they used recycled raw materials).

## Community and territory

In **2012** we said that we would...

In **2013** we...

Support Community	
<ul style="list-style-type: none"> <li>Continue to support the Jonathan community by funding participation in the 2013 Regata dei Tre Golfi and other initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Supported the Jonathan Project for the 4th year running by funding participation in the Regata dei Tre Golfi. The participants formed a team, learned to sail and raced in a boat belonging to the Italian Navy (Naples), finishing in the first 10 in the ranking. They also took part in the "Vintage boats" competition, coming first, and in the "Velalonga", where they finished in the first 10.</li> </ul>
<ul style="list-style-type: none"> <li>Carry forward the Jonathan Poland project.</li> </ul>	<ul style="list-style-type: none"> <li>The Jonathan Project was extended to Radomsko, where the 7th edition of the project was celebrated in 2013: a group of young people took part in a specialized training programme helping them to find jobs. Sporting and recreational activities were also organized.</li> </ul>
<ul style="list-style-type: none"> <li>Continue to take part in Sodalitas.</li> </ul>	<ul style="list-style-type: none"> <li>Continued collaboration with Sodalitas and work on the Cresco project.</li> </ul>

 Goal reached

 Goal partially reached

 Goal failed

**For the future**, we want to...

Support Community
<ul style="list-style-type: none"> <li>Italy – support the Jonathan Community, the Jonathan Sailing Project and the Amato Lamberti Award promoted by Associazione Jonathan to foster good Corporate Social Responsibility practice; confirm membership of Fondazione Sodalitas.</li> </ul>
<ul style="list-style-type: none"> <li>Poland – consolidate the Jonathan Poland Project; continue to support the orphanage in Lodz; support the "Chance" project promoting enterprise and occupation for women; organize blood donation at the Lodz plant (Cooking and Cooling); continue collaboration with local universities and the following help and training centers: Lodz Youth Educational Center (supporting young people from families in difficulty), Lodz Academy of Fine Arts (to launch a platform for discussion with their most talented designers), and University of Lodz (for market research).</li> </ul>
<ul style="list-style-type: none"> <li>Turkey – continue collaboration with university engineering faculties to develop concrete projects, foster a new culture of enterprise amongst students and provide scholarships for the most deserving.</li> </ul>
<ul style="list-style-type: none"> <li>Russia – collaborate with universities in teaching activities and provide scholarships for the most deserving; introduce a series of measures in favour of employees' families; continue to support charity organization and socio-cultural events.</li> </ul>

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### Supporting the territory

Indesit Company's approach to the territory and communities where it works is based on scrupulous respect and fairness towards local government and authorities and civil society. Basing itself on such values, it seeks to reconcile opportunities for mutual development and the particular needs of communities to understand and support. Supporting communities through social initiatives, transferring good sustainability practice to citizens and dialogue with local businesses are all in line with the philosophy of the Group, which sees social responsibility as an integral part of its mission, values and strategies.

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### Supporting young

The aim of the Jonathan Project, launched 15 years ago by Indesit Company and Associazione Jonathan Onlus, is to help young people with social and judicial problems re-integrate in society through the use of innovative educational tools. The Group continued to support it in various ways in 2013.

**15**  
*years of Jonathan*

At the Campania regional administration, Indesit Company supported the presentation of the 4th Jonathan-Sailing Project and a showing of the documentary "Il Viaggio" by Patrizia Nemesio, along with the book of the same name. The Jonathan crew that took part in the Regata dei Tre Golfi, in a boat belonging to the Italian Navy (Naples), finished in the first 10. The Jonathan Sailing project was also featured in an episode of the RAIUNO programme "Uno Mattina Storie". The young participants in the project also took part in the "Vintage boats" competition, coming first, and in the "Velalonga", where they finished in the first 10.

Also in Campania, Indesit promoted a convention entitled "Clinical sociology in care services, with special reference to minors in the penal area", together with the Campania regional administration and municipality of Pompei, at the Pontificio Santuario della Beata Vergine del Santo Rosario di Pompei Education Center.

The Jonathan Project is also active in Poland, where in 2013 a group of young people took part in a special training programme at the Radomsko plant designed to help them find jobs. Sporting and recreational activities were also organized.

In 2013, for the 7th year running, Indesit provided vital support to the public orphanage in Lodz, which has over 30 young children and adolescents needing various sorts of help. The Group continued its economic support and provided all the school materials that were lacking and other items useful in day-to-day life.

**30**  
*childs helped in Lodz*

In December 2013 the Company took part in fund raising for "Istituto St. Brother Albert Aid Society", which helps the homeless and needy.

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**Promoting equal opportunities**

The Group supports a co-operative called "Chance", a major project of the International Womens Association, which was set up in Lodz in 1992 to promote female entrepreneurship, equal pay and opportunities for women and the creation of new jobs. Towards the end of 2013 the Headquarters of Chance were inaugurated and various events were organized with the support of Indesit. In particular, a Corporate Social Responsibility Workshop for Lodz University students was held in December to programme initiatives to be promoted by Chance.

**Chance**

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**Training young people**

The Group created a special platform - the "Indesit Academy" – to strengthen in innovative and structured ways its collaboration with Poland's biggest university, Kraków University of Economics. This university currently has 21,000 students and runs various programmes in English. It enjoys the collaboration of 200 partners from all over the world and is a member of prestigious international organizations (eg. European University Association, Network of International Business and Economic Schools). In 2013 Indesit Academy organized a workshop attended by 30 students, who were able to acquire strategic knowledge of various business processes such as human resources management, planning and control and logistics. At the end of the project, the students were given a certificate and the best also received prizes.

**30**  
students

In Russia, the Group supports university students by promoting scholarships and in summer 2013 it invited around 80 students to its plants for work experience.

**Scholarships**

In Turkey, collaboration started up with engineering faculties at major universities. Indesit supports Master's courses and doctorate projects to give students real help. It also organizes initiatives in which university teachers hold training courses for research & development personnel and other initiatives enabling students to get a close up view of business activities in specific thematic areas.

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**Employee's voluntary**

In 2013, for the 2nd year running, Indesit and the regional blood donation center organized donation in its Lodz plants. 60 employees at the cooking products plant donated blood.

**60**  
blood donations

In October 2013, Indesit Company took part for the 3rd year running in the biggest corporate volunteers' event in Portugal - "GIRO" – in its 8th edition.

800 volunteers in nine offices across the country were able to do a day's work helping various institutions that support needy individuals and communities.

At the Nossa Senhora de Porto Salvo Social and Parochial Centre, which provides aid to the local community, 65 volunteers including a team of Indesit operatives decorated various parts of the center (nursery, entrance hall and corridor).

800  
volunteers

### 2013 JUVENILE JUSTICE ETHICAL NETWORK AWARDS



Indesit was acclaimed for its commitment and sensibility towards young people with problems of judicial referral at the "2013 Juvenile Justice Ethical Network Awards", a convention held in Palermo on 15 November 2013 and promoted by Associazione EURO - Centro di Ricerca, Promozione e Iniziativa Comunitaria - in collaboration with the Juvenile Justice Department.

*In the photo Federico Ziller, Indesit Company Group Corporate Communications Director, receives an award from Caterina Chinnici, Magistrate and Head of the Juvenile Justice Department of the Ministry of Justice*

### Innovative solutions at the service of the community

Indesit's contribution to the community also includes participation in projects to develop innovations capable of solving problems for particular categories of people.

#### JADE

Indesit Company participates in a European research project – JADE – promoted and co-ordinated by Regione Marche to develop a technological district in support of active autonomy for the elderly. As life expectancy rises, the population gets older and social costs rise, making it necessary to safeguard health and quality of life above all through active prevention of chronic illnesses. This can be done by developing web-based domotic technologies that enable the elderly to live in their own homes in safety thanks to tele-assistance and tele-medicine which not only safeguard health but reduce the need for hospitalization and relative costs.

In particular, JADE is aiming to develop a Common Research Agenda and a Joint Action Plan with Kent county (UK), Helsinki (Finland), Grenoble (France) and Istanbul (Turkey) to help define European policies in support of promising technological applications for an "intelligent environment" with a primary focus on the needs of the elderly. In this context, Indesit's focus is dual: on one hand it will join a network of the most innovative and competitive platforms in Europe, and on the other it will promote a new role for networked home appliances that can interact with users and monitor their daily activities to detect any anomalous behaviour indicative of anxiety or danger.

### **HicMO**

One of the first results of JADE was HicMO (“Hic Manebimus Optime” - We’ll be very well here), a project launched in the 1st quarter of 2013 as a collaborative effort between Regione Marche, Indesit Company, other local companies and Università Politecnica delle Marche. Its main objective is to design and develop a platform of products and services that will facilitate, through the use of new technologies (and telemedicine in particular), a rational review of the distribution of social and health resources for the elderly, a population characterized by chronicity, fragility and disability. HicMO aims to propose innovative models to help modernize the health system and its consolidated welfare practices, not only in hospitals but also at home, by pursuing the objective of improved efficiency and lower costs. HicMO will operate in various scenarios. In modern, wired and intelligent homes, it will be able to operate synergically by integrating the base cell (the “smart home”) at different levels of aggregation (“smart building, “smart city”, “smart grid”). In the case of existing homes, it will be able to create a domotics system to guarantee domestic appliance functioning. The fridge, as one of the smart objects in today’s homes, can act as a vitality sensor, help the user if programmed interaction doesn’t occur (eg. remote control of failure to take medicine), and enable temperature monitoring of specific spaces for keeping medicines.

### **FOOD**

The FOOD project aims to preserve and increase the independence of people who still have a sufficient level of autonomy. The solution is based on the integration of sensors and intelligent home appliances and web-based services and applications for information and communication in various social fields. Data supplied by sensors placed on people and in the environment and cooperation between artificial and human intelligence on the network will help to develop a service supporting the independence of people with difficulties. People’s quality of life will also improve thanks to the intensification of interaction with the outside world afforded by the internet.

In 2012, Indesit’s Cooking business unit worked on the project to guarantee integration of the communication systems developed for the new Luce electronic oven. The system will transform the oven into a smart appliance capable, together with other sensors, of being more useful in the home, with web-based services and applications giving access to communication and information in various social environments. For ovens, for example, it will be possible to download recipes and cooking cycles, share information with other users of the same system, and get information on using the oven and controlling its consumption. Trials are run to gather information on use of the system and its performance to assess its actual efficacy.

2013 saw the completion of installation of sensors and monitoring and remote control systems in the Netherlands, Romania and Italy (totalling 25 installations).

## **VERITAS**

The European VERITAS project (Virtual and Augmented Environments and Realistic User Interactions To achieve Embedded Accessibility DesignS) aims to develop, test and assess instruments supporting all the phases of product development, including specifying, design, development and testing, in order to develop accessible products. The objective here is to guarantee that products and services in the automotive, smart living space, healthcare, workplace and infotainment industries are systematically designed for everyone, including those with functional disabilities or limitations and the old. Indesit Company intends to integrate VERITAS instruments with other existing ones to improve the accessibility of its own products and bring Design for All closer to reality.

Thanks to VERITAS, which can simulate Parkinson's disease, Indesit Company was able to run tests and draw up guidelines and design concepts regarding the accessibility of gas hobs from the viewpoint of users with tremor of the hands of various sorts. The new design potential is being used to explore ideas for new gas hob and kitchen solutions that can also be used by people with Parkinson's. The project came to a close in December 2013.

## **SMART COMMUNITIES AT THE SERVICE OF THE CITIZEN'S WELLBEING**

The H@H (HEALTH@HOME) project ("Smart Communities at the service of the citizen's wellbeing"), of which the HomeLab consortium is a key partner, was ranked first for the health area field in the Smart Cities and Communities and Social Innovation funding programme organized by the Ministry of Education, Universities and Research in July 2012. The programme is providing up to €630m for companies, universities and research bodies that submit innovations in the fields of health, safety of the territory, welfare technologies, schools, justice and smart grids for the development of intelligent cities. The H@H project was presented in partnership with HomeLab, Telecom, Dedalus, Fondazione Don Gnocchi, Università di Genova, La Sapienza di Roma, CNR and Università Politecnica delle Marche with the aim of creating a model for citizen assistance based on a network of services integrated by interoperable devices and systems. Organized around a cloud infrastructure, the network aims to connect businesses and public organizations that offer services to the people who actually use them, i.e. citizens and families in their homes. The network was designed to be accessible by all and to offer: health services (such as remote monitoring or processing of data, access to electronic health records and telemedicine systems), territorial systems (typically provided by public administrations and/or private enterprise and social assistance) and general services (such as purchasing of medicines from pharmacies or maintenance of home appliances). Mass experimentation across the territory will make it possible to assess the performance and functions that can be obtained by the system. The main objective is that of improving people's quality of life with solutions that guarantee as much autonomy as possible in the home.

## **Environmental performance**



## Environmental protection

In 2012 we said that we would...

In 2013 we...

### Innovation for environment

<ul style="list-style-type: none"> <li>Washing: increase sales of Hotpoint washing machines in energy classes higher than A++, offer washing machines with Hotpoint Direct Injection technology higher than class A+++; increase sales of Hotpoint washer-dryers in class A.</li> </ul>	<ul style="list-style-type: none"> <li>Increased the value of Hotpoint washing machine and washer-dryer sales in absolute terms compared to 2012.</li> </ul>
<ul style="list-style-type: none"> <li>Cooling: offer Hotpoint products in energy class A+++; increase the mix of products in class A++.</li> </ul>	<ul style="list-style-type: none"> <li>Introduced energy class A+++ models and increased the mix of products in class A++ from 1% to 3%.</li> </ul>
<ul style="list-style-type: none"> <li>Built-in Cooking: increase sales of "A-20%" Luce ovens, induction hobs and Direct Flame gas hobs (with exclusive Indesit Co. burners that save up to 20% gas compared to standard) and launch hoods with higher energy efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained the absolute value of sales of Luce ovens having 20% higher performance than class A and of induction hobs and Direct Flame gas hobs. Launched the new range of Hotpoint high energy efficiency hoods.</li> </ul>
<ul style="list-style-type: none"> <li>Free-standing Cooking: introduce exclusive high energy efficiency burners at universally affordable prices to cut gas consumption by at least 10% on single-cavity/gas-hob cookers; introduce packaging with 37% less material (EPS) and potential savings of 130 tonnes a year.</li> </ul>	<ul style="list-style-type: none"> <li>Introduced exclusive high energy efficiency burners on freestanding cookers (sales mix of 60x60 cookers with Full Glass aesthetic and with high energy efficiency burners: 17%). Continued lab testing of the new eco-sustainable packaging to be introduced.</li> </ul>
<ul style="list-style-type: none"> <li>Drying: appreciably shift the current product mix towards high energy efficiency models, migrate the standard VENTED range to a higher energy class.</li> </ul>	<ul style="list-style-type: none"> <li>Increased the sales of models with high energy efficiency technology ("Heat Pump") by 25% and increased the sales mix of Vented products in class B from 10% to 17%.</li> </ul>
<ul style="list-style-type: none"> <li>Dishwashers: market free-standing and built-in dishwashers in class A+++; phase out 60 cm width, class A, by the end of 2013.</li> </ul>	<ul style="list-style-type: none"> <li>Started marketing dishwashers in class A+++ and reduced the mix of class A in the 60 cm width from 70% to 52%.</li> </ul>

### Sustainability of production

<ul style="list-style-type: none"> <li>1.5% reduction in energy consumption per unit produced; 5% reduction of water consumption per unit produced.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced energy consumption per unit produced by 2% and water consumption per unit produced by 15%.</li> </ul>
<ul style="list-style-type: none"> <li>Proceed with ISO 14001 certification of non-industrial sites.</li> </ul>	<ul style="list-style-type: none"> <li>Extended certification to the Istanbul commercial office, the Manisa service facility and the Fabriano laboratories and offices (Via Corsi).</li> </ul>

 Goal reached

 Goal partially reached

 Goal failed
Contd. 

## For the future, we want to...

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### Innovation for environment

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- > Washing: increase the sales mix of Hotpoint and Indesit washing machines in energy classes higher than A++; start marketing Hotpoint washer-dryers in energy class "A-10%"; increase sales of Hotpoint and Indesit washer-dryers higher than class A.
  - > Cooling: offer Hotpoint products in class A+++ and "A+++ -10%".
  - > Built-in cooking: increase sales of induction hobs with "Power Management" technology by at least 50% compared to previous years; increase sales of high energy efficiency hoods; promote eco-sustainable solutions on products (eg. ecological painting and enamelling).
  - > Built-in and freestanding cooking: include environmental impact info sheet in the documentation accompanying all products in points of sale for all hoods and ovens.
  - > Drying: extend class A++ on all the Hotpoint product range and also on Indesit brand.
  - > Dishwashers: increase the sales mix of freestanding and built-in dishwashers in class A++ and A+++ , and continue to phase out class A from the 60 cm width range.
  - > Dishwashers: lower consumption levels in "Off Mode" (state of machine after switching off with the On/Off button or after auto switch off) and "Left On" (state of machine in END before auto switch off) in the 45 cm range.
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### Sustainability of production

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- > Reductions of 2% in energy consumption per unit produced and 9% in water consumption per unit produced.
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### Eco-sustainable management of home appliance

Indesit Company has consolidated an environmental culture that it shares with its stakeholders in the full conviction that safeguarding the environment is not only a fundamental moral value but a strategic factor in competitiveness and the sustainability of the business model.

The Group's approach to managing environmental impact embraces the entire life cycle of home appliances, from design through to final disposal.

### Eco-efficient products

In 2013, Indesit Company carried forward its commitment to developing products that make optimal use of resources in all phases in their life cycle. This business strategy, which strengthens the Group's competitive positioning on the market and enhances its reputation as a socially responsible company, is also motivated by awareness of the impact that home appliances have on greenhouse gas emissions and therefore on global warming. Thanks to ongoing improvements, Indesit Company was able to achieve important results in its mix of high-performance products in 2013.

**83%**

of fridges sold were in energy class A or higher (65% were in classes A+ and A++).

**68%**

of Hotpoint washing machines sold were in class A+ or higher.

**66%**

of dishwashers sold were in class A (27% in class A+, 6% in class A++ and 1% in class A+++).

### Main innovation in 2013 for environment

#### Cooking

**Induction Power Management** A system that limits absorption of energy by induction hobs, making it possible to set a hob's maximum possible absorption (Watt), thus guaranteeing efficient solutions adaptable to consumers' varying needs.

**"Eco" cooking cycle** A cooking cycle with one of the lowest energy consumption

levels in its category (0.64 kWh per specific cooking cycle usable for determining certain types of cooking requiring a maximum temperature of 200° C).

**Environmentally friendly hoods** Hotpoint hoods have, among other things, LED lights that guarantee 90% energy savings and last 10 times longer than traditional lamps, a timed booster to cut energy wastage, high capacity extraction that completely changes kitchen air every 6 minutes and a brushless motor that consumes 63% less than an equivalent motor.

**Diamond Clean** Innovative hydrolytic cleaning method for ovens, removing dirt in the cavity thanks to special enamelling and a steam cycle, thus delivering considerable energy savings even without using detergents.

**Power management** Function also included in 60 cm dishwashers for automatic power off at the end of the cycle, thus eliminating “standby” consumption.

## **Washing**

**Water reuse** A system that can reduce the quantity of electricity and water used by a wash and rinse cycle by using water for the washing phase from an internal accumulation system that keeps it at a higher temperature: the accumulated water comes from the second rinse of the previous cycle.

**Semi-professional washing machine** A washing machine–dryer duo that can produce excellent results even on garments that usually have to go to the cleaners, where “dry cleaning” leaves a far bigger carbon footprint than a normal water wash.

**Innex washer-dryer** A project set for launch in 1st quarter 2014, when the entire range will be in class A+, thus attaining the highest energy efficiency class contemplated by current law. Further, the whole line has a special automatic washing and drying cycle for daily treatment of garments, thus enabling the optimization of weekly washes.

## **Dryer**

**Capacitive Sensor** A system enabling the user to choose the level of humidity of the load at the end of the cycle, depending on the next step (ironing, for example). The system prevents pointless waste of energy by aligning drying and ironing needs.

**Wing heat exchanger** A heat pump system in which both the heating and cooling processes are provided by exchangers in which a gas releases energy to the air flowing through the drum (evaporation to heat the air) or receives energy from it (condensation to cool the air, thus obtaining condensed water). The innovative system being tested is characterized by the “winged” shape of the gas circuits in the exchangers, which should make it possible to achieve higher thermodynamic efficiency and thus deliver energy savings in systems that use heat pump technology to dry clothes.

## Cooling

**DC motor fans** These enable the use of variable speeds depending on the machine's working conditions, thus favouring lower consumption and more silence in non-extreme conditions (such as high ambient temperatures or frequent changing of fridge contents).

**Multipower Inverter** Reduction of noise to 36 dB (A) thanks to the Multipower Inverter compressor. MLT is a technology used in VCC compressors that delivers a bigger reduction in consumption thanks to direct control of the ON/OFF cycle operation.

**EvoPlus** A suite of solutions (Food Care Zone 0°, Vacuum Insulation Panel and Variable Capacity Compressors) adopted by certain types of fridge-freezer combos enabling reduction in energy consumption to reach energy efficiency classes A+++ and A+++ -10%.

## Partnerships for eco-friendly innovation

development of "open innovation" models for the home

For Indesit Company, innovation also means creating benefits for the environment. The importance to the Group of harnessing innovation to environmental conservation can be seen in the numerous initiatives it undertakes both alone and in major partnerships on a national and international level.

### HomeLab

The Home Lab consortium is based on the idea of creating a network for the development of an "open innovation" model enabling enterprises, universities and research organizations to share experience, know-how and patents for the purpose of fostering a culture of innovation and defining technology standards and interoperability between products and services in the home. Synergy is a key factor for Home Lab, which after its initial phase has been opened up to all subjects wishing to participate. The consortium members, with Indesit Company, are industry leading companies and avant-garde research and training centres (Ariston Thermo, Biticino, Gruppo Elica, Indesit Company, Loccioni, MR&D Institute, Spes, Teuco-Guzzini and Università Politecnica delle Marche). The integration of home appliances and domestic systems (heating, ventilation, lighting and cooling) offers opportunities to increase energy savings and simplify people's lives through innovative services like remote control, tele-diagnostics and preventive maintenance. In 2013, the HomeLab Open World project defined a new interoperability standard for the home that enables interaction between the devices of HomeLab manufacturers, a domotic system and the web. The project was presented to the public at a special event in January 2014, a tangible expression of the first two years of research, knowledge sharing and strategic synergy between the consortium partners.

“smart grid ready” products

**Energy@home**

The Energy@home project was launched in Italy in 2009 and is based on collaboration between Indesit Company, Electrolux, Telecom Italia and Enel. The partnership aims to develop a communication infrastructure for exchanging information on energy availability, intelligent management of appliances and consumption data and energy tariffs. The proposed system will enable consumers to manage energy consumption in the home more effectively by rationalizing and minimizing it, thus creating benefits from an environmental viewpoint and helping promote the cause of energy efficiency, which is increasingly central to policies in Europe (also regarding climate change). Some important results have been achieved over the years, such as the definition of use cases, the public release of technical specifications, the collaboration agreement with ZigBee Alliance and the production of devices to perform the system’s functions. One of these, the Smart Aqualtis, Indesit Company’s first “smart grid ready” washing machine, was designed to be an integral part of an interconnected ecosystem and is now a basic element in some of the most important and innovative experimental programmes in Europe for developing and promoting smart grids. Following the successes of the previous year (including the set up of Energy@home as a no-profit association and the resulting entry of important new partners, the activation of field experimentation of the technologies and services developed in 50 homes in Italy and the opening of dialogue with similar initiatives in Europe), in 2013 the association was joined by other important companies in the sector. Objectives achieved include: ratification by ZigBee Alliance of the Energy@home technical specifications, which thus has become an essential part of the new Home Automation 1.2 communication standard; publication of a detailed cost/benefit analysis of the Energy@home system (shared with the energy authorities and Confindustria); positive trial results in terms of reduction and shifting of consumption; and publication of the domestic gateway software as open source project.

**Eco-efficient production**

Manufacturing is undoubtedly the main source of environmental impact for Indesit. This is why it has committed long ago to controlling the environmental impacts of its production facilities. Indesit has successfully obtained ISO 14001 certification for its environmental management systems and has taken various other measures to reduce consumption and emissions.

**ISO 14001**  
*ISO 14001 environmental certification covers all the Group's production sites and main offices and warehouses.*

**SAFEGUARDING BIODIVERSITY**

2013 saw implementation of the characterization plan (approved by the Environment Ministry) for the whole of the Caserta production site in what is known as the "Domitio Flegreo and Agro Aversano coast" area, which is on the list of sites of national interest covered by Law 496/98. To verify the site's conceptual model, 95 diagnostic surveys were carried out, 29 piezometers were installed (at 16 to 60 m in depth), top soil was sampled and groundwater was chemically analyzed. The data were sent to ARPAC (Campania Regional Environmental Protection Agency) and Indesit Company is producing a site-specific risk analysis to submit to the authorities for discussion and approval. Planning of the next steps will depend on the results of the analysis and subsequent discussion with the authorities.

**Main activities in 2013 to reduce environmental impacts and results achieved**

A series of projects were initiated over the year to save energy and use energy efficiently.

**Sites in Poland**

A solution was adopted to optimize electricity consumption in the compressors area and sensors were installed for lighting management in a number of service areas. To improve safety, improvements were made to the ground control system for tanker trucks during the discharge phase in terms of both fire protection and atmospheric emissions.

**Comunanza site**

A project to reduce and rationalize consumption of energy, natural gas and water was implemented. This involved replacing the windows in the office block and installing insulation to improve the building's thermal isolation. Low consumption lamps were installed in work stations and along the internal roads and a sectioning of the compressed air distribution network was made. These investments, together with exhaustive monitoring and rationalization of consumption, made it possible to appreciably reduce consumption of energy per unit produced compared to 2012.

**Fabriano and Lipetsk sites**

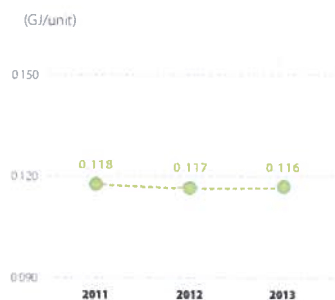
Projects were implemented to improve waste management and waste sorting with special containers and collection points in all areas. Info material on improving paper and cardboard management was produced and distributed to employees and specific audits were run to raise awareness of such issues in both production areas and offices. These activities has led to a significant reduction in waste.

**Ca' Maiano site**

The Ca' Maiano spare parts warehouse continued the green policy it adopted in 2012 with the introduction of solutions such as car sharing and waste sorting and the use of recycled paper in offices. The main initiatives in 2013 included: digital transmission of transport documents, promotion of warehouse waste sorting (wooden pallets – plastic and polyethylene – paper and cardboard) and replacement of the boiler with a new natural gas boiler. All these measures helped Indesit save energy and reduce its carbon footprint.

The downward trend in consumption of energy and generation of waste in production facilities continued in 2013. For the purpose of correct comparison with performance figures for prior years, it should be noted that the reporting boundary changed with respect to 2012. Data for 2013 reflect the opening of a hood production plant (Lodz Hoods) and no longer include values for the None plant (which ceased production in 2013).

### Unitary energy consumption



### Unitary emissions of CO<sub>2</sub>



### Unitary abstraction and disposal of water



### Unitary waste



As shown by the 3-year trend, Indesit continues to improve its performance despite having already reached levels of excellence, thus endorsing the environmental policies adopted and initiatives undertaken. The only index showing an (albeit slight) increase is that of CO<sub>2</sub> emissions. This is explained by the increase in the consumption of thermal energy with a high emissions factor at a number of facilities (including the newly opened plant in Lodz).

Energy consumption (GJ)	2013	2012	2011
Methane	433,661	505,041	524,962
LPG	3,407	3,583	3,448
<b>Total direct consumption</b>	<b>437,068</b>	<b>508,624</b>	<b>528,410</b>
Electrical energy	670,094	700,814	686,266
- from renewable sources	20%	24%	27%
Thermal energy	281,817	306,847	280,838
<b>Total indirect consumption</b>	<b>951,911</b>	<b>1,007,661</b>	<b>967,104</b>
<b>Total energy consumption</b>	<b>1,388,979</b>	<b>1,516,285</b>	<b>1,495,514</b>
<b>Total consumption per product unit (GJ/unit)</b>	<b>0.116</b>	<b>0.117</b>	<b>0.118</b>

Note: LPG consumption figures based on Group plant estimates.



<b>Water abstraction (m<sup>3</sup>)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Public supply	351,489	386,858	294,461
From wells or other sources	959,895	1,268,707	1,415,726
<b>Total abstraction</b>	<b>1,311,384</b>	<b>1,655,565</b>	<b>1,710,187</b>
<b>Abstraction per product unit (m<sup>3</sup>/unit)</b>	<b>0.109</b>	<b>0.128</b>	<b>0.135</b>
<b>Water disposal (m<sup>3</sup>)</b>			
<b>Total discharge</b>	<b>1,281,452</b>	<b>1,604,627</b>	<b>1,464,308</b>

Note: figures based on plant estimates. Water used by the Group plants is disposed through internal or external treatment plants, except for Albacina plant cooling water that is discharged to surface waters without treatment because not polluted.

<b>Emissions of greenhouse gases</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
CO <sub>2</sub> produced (t)	113,395	119,012	119,680
<b>CO<sub>2</sub> per product unit (kg/unit)</b>	<b>9.4</b>	<b>9.2</b>	<b>9.4</b>

Note: CO<sub>2</sub> emissions calculated on the basis of electrical and thermal energy (calculated on the basis of emission factors communicated by suppliers) and natural gas and LPG (calculated on the basis of emission factors published by DEFRA in 2012). The figures for 2011 and 2012 were restated using a more accurate estimation method.

<b>Other emissions in the air (t)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
NO <sub>x</sub>	26.9	29.7	24.2
CO	39.7	43.1	42.4
Total dust (PTS)	4.6	4.4	4.7
Volatile organic compounds (VOC)	124.7	141.0	115.4
Others	0.9	1.1	7.0
<b>Total</b>	<b>196.8</b>	<b>219.4</b>	<b>193.7</b>

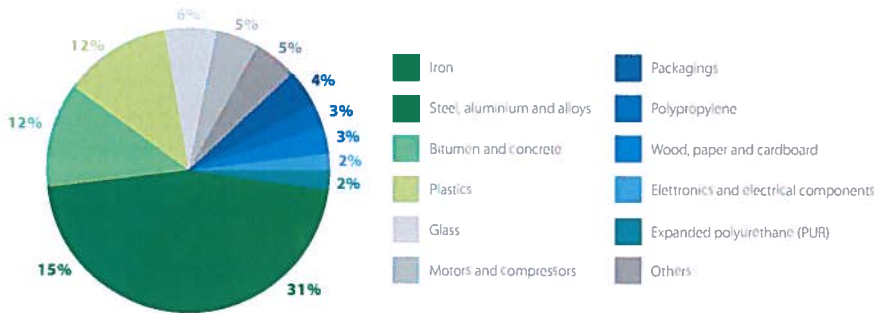
Note: figures based on Group plant estimates.

<b>Waste produced (t)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Total waste by type</b>	<b>47,932</b>	<b>52,234</b>	<b>52,319</b>
Hazardous	2,038	2,300	1,819
Non hazardous	45,893	49,933	50,500
<b>Total waste by disposal method</b>	<b>47,663</b>	<b>52,234</b>	<b>52,319</b>
Waste recycled	44,922	49,012	48,996
Waste to landfills	2,741	3,222	3,323
<b>Waste per product (kg/unit)</b>	<b>3.97</b>	<b>4.04</b>	<b>4.12</b>

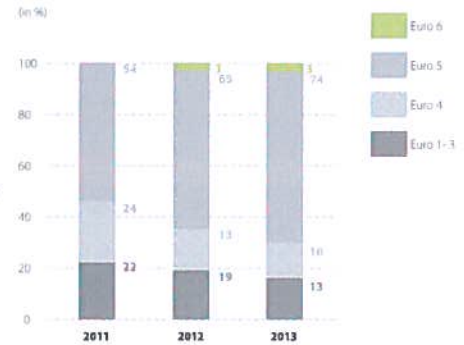
Note: figures on waste disposal methods based on Group plant estimates.

<b>Consumption of auxiliary materials (t)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Lubricants	185	209	230

**Main raw materials and semi components utilized in products**



**Fleet breakdown (%)**



Estimates made on the composition of more significant products of 2013 production ("sample" products).

### USE OF ECO-FRIENDLY MATERIALS

Indesit is the only company to use nanotechnology (1/2µ zirconium oxide coating on metal) in the painting of cooking products, a treatment which, unlike other processes, does not produce muds and has a low consumption of water. This makes it one of the most ecological painting treatments on the market. Further, Indesit uses an enamelling process for ovens and hobs that does not use cadmium or nickel but still manages to perfectly preserve the tone and shine of the original colour for at least ten years, as well as being highly resistant to corrosion, high temperatures, acids, alkalis, scratches and organic solvents.

### Logistics

Transportation of products from manufacturing sites to markets is a significant source of environmental impact for industrial operators. This is why Indesit Company's transportation policy is to use different means of transport and implement as far as possible the most efficient logistics solutions in terms of reducing the environmental impact of the Group's business. Indesit has made increasing use of transport suppliers whose vehicles have advanced technology for low emissions.

Transportation mode	Transportation mode (% of travels)			Emissions by transportation mode (kg/unit transported)		
	2013	2012	2011	2013	2012	2011
Intermodal rail	2%	1%	1%	5.5	4	4.7
Intermodal sea	2%	2%	1%	1.1	1.3	1.2
Sea	20%	19%	17%	2.5	1.9	1.8
Road	76%	78%	81%	4.2	4.8	4.9
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>3.9</b>	<b>4.4</b>	<b>4.5</b>

Note:

1. With the exception of a small fleet of light vehicles for home deliveries in the UK, all vehicles are owned by 3rd parties.
2. Emissions values refer to kms travelled in which the shipment risks and expenses are Indesit Company's and do not include transportation from warehouses to clients within the same country.
3. Emissions are calculated on the basis of the emission factors in "2012 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting" (Annex 7 - Freight Transport Conversion Tables). In the case of intermodal sea and intermodal rail, the emission factors used were sea and rail, respectively.

## Recovery of products and materials

Indesit's environmental challenge is not limited to managing the effects generated by the operation of its products: the entire life cycle of the product, from manufacturing to disposal, must be considered.

Indesit Company is a member of various electrical and electronic waste recovery organizations set up to avoid pollution of the environment and maximize recovery of materials to recycle in production processes. The Group plays an active role in such consortiums in all EU countries and with them promotes the processing of waste using the best techniques throughout Europe.

One of the consortiums in which Indesit Company is active in Italy, ECODOM (Italian Home Appliance Collection and Recycling Consortium), is creating an effective system of collection and recycling of products and packaging that, if disposed of as normal waste, would waste considerable quantities of valuable and environmentally damaging materials (eg. iron, aluminium, copper, steel, plastic and glass). In addition to saving natural resources, these activities deliver significant advantages for the environment by reducing the landfill, energy consumption and emission of greenhouse gases caused by disposal processes. Other major consortiums that Indesit Company has joined include REPIC in the UK, Ecosystemes in France, Ecolec in Spain and Elektroeko in Poland.

### RECOVERY OF PACKAGING IN GREAT BRITAIN IN 2013

The packaging recovery project in the UK yielded:

- 187.6 tonnes of polystyrene foam;
- 77.7 tonnes of polythene;
- 75.5 tonnes of cardboard;
- 46 tonnes of wood.

### ECODOM COLLECTION IN 2013

**ECODOM**, thanks to the collection of over 70,000 tonnes of waste in Italy, thanks to the responsible disposal of it, made it possible to produce the following quantities of secondary raw materials:

- over 43,000 tonnes of iron;
- about 2,000 tonnes of copper;
- about 1,700 tonnes of aluminium;
- about 7,000 tonnes of plastic.

Use of raw materials from waste disposal delivered an electricity saving of over 73 million kWh (compared to the energy needed to obtain the same quantities of virgin materials) and avoided around 760,000 tonnes of CO<sub>2</sub> emissions. For electricity, the figure is equivalent to the yearly needs of a town of about 60,000 inhabitants, while CO<sub>2</sub> avoided is equivalent to the absorption capacity for one year of a 400 km forest.

Source: [www.ecodom.it](http://www.ecodom.it)

In addition to co-operation in consortiums, the Group organizes initiatives to collect product packaging on its own account. One such project is in the UK, where the Group offers its customers immediate collection of the packaging in which products are delivered. Once collected, the materials are sorted, treated and sent to the Repackaging Area of the Raunds distribution centre, where they are used to replace damaged packaging.

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### **Active role in Europe for environmental protection**

Indesit Company is active in national trade associations in nearly all countries in the European Union. Its representatives play key roles in CECED in Brussels, participating in various work groups, chairing the WG Waste & Material, and sitting on the Council and Steering Committee. Active participation in this trade association enables the Group to enjoy constant dialogue with the authorities for the purpose of anticipating social requirements relevant to our industry.

#### **Smart grid**

In 2013 Indesit Company helped raise awareness of the theme of smart grids. In addition to supporting this virtuous scenario by developing new technologies (Energy@ home and HomeLab projects) and promoting regulatory instruments enabling consumers to play a bigger role in the energy market, Indesit Company, with CECED Italia and EnergyLab, promoted a workshop entitled "Smart appliances and smart grids to develop active demand: the state of the art". Also with CECED Italia, Indesit contributed to a Confindustria publication - "Smart Energy" – describing possible development scenarios for the promotion of energy efficiency and sustainable energy consumption. In Europe, Indesit and CECED were active in an awareness raising campaign for the safeguarding of consumers (in favour of consumer supply to the grid being remunerated and never obligatory) and presented to the 7th International Conference on Energy Efficiency in Domestic Appliances and Lighting the results of a pilot project implemented under Energy@ home (EEDAL 2013).

#### **European WEEE Directive**

Manufacturers play a fundamental role in the recovery and disposal of WEEE. Investments in the ecological design of products and promoting responsible disposal processes have made it possible to achieve recycling objectives well beyond those set by EU legislation. Having helped to advocate the new WEEE Directive, Indesit Company also committed itself publicly, even during the delicate assimilation of the Directive into national law, especially in the Italian and UK markets, where it has been very important its participations to trade association round tables and public conventions and other events.

#### **Made IN**

Within the European CECED association, Indesit Company declared itself in favour of the obligatory indication of country of origin proposed in the draft of new EU regulations on the safety of consumer products. Its position on this issue is based on the fact that indication of origin is a guarantee of transparency towards consumers and that obligation, not the option, would ensure equal conditions of access to the market, but only if supported by clear rules for determining country of origin and controls to guarantee compliance with them.

#### **Eco design**

Through CECED, Indesit contributes to the preparatory studies for the revision of Eco design by sending information and contributions to the European Commission's consultants working on that project.

## ATLETE II

Indesit and CECED have always supported market surveillance as an indispensable instrument for protecting consumers and the market itself. In 2013, Indesit continued to participate in the funded project "Appliance Testing for Energy Evaluation II" (ATLETE II) by providing technical back up in the project implementation phase. The aim of ATLETE II is to assess the energy labelling and ecodesign of washing machines in the EU market. For the first time in this area, washing machine models were tested to the new energy labelling regulations. The results of the project will be published in the second half of 2014.

## Energy labelling

Current energy labelling will have to be revised in the next few years. Indesit believes labelling is vitally important because it provides objective data enabling consumers to choose more sustainable products. Thanks in part to Indesit, the CECED association organizes talks with environmental organizations and consumers in the conviction that it's necessary to understand the needs and expectations of all parties and aim at shared solutions.

### INDESIT COMPANY'S KEY ROLE IN TRADE ASSOCIATIONS

**CECED Italia** – Presidency of the Italian association of domestic and professional equipment manufacturers, whose main objectives include raising the awareness of government and citizens on environmental protection, energy saving and consumer protection issues

**AMDEA** – Presidency of the appliance manufacturers association in the UK, which maintains constructive dialogue with government on environmental protection and the safeguarding of consumers and is very active on European and international standardization issues

**ECODOM in Italy** – Member of the technical committee and the Board of Directors, Vice-presidency of the consortium of home appliance manufacturers, set up to prevent discharge of pollutants or substances harmful to the ozone layer and maximize recovery of materials (steel, aluminium, copper, plastic) to recycle in production processes

**REPIC in UK** – Membership of the board of the main consortium of manufacturers for the recycling of end of lifespan home appliances

**Manufacturers' association in Russia** – Indesit has played a key role in advocating the creation of a home appliance manufacturers' association in Russia to facilitate dialogue on product Technical Regulations in a period in which the Russian, Kazakh and Belarussian Customs Unions are adopting new product regulations to protect consumers and the environment and are looking to the European Union as a possible model. Currently, Indesit Company is member of RATEK Association.

**EBA in Ukraine** – Indesit is one of the most active member of this association and made an active contribution towards the process of harmonizing product regulations in Ukraine with those in the EU.

**CENELEC and IEC** – Standardization is fundamental for the promotion of technological innovation and for guaranteeing the health of consumers and respect for the environment, as well as for removing market barriers. Indesit Company contributes, through various of its product experts, to the work of the international commissions CENELEC and IEC.

## **GRI Content Index**

### Legend

AR: Annual Report at 31 December 2013.

CGR: Annual Corporate Governance and Ownership Structure Report 2013  
(report at 21 March 2014 related to 2013).

	Profile	Coverage	Page/ Reference	Notes
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1.1	Chairman and CEO statement	Total	3	
1.2	Description of key impacts, risks, and opportunities	Total	3, 7, 8-9, 12, 15, 40, 49, 54, 61	
<b>2</b>	<b>Organisational profile</b>			
2.1	Name of the organisation	Total	Cover	
2.2	Primary brands, products and/or services	Total	7	
2.3	Operational structure	Total	AR 42	
2.4	Headquarters	Total	AR 42	Fabriano (AN), Italy
2.5	Number of countries where the organisation operates	Total	5; 18-19; AR 62	
2.6	Nature of ownership and legal form	Total	CGR 10-13	Indesit Company S.p.A. was formed in 1975 by the home appliance division of Industrie Merloni and listed on the Italian Stock Exchange in 1987.
2.7	Markets served	Total	AR 9-13, 62	
2.8	Scale of the reporting organisation	Total	7; 18, AR 7; CGR 10	
2.9	Significant changes	Total	37-38	
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3.3	Reporting cycle	Total	2	
3.4	Contact point for questions regarding the report	Total	Last cover page	
3.5	Process for defining report content	Total	10-11	
3.6	Boundary of the Report	Total	2	
3.7	State any specific limitations on the scope or boundary of the Report	Total	2	
3.8	Basis for reporting on joint ventures, subsidiaries, leased plants, outsourced operations that can significantly affect comparability from period to period	Total	2	
3.9	Data measurement techniques and the bases of calculations	Total	2	
3.10	Any re-statements of information provided in earlier reports	Total	2	
3.11	Significant changes in boundaries and measurement techniques from previous reporting periods	Total	2	
3.12	Chart (GRI Content Index)	Total	75	
3.13	Assurance	Total	81	
<b>4</b>	<b>Governance, commitments and engagement</b>			
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4.2	Indicate whether the Chair is also an executive officer	Total	CGR 22	
4.3	Independent and/or non-executive members	Total	CGR 50	
4.4	Mechanisms for shareholders and employees to provide recommendations	Total	36, CGR 15, 31	Employees can use the <i>whistleblowing</i> system as provided by the Code of Conduct.
4.5	Linkage between compensation for members of the highest governance body and organisation's performance	Total	28, AR 108, CGR 56-69	

	<b>Profile</b>	<b>Coverage</b>	<b>Page/ Reference</b>	<b>Notes</b>
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4.7	Qualifications of the Directors	Total	CGR 44-49	
4.8	Mission or values, codes of conduct, and principles	Total	5-6	
4.9	Procedures for overseeing the organisation's identification and management of economic, environmental, and social performance	Total	8-9	
4.10	Processes for evaluating the highest governance body's own performance	Total	CGR 18	
4.11	How the precautionary approach or principle is addressed by the organisation	Total	8-9	
4.12	Externally developed, principles, or other initiatives to which the organisation subscribes or endorses	Total	9, 21, 39	
4.13	Memberships in associations	Total	72, 73	
4.14	List of stakeholder groups engaged	Total	10-11	
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EC3 Core	Coverage of the defined benefit plan obligations	Total	AR 53, 84	
EC4 Core	Significant financings received from government	Total	13	
EC5 Add	Range of ratios of standard entry level wage compared to local minimum wage	Partial	29	
EC6 Core	Market presence policies, practices and proportion of spending on locally-based suppliers	Total	52	
EC7 Core	Local hiring at significant locations of operation	Total	17	
EC8 Core	Development investments and services provided primarily for public benefit	Total	55	
<b>Environmental performance</b>				
DMA EN	Information on the management	Total	63	
EN1 Core	Raw materials used	Total	70	
EN2 Core	Materials used that are recycled	Total	70	
EN3 Core	Direct energy consumption by source	Total	68	
EN4 Core	Indirect energy consumption	Total	68	
EN6 Add	Initiatives to provide energy-efficient or renewable energy based products and services	Total	64, 65	
EN8 Core	Total water withdrawal by source	Total	69	



	<b>Profile</b>	<b>Coverage</b>	<b>Page/ Reference</b>	<b>Notes</b>
EN11 Core	Location and size of land adjacent to protected areas and areas of high biodiversity value	Total	-	Indesit Company does not own or operate manufacturing or business sites within protected areas. Concerning vicinity to protected natural areas, the Albacina plant in Fabriano is located a short distance from the Gola della Rossa e di Frasassi Regional Nature Park.
EN12 Core	Description of significant impacts on biodiversity	Total	-	Production activities carried out in the Albacina plant, located outside the nature park, have no significant impact on the biodiversity of the area. Further, the plant has an ISO 14001 certified environmental management system and complies with all the environmental regulations in force. The production process does not generate atmospheric emissions potentially damaging to the flora and fauna of the park or discharge waste water having qualities (including turbidity and temperature parameters) such as to compromise the normal biological cycles of freshwater bodies.
EN16 Core	Total direct and indirect greenhouse gas emissions	Total	69	
EN17 Core	Other indirect greenhouse gas emissions by weight	Total	70	
EN19 Core	Emissions of ozone-depleting substances by weight	Total	-	No leaks of substances harmful to the ozone layer were recorded in Group plants or offices. Conditioning plants in offices and other workplaces are operated under Indesit Company's environmental management systems, which provide for periodic monitoring and maintenance to prevent leakage of substances harmful to the ozone layer.
EN20 Core	Other air emissions	Total	69	
EN21 Core	Water discharge	Total	69	
EN22 Core	Waste by type and disposal method	Total	68	
EN23 Core	Total number and volume of significant spills	Total	-	No significant spills of pollutants threatening the state of the ground or subsoil occurred in 2013.
EN26 Core	Initiatives to mitigate environmental impacts of products and services	Total	64	
EN27 Core	Percentage of products sold and their packaging materials that are reclaimed	Total	70, 71	
EN28 Core	Sanctions for non-compliance with environmental laws and regulations	Total	-	The Group was not given any significant fines or sanctions for non-compliance with environmental regulations.
<b>Social performance</b>				
DMA LA	Information on the management	Total	16, 17	
LA1 Core	Total workforce by employment type, employment contract, and region	Total	17-19	
LA2 Core	Turnover by age group, gender, and region	Total	18	

	<b>Profile</b>	<b>Coverage</b>	<b>Page/ Reference</b>	<b>Notes</b>
LA3 Add	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operation sites	Total	29	
LA4 Core	Percentage of employees covered by collective bargaining agreements	Total	36	
LA5 Core	Minimum notice period(s) regarding significant operational changes	Total	36	
LA6 Add	Percentage of total workforce represented in health and safety committees	Total	36	
LA7 Core	Rates of injury, occupational diseases	Total	33	There were no fatal accidents
LA8 Core	Education, training, counselling, prevention, and risk-control programs regarding serious diseases	Total	31	
LA10 Core	Hours of training	Total	23	
LA11 Add	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Total	23	
LA12 Add	Percentage of employees receiving regular performance and career development reviews	Total	26	
LA13 Core	Composition of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Total	17, 19, 21; CGR 44-49	
LA14 Core	Ratio of basic salary of men to women by employee category	Partial	28	Quantitative data for the ratio between men's and women's basic pay per professional category are not available. The Group plans to report such data from 2014.
<b>Human rights</b>				
DMA HR	Information on the management	Total	36, 39	
HR1 Core	Significant investment agreements that include human rights clauses	Total	37	
HR2 Core	Suppliers and contractors that have undergone screening on human rights	Total	51, 53	
HR4 Core	Incidents of discrimination and actions taken	Total	-	There were no accidents of discrimination during the year.
HR5 Core	Operations in which the right to exercise freedom of association and collective bargaining may be at significant risk	Total	36	
HR6 Core	Operations having significant risk of child labour	Total	39	
HR7 Core	Operations having significant risk for incidents of forced or compulsory labour	Total	39	
<b>Impacts on community</b>				
DMA SO	Information on the management	Total	55	
SO1 Core	Management of the impacts of operations on communities	Total	55	
SO2 Core	Monitoring risks related to corruption	Total	8	
SO3 Core	Employees trained in anti-corruption policies	Total	8, 23	
SO4 Core	Actions taken in response to incidents of corruption	Total	-	No episodes of corruption occurred in the Group in 2013. Procedures activated following reports sent to the Supervisory Body mailbox or via other admissible channels did not lead to any action

	<b>Profile</b>	<b>Coverage</b>	<b>Page/ Reference</b>	<b>Notes</b>
S05 Core	Public policy positions and lobbying	Total	72	
S08 Core	Monetary value and non-monetary sanctions for non-compliance with laws and regulations	Total	AR 87	
	<b>Product responsibility</b>			
DMA PR	Information on the management	Total	63	
PR1 Core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Total	44, 63	
PR2 Add	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products	Total	45	
PR3 Core	Type of product and service information required by procedures	Total	44	
PR4 Add	Total number of product information and labelling non-conformities (breakdowned by type) to voluntary codes and regulations	Total	45	
PR5 Add	Practices relating to customer satisfaction, including results of surveys measuring customer satisfaction	Total	48	
PR6 Core	Programs for adherence to laws, standards, and voluntary codes related to marketing	Total	-	Regarding design and development of advertising campaigns and other promotional and sponsoring activities, Indesit Company is careful to comply with the law and makes preventive checks on compliance with current laws on marketing and advertising. The Group is a member of WFA – World Federation of Advertisers.
PR8 Add	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Partial	47	
PR9 Core	Monetary value for non-compliance with laws and regulations	Total	45	

## Global Compact-GRI correspondence table

Area	Global Compact principles	GRI indicator
<b>Human rights</b>	<b>Principle I</b> Businesses should support and respect the protection of internationally proclaimed human rights	EC 5 LA 4, LA6, LA 7, LA 8, LA 13, LA 14 HR 1, HR 2, HR 4, HR 5, HR 6, HR 7 SO 5 PR 1, PR 2, PR 8
	<b>Principle II</b> Businesses should make sure that they are not complicit, even indirectly, in human rights abuse	HR 1, HR 2, HR 4, HR 5, HR 6, HR 7 SO 5
<b>Labour</b>	<b>Principle III</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	LA 4, LA 5 HR 1, HR 2, HR 5 SO 5
	<b>Principle IV</b> Businesses should uphold the elimination of all forms of forced and compulsory labor	HR 1, HR 2, HR 7 SO 5
	<b>Principle V</b> Businesses should uphold the effective abolition of child labor	HR 1, HR 2, HR 6 SO 5
	<b>Principle VI</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation	EC 7 LA 2, LA 13, LA 14 HR 1, HR 2, HR 4 SO 5
<b>Environment</b>	<b>Principle VII</b> Businesses should support a precautionary approach to environmental challenge	EC 2 EN 26 SO 5
	<b>Principle VIII</b> Businesses should undertake initiatives to promote greater environmental responsibility	EN 1, EN 2, EN 3, EN 4, EN 6, EN 8, EN 11, EN 12, EN 16, EN 17, EN 19, EN 20, EN 21, EN 22, EN 23, EN 26, EN 27, EN 28
	<b>Principle IX</b> Businesses should encourage the development and diffusion of environmentally friendly technologies	EN 2, EN 6, EN 26, EN 27 SO 5
<b>Anti-corruption</b>	<b>Principle X</b> Businesses should work against corruption in all its forms, including extortion and bribery	SO 2, SO 3, SO 4, SO 5

# Report of the independent auditors



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(Translation from the Italian original which remains the definitive version)

## Limited assurance report on the sustainability report

To the board of directors of  
Indesit Company S.p.A.

- 1 We have reviewed the sustainability report for the year ended 31 December 2013 of the Indesit Company Group (the "Group"). The parent's directors are responsible for the preparation of the sustainability report in accordance with the Sustainability Reporting Guidelines issued in 2006 by GRI - Global Reporting Initiative, as set out in the "About this document" section. They are also responsible for determining the Group's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our review.
- 2 We carried out our work in accordance with the criteria established for review engagements by "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)", issued by the International Auditing and Assurance Standards Board. That Standard requires that we comply with applicable ethical requirements (the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, IFAC), including independence requirements, and that we plan and perform the engagement to obtain limited assurance (and, therefore, less assurance than in a reasonable assurance engagement) about whether the report is free from material misstatement. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
  - comparing the information and data presented in the "Creation and distribution of wealth" section of the sustainability report to the corresponding information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2013, on which other auditors issued their report dated 1 April 2014 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;
  - analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:
    - interviews and discussions with management of Indesit Company S.p.A. to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;

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territorio KPMG Italia nel centro storico di Ancona  
Comprensione "KPMG International" ai sensi dell'art. 2359 del  
Codice Civile

Autore della Nota Integrata  
Il signor Roberto Pascale Caputo  
Cognome, Nome, Indirizzo, Città, Stato  
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*Indesit Company Group  
Limited assurance report  
on the sustainability report  
31 December 2013*

- on-site checks at the Albacina (Ancona) and Melano (Ancona) factories;
- sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the effectiveness of processes, their adequacy in relation to the objectives described and that the internal control system correctly manages data and information included in the sustainability report;
- analysing the compliance of the qualitative information included in the sustainability report with the guidelines referred to in paragraph 1 and its overall consistency, in particular with reference to the sustainability strategy and policies and the determination of material issues for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of Indesit Company S.p.A. on the compliance of the sustainability report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000 and, therefore, it offers a lower level of assurance that we have become aware of all significant matters and events that would be identified during an audit.

The sustainability report includes the corresponding information and data of the prior year sustainability report for comparative purposes, with respect to which reference should be made to our report dated 30 April 2013

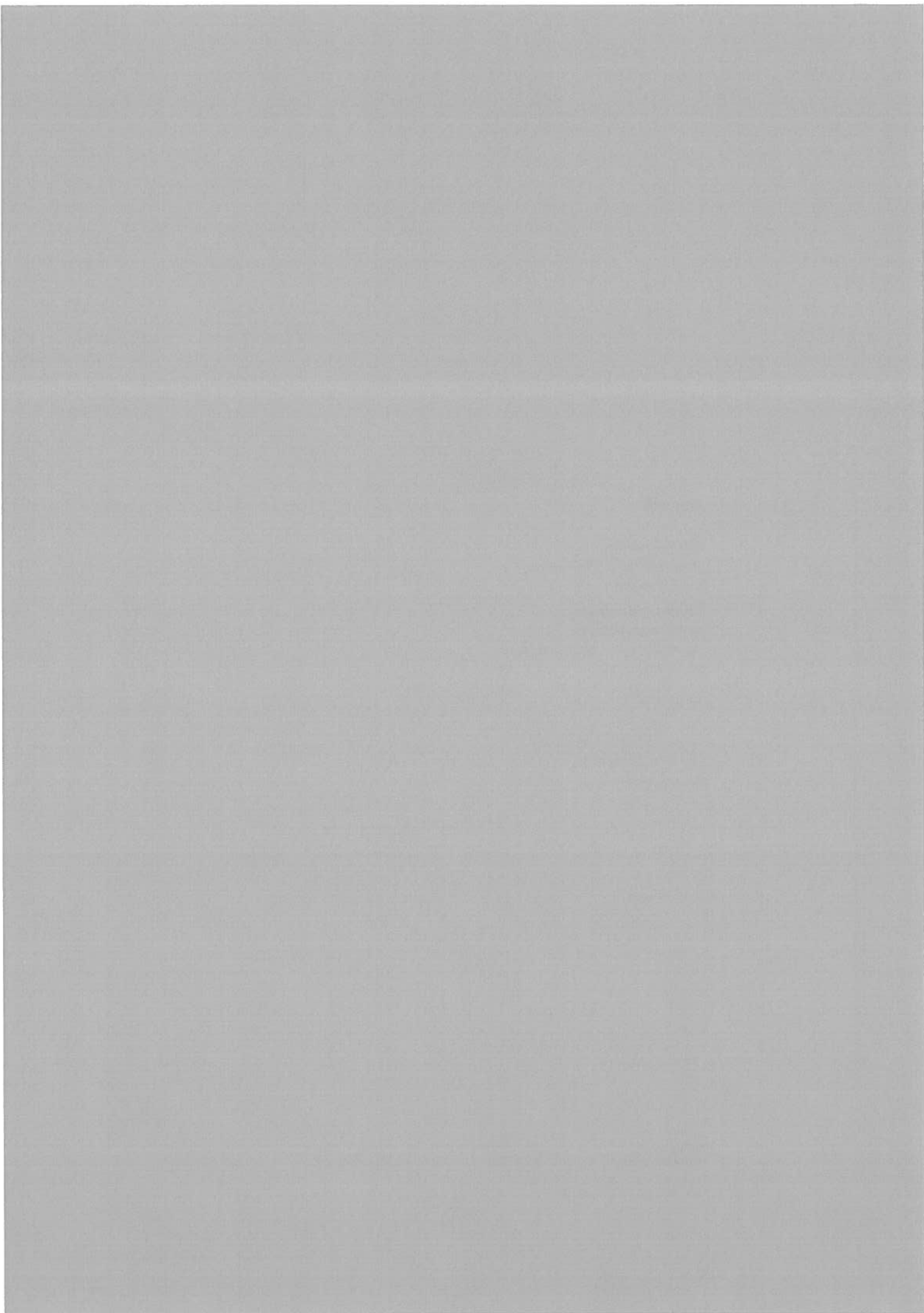
- 3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the sustainability report for the year ended 31 December 2013 of the Indesit Company Group is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines issued in 2006 by GRI - Global Reporting Initiative, as set out in the "About this document" section.

Ancona, 24 April 2014

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani  
Director of Audit



## **Contacts**

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