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OUR VISION

**SUSTAINABLE  
COMFORT FOR  
EVERYONE**

OUR PURPOSE IS TO PROVIDE EVERYONE,  
IN EVERY CORNER OF THE WORLD,  
WITH HIGH-QUALITY  
HEATING AND HOT WATER SOLUTIONS,  
WHILE PROTECTING THE ENVIRONMENT.





# THE ENERGY CHALLENGE

THE GLOBAL SCENARIO IN THE SECTOR OF THERMAL COMFORT

The world's energy consumption is increasing, and with it CO<sub>2</sub> emissions: the planet's environmental sustainability is at risk.



IN TERMS OF IMPACTS, 4 OUT OF THE FIRST FIVE **GLOBAL RISKS** ARE DUE TO CLIMATE CHANGE

(World Economic Forum, Global Risk Report, 2018)



ACCORDING TO THE IPCC\*, IF TEMPERATURES RISE BY **2°C**:

**410 MILLION**

URBAN RESIDENTS WILL BE EXPOSED TO **SEVERE DROUGHT**

**49 MILLION**

PEOPLE WILL BE IMPACTED BY **SEA-LEVEL RISE** OF 56 CM

**+4°C**

THE POTENTIAL INCREASE IN TEMPERATURES BY THE END OF THE CENTURY **IF NO ACTIONS ARE TAKEN**

\*Intergovernmental Panel on Climate Change

## AN ULTIMATUM TO PLANET EARTH

**Anthropic activities induced a global warming trend that pushed temperatures to rise by about 1°C in 2017, compared to pre-industrial levels.** Numerous regions have already suffered warming dynamics way above average. That is especially the case in continental areas: between 20 and 40% of global population lives in regions where global warming has been higher than 1.5°C for at least one season over the period 2006-2015<sup>1</sup>.

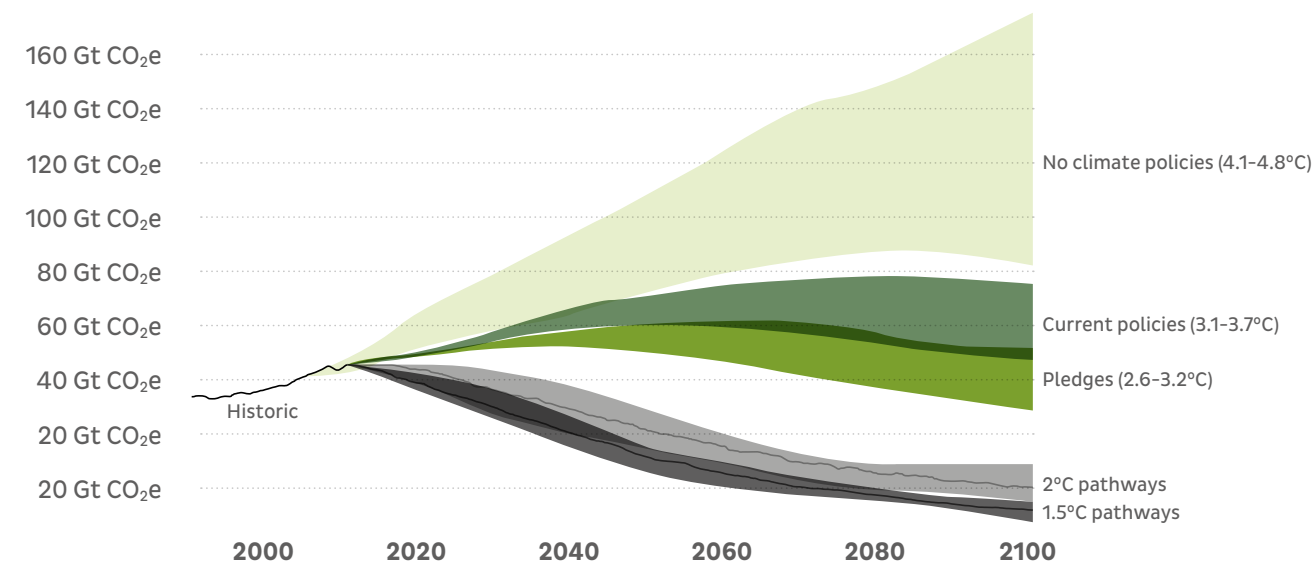
In 2015, during the 21st Conference of the Parties to the UNFCCC, 195 countries joined forces and adopted the Paris agreement, which sets the goal of strengthening the global response against the threat of climate change. All subscribing countries committed to containing the rise of global temperatures below 2°C.

The 2°C-limit to the increment of global temperatures has been revised in 2018, when the Intergovernmental Panel on Climate Change urged the international community to work towards a 1.5°C-limit.

According to the **IPCC** in its **"1.5 Degree Report"**, the **next 10 years will be crucial for the containment of global warming**: "Limiting global warming to 1.5°C is not impossible, but it will require unprecedented changes in every aspect of our society", Hoesung Lee, President of IPCC, remarked.

According to the IPCC **"1.5 Degree Report"**, a radically different approach to tackling climate change is necessary to avoid catastrophic consequences for planet earth. If no efforts to curb CO<sub>2</sub> emissions are put in place,

1. IPCC (2018) "GLOBAL WARMING OF 1.5 °C" – Technical Summary"



Global greenhouse gas emissions scenario (Source: Our World in Data 2018)

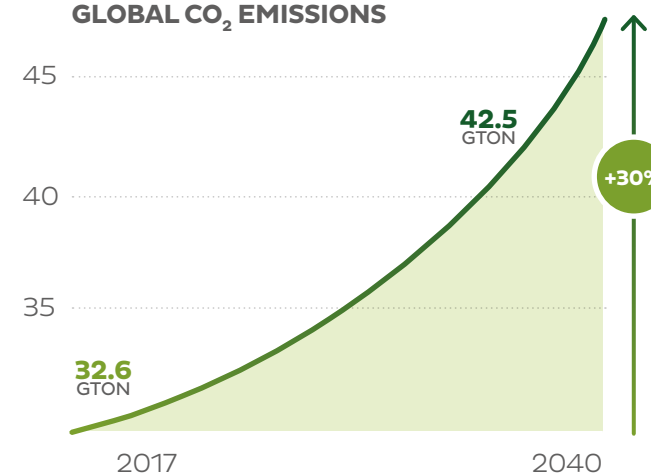
by 2100 our planet may be up to 4.8°C hotter than at pre-industrial levels.

In terms of consequences for the environment, global warming caused by greenhouse gas emissions will induce a rise in sea levels, as well as a reduction in size of glaciers. At the same time, extreme meteorological phenomena, such as flooding, heat waves and droughts will increase in frequency and intensity. Such a massive shift in the

condition of our environment will inevitably affect the current geopolitical status quo. The World Bank argues that climate change in densely populated areas may push more than 140 million people to migrate from their homes due to worsening life conditions<sup>2</sup>. At the same time, resource scarcity and access to water may soon become a reason for conflicts to escalate.

## CO<sub>2</sub> EMISSIONS ARE BACK ON THE RISE

### GLOBAL CO<sub>2</sub> EMISSIONS



Source: IEA 2018, World Energy Outlook

**After three years of global emissions remaining flat, 2017 marked a new rise in CO<sub>2</sub> emissions.**

Global energy-related CO<sub>2</sub> rose by 1.4% in 2017, an increase of 460 million tons (Mt), and reached a historic high of 32.6 gigatons (Gt).

The increase in carbon emissions, equivalent to the emissions of 170 million additional cars, was the result of **robust global economic growth of 3.7%, lower fossil-fuel prices and weaker energy efficiency efforts**. These three factors contributed to **pushing up global energy demand by 2.1% in 2017<sup>3</sup>**.

The trend of growing emissions, however, was not universal. While most major economies saw a rise in carbon emissions, some others experienced declines, such as the United States, the United Kingdom, Mexico and Japan.

Overall, Asian economies accounted for two-thirds of the global increase in carbon emissions.

China's economy grew nearly 7% last year, but emissions

2. The World Bank (2018) "Climate Change Could Force Over 140 Million to Migrate Within Countries by 2050: World Bank Report"

3. IEA (2018): Global Energy and CO<sub>2</sub> Status Report

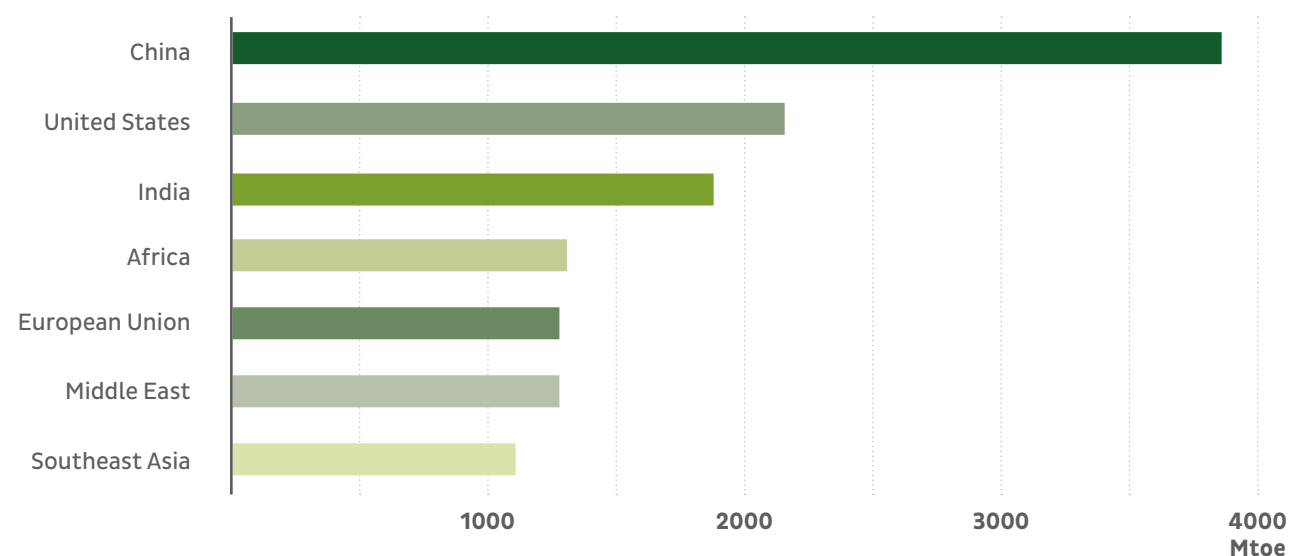


increased by just 1.7% (or 150 Mt) thanks to continued renewables deployment and faster coal-to-gas switching. China's carbon dioxide emissions in 2017 reached 9.1 Gt, almost 1% higher than their 2014 level.

The most recent **"World Economic Outlook 2018"** by the **International Environment Agency (IEA)**, focuses on changes within the energy sector, which is one of the most significant contributors to greenhouse emissions at the global level. In the IEA's New Policies Scenario, rising incomes and an extra 1.7 billion people, mostly added

to urban areas in developing economies, push up global energy demand by more than a quarter to 2040. All the growth comes from developing economies, led by India. As recently as 2000, Europe and North America accounted for more than 40% of global energy demand and developing economies in Asia for around 20%. By 2040, this situation will be completely reversed, with **China accounting for the majority of the world's energy demand**, which will be around double as much as the United States.

### ENERGY DEMAND 2040



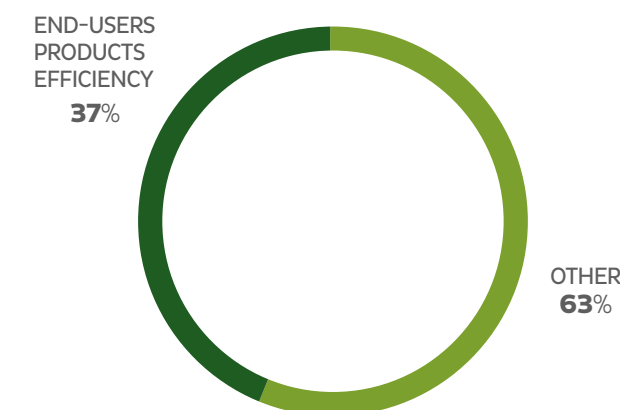
2040 energy demand forecast by country  
Source: World Energy Outlook 2018

### ENERGY EFFICIENCY REPRESENTS A KEY INTERVENTION TO CURB CO<sub>2</sub>.

According to the 2018 report of the International Energy Agency, if we consider the total number of possible areas of intervention for curbing CO<sub>2</sub> emissions by 2040, 37% derives from the energy efficiency mainly of products used by end users. **More efficient products can contribute to substantially reducing the forecast increase in annual emissions.**

Source: World Energy Outlook, IEA 2018

### AREAS OF INTERVENTION TO CURB CO<sub>2</sub>



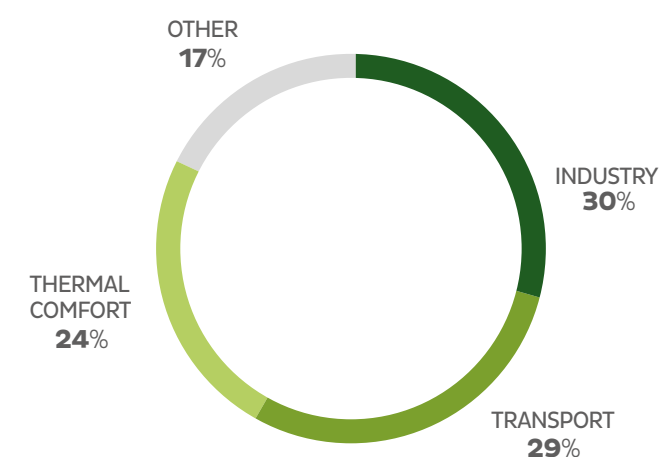
### THE IMPACT OF THERMAL COMFORT ON THE ENERGY SECTOR

Globally, thermal comfort accounts for 24% of total final energy consumption. Energy consumption and the related emissions are caused by three main areas: 30% is attributable to the industrial sector, 29% to transport and 24% to domestic and commercial thermal comfort.

Thermal comfort is particularly important in residential energy consumption.

**Heat demand in the buildings sector worldwide accounts for almost 75% of total final consumption, mostly for space heating.**

### GLOBAL CONSUMPTION BY SECTOR



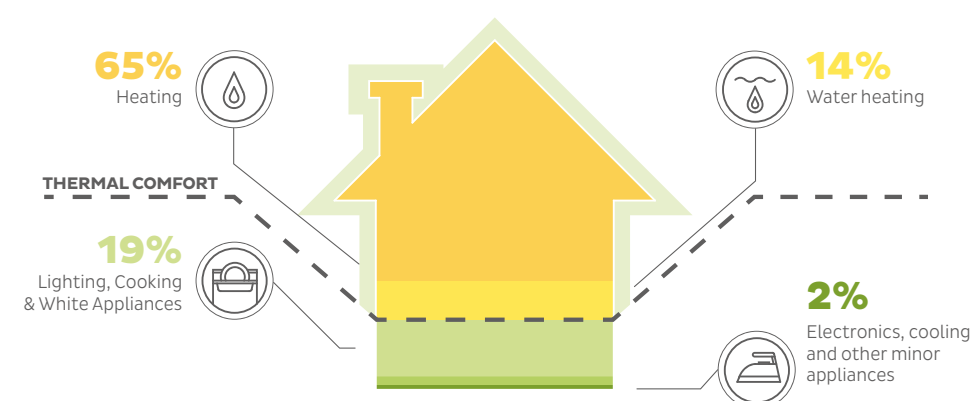
Source: World Energy Outlook, IEA 2018

### A GLOBAL CALL TO ACTION

Policy makers worldwide are looking at possible solutions to avoid this worst-case scenario. To address such a challenging tasks, however, a comprehensive analysis of all shifts in socio-economic factors is critical. There is a number of ways for the international community to act upon the threat posed by global warming. **The 2030 Sustainable Development Agenda**, approved in 2015, already sets a number of ambitious goals to attain a more sustainable way of living on a global scale. It is yet unclear whether the goals set for 2030 will be reached successfully. In its **"World Economic Outlook 2018"**, the IEA analyses several future scenarios according to different possible policies. In particular, the IEA identifies several measures at no economic cost which, if put in place, could curb emissions and allow us to reach the 2°C global warming target set by the 2015 Paris Agreement:

- REFORM OF EFFICIENCY AND FOSSIL FUEL SUBSIDIES
- PROMOTION OF RENEWABLE ENERGIES AND REDUCTION OF LEAST-EFFICIENT COAL POWER
- REDUCTION OF UPSTREAM OIL AND GAS METHANE
- OTHER MEASURES, SUCH AS NUCLEAR OR FUEL SWITCHING

### AVERAGE RESIDENTIAL ENERGY CONSUMPTION: Western Europe



Source: Eurostat 2017 and in-house estimates

# BRING OUR VALUES TO LIFE

Every company has its own story, culture and system of values, which characterise its identity. The values of Ariston Thermo Group are rooted in the cultural and industrial heritage of its founder, Aristide Merloni.



## INSPIRE THROUGH EXCELLENCE

**“Create opportunities and commit to make them happen. Explore, learn, improve”.** Ariston Thermo pursues the goal of being the leader in its field. We aim at constant improvement through innovation and continuous generation of new ideas. We encourage our people to nurture a passion for learning and for exploring new approaches to find multiple solutions. We look for fast and accurate execution and sharp reactivity to changing conditions and international contexts.

## START FROM CUSTOMERS

**“Listen, stay tuned and care. Deliver solutions that exceed expectations”.** Ariston Thermo make customer satisfaction a top priority, aiming at creating value in offering products of the topmost quality and guaranteeing an excellent service. We look after our customers accommodating their needs and providing the best available solutions.

## PROCEED FROM INTEGRITY

**“Acting with respect and honesty is not a choice. It's a duty”.** Ariston Thermo encourages its people to act according to the highest standards of ethics and honesty. Everyone's behaviour must be inspired by respect and fairness towards colleagues, customers, suppliers and business partners.

## BELIEVE IN SUSTAINABILITY

**“Think ahead. Energy efficiency and comfort are possible and necessary. It's worth it”.** Ariston Thermo believes in sustainable growth and acts accordingly. We commit to guarantee the maximum comfort at the minimum energy cost. We contribute to the conservation of our planet by granting access to the most efficient technologies and the best services all over the world.

## PEOPLE COME FIRST

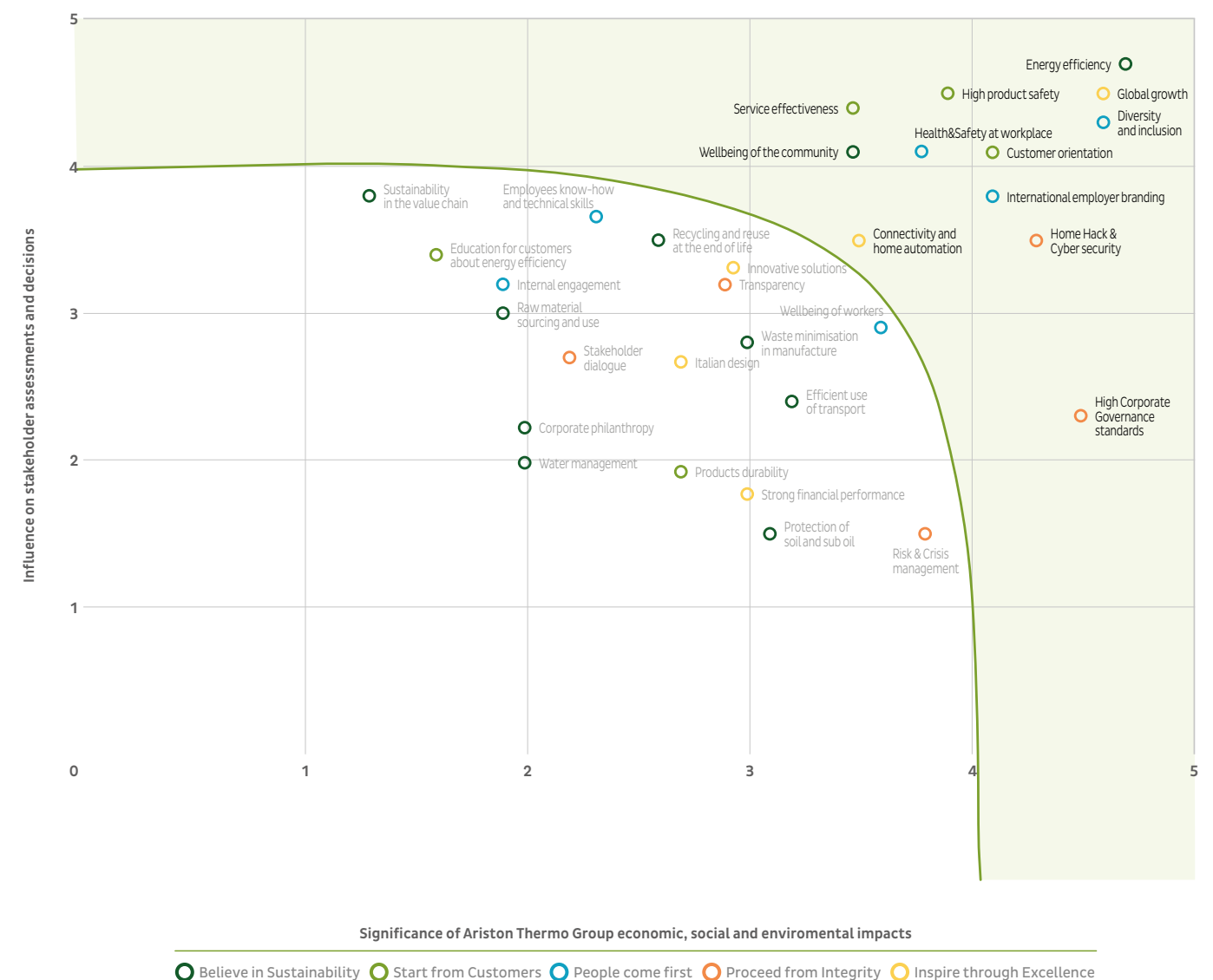
**“Strength lies in diversity. Give people a chance. Pave the way to make them successful”.** Ariston Thermo believes in teamwork and diversity, fosters the encounter of different cultures and welcomes new perspectives. We encourage resourcefulness, participation and accountability. We believe in merit and create growth opportunities, enhancing the best resources of the Group.

These values and the highest standards of non-financial reporting inspire us in focusing on the topics that currently best describe us through a materiality analysis. Materiality is a threshold beyond which a topic becomes important enough to be reported. The **materiality analysis** is the process of selecting and assessing the relevant topics, which stem from the analysis of stakeholders' instances and corporate strategies.

The process that led to the definition of the **material topics** was structured in three stages:

- **Identification of the relevant topics** or topics likely to be relevant, following the context analysis carried out according to international standards (GRI, ISO 20400:2017 “*Sustainable procurement – Guidance*”), international organisations (Sustainability Accounting Standards Board, RobecoSAM) and law compliance.
- **Definition of relevance of the identified topics** following the analysis of internal documents, corporate policies and interviews to diverse corporate functions, as well as the assessment of opinions and expectations of the main stakeholders.
- **Identification of the material topics.** Once identified—in a meeting that involved the whole top management—topics have been positioned in a matrix according to their relevance and to the assessment of their economic, environmental and social impacts for the Group and all the stakeholders.

### ARISTON THERMO MATERIALITY MATRIX



# 2018 HIGHLIGHTS

## INSPIRE THROUGH EXCELLENCE

## BELIEVE IN SUSTAINABILITY

## START FROM CUSTOMERS

## PEOPLE COME FIRST

## PROCEED FROM INTEGRITY



### ROAD TO 2022

**Double-digit** growth of profitable revenues (3.4% in 2018)

**80%** of turnover from innovative products younger than 5 years (70% in 2018)

Up to **800,000** connectivity-ready products (more than 150,000 in 2018)

**>80%** of revenues generated from highly efficient and renewable products (62% in 2018)

**>3 million** tons of CO<sub>2</sub> equivalent avoided thanks to our most evolved technologies (starting from 2018)

**Bringing Comfort** where it's hard or impossible to find (active projects in 25% of our countries in 2018)

**>95%** of products require no technical interventions in their first 5 years of service (95% in the first 3 years in 2018)

**Excellence Class Service in NPS** at Group level and in all countries (starting from 2018)

Local resources holding more than **80%** of managerial positions (80% in 2018)

More than **60%** of managers coming from internal career paths (63% in 2018)

**0 injuries** in our production sites (56% of production sites with no injuries in 2018)

Defining a structured model of **sustainability governance** (starting from 2018)

Training **100%** of our people on Ariston Thermo ethics and integrity culture (starting from 2018)



**Good Design Awards** 2018



**Passion for excellence:**

World Class Manufacturing, Logistics, Engineering



**Connectivity** in all heating and main water heating segments



More than **150,000** connectivity-ready products sold



**Future-proof technologies:** energy efficiency from plants to products



**Ariston Comfort Challenge:**

over 200 mln views of the campaign worldwide



FONDAZIONE  
ARISTIDE MERLONI

**Aristide Merloni Foundation:** supporting local communities since 1963

**250 Million people in the world** use and appreciate our products every day



**10 YEARS** warranty

**10K** Working days in training for service centre partners



**44%** of white collars are Millennials



Ranked amongst the "Most attractive employers in Italy 2018" - Universum survey (**40,000+ students** from 44 universities)



**WARMINGYOURTALENT** more than 60,000 views of our stories



More than **50,000 followers** (LinkedIn, Facebook, Instagram career pages)



The Group's first **Sustainability report**

**100%** of the population is informed about the code of ethics



Human Resources and Remuneration committee; Strategic committee



Worldwide **Whistleblowing** process

## 2018 KEY FACTS AND FIGURES







# INSPIRE THROUGH EXCELLENCE

CREATE OPPORTUNITIES AND  
COMMIT TO MAKE THEM HAPPEN.  
EXPLORE, LEARN, IMAGINE.

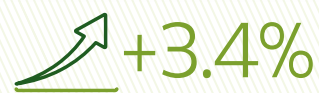


# INSPIRE THROUGH EXCELLENCE



Brands of excellence, high-performance and low-consumption products, excellent performance across all operations: we are continuously working to improve the quality of our products and services.

## 2018 | FACTS & FIGURES



REVENUES COMPARED TO 2017



OF TURNOVER FROM INNOVATIVE PRODUCTS YOUNGER THAN 5 YEARS



GOOD DESIGN AWARDS 2018

IN THE CATEGORIES "BATH & ACCESSORIES" AND "BUILDING MATERIALS"



PASSION FOR EXCELLENCE:

WORLD CLASS MANUFACTURING, WORLD CLASS LOGISTICS, WORLD CLASS ENGINEERING



CONNECTIVITY-READY PRODUCTS SOLD



40%

OF HEATING CONNECTIVITY-READY PRODUCTS CONTROLLED VIA REMOTE FROM TECHNICAL ASSISTANCE CENTRES

## ROAD TO 2022

DOUBLE-DIGIT GROWTH OF PROFITABLE REVENUES

80% OF TURNOVER FROM INNOVATIVE PRODUCTS YOUNGER THAN 5 YEARS

UP TO 800,000 CONNECTIVITY-READY PRODUCTS

## OUR STORIES

### LYDOS HYBRID

The first electric water heater with hybrid technology in energy Class A, Lydos Hybrid efficiently combines electric and renewable heat pump energy to adapt to the use habits, saving up to 50% of energy compared to the most efficient standard electric water heaters in Class B.

By learning from use habits, memorising hot water usage for four weeks and adjusting it from time to time based on routines, the innovative **i-Memory software** efficiently manages the **Hybrid technology**, choosing the most convenient option between electric and renewable heat pump energy. Lydos Hybrid can also be equipped with Wi-Fi features, allowing the water heater to be remotely controlled through a mobile phone App.



## INTERNATIONAL RECOGNITION

### GOOD DESIGN AWARDS

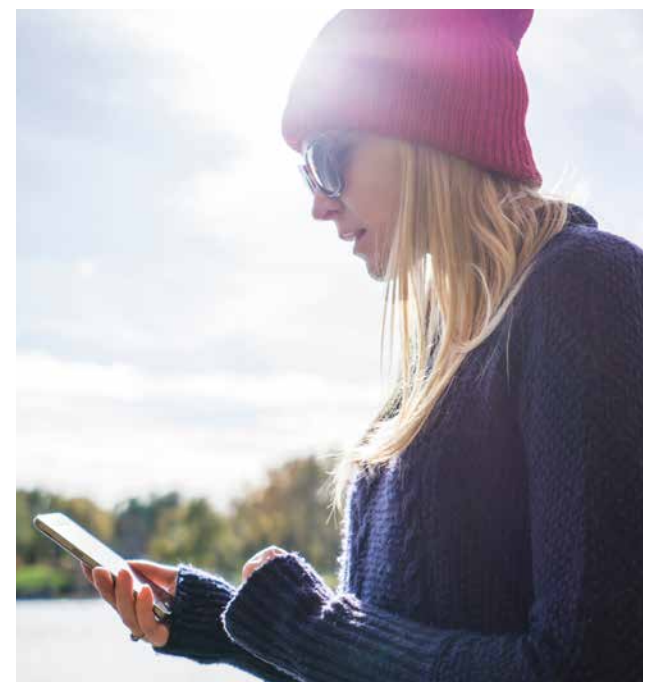
Ariston achieved a double victory in the 67th edition of the Good Design™ Awards in the categories "Bath & Accessories" and "Building materials", with Aures Luxury Round and Lydos Hybrid products, respectively. The awards were

conferred by the Chicago Athenaeum Museum of Architecture and Design, in cooperation with the European Centre for Architecture, Art, Design and Urban Studies.

## SMART COMFORT. ANYTIME, ANYWHERE

The future of thermal comfort goes hand in hand with the creation of a real home ecosystem.

Ariston Thermo offers the largest range of products, systems and services in the market, including smart thermostats and devices equipped with Wi-Fi technology, designed to provide **user-friendly connectivity solutions linking all devices in the house** and detailed reports on energy consumptions. Such reports provide customers with the opportunity to keep an eye on consumption habits, to avoid energy waste and save money. The Ariston Thermo **remote control platform** allows assistance and maintenance centres to monitor all products in real time and timely intervene in case of need, thus providing added value to customers in terms of safety and comfort continuity, through an IoT (Internet of Things) platform that guarantees data security and accuracy.





Through the **Ariston NET App**, customers can remotely manage all functionalities of the heating devices, scheduling the turning on and off, setting the temperature in few steps even through voice commands and enjoying the benefits of a real Smart Home thanks to the integration with **Google, Amazon** and **Apple systems**. **Ariston NET becomes the access point to the ecosystems of the Over The Top manufacturers, allowing customers to check all the smart devices from one single App controlled through a mobile phone.**

#### MAXIMUM COMFORT. ANYTIME AND ANYWHERE



A simple App allows you to manage the water and space heating systems and adapt them to your own needs in a user-friendly way. Switching on, heat level adjustment and time setting are completed in a few easy steps.

#### SAVINGS WITHIN REACH



Connected products and systems include a detailed report on energy consumption, to maximise efficiency, reduce consumption and environmental impact.

#### WORRY-FREE GUARANTEE



The Ariston Thermo remote control platform allows support and maintenance centres to monitor all the products in real time and intervene promptly, to ensure the comfort and well-being of its customers.

## ARISTON THERMO INNOVATIVE TECHNOLOGIES (ATIT)

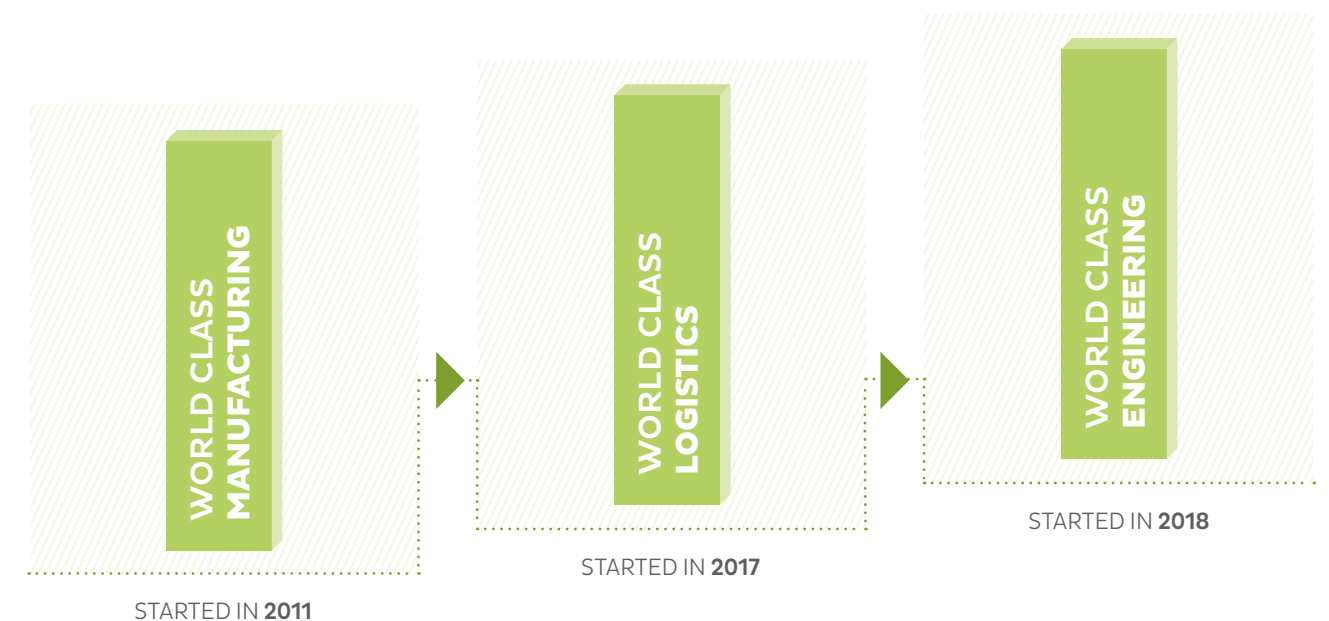
With the goal of developing new, highly innovative, efficient and state-of-art technologies in the thermal comfort field, Ariston Thermo established in 2016 a research partnership with the ReLab of the Department of Energy at Politecnico di Milano. The program includes several Research & Development activities related to high energy efficiency products fed by renewable energy, particularly focused on electric and absorption heat pumps. The partnership so far has allowed the training of **a team of highly educated and skilled people**, representing one of the best examples in Europe of collaboration between the university world and the industry.



## WORLD CLASS MANUFACTURING, LOGISTICS AND ENGINEERING

**World Class Manufacturing (WCM)** is a structured program started in 2011, inspired by Lean Thinking Principles and aimed to continuous improvement and continuous learning. Our plants worldwide are regularly audited by the international WCM Association on all the main topics of production management from safety to environment, efficiency, maintenance, internal logistics and quality in order to guarantee the highest standards and meet customer expectations. A significant decrease in the environmental impact of the production plants is assured by systematically monitoring energy efficiency.

Ariston Thermo has extended the **World Class program to Logistics (WCL)** in 3 logistics hubs and **Engineering (WCE)** in one technical office, enabling the current service level to be improved. The adoption of WC guidelines provides a view of the medium to long-term perspectives in keeping up with the future industrial challenges. In 2018, the Ariston Thermo plant in Wuxi, China, was awarded the Bronze Medal after successfully completing the World Class Manufacturing audit. This was the third time that an Ariston Thermo plant received such an outstanding recognition (Arcevia and Osimo, 2016).



### CUSTOMER TESTIMONIALS

**"Monitoring my consumption helps me save money"**

Maria C. – Spain – Ariston Alteas ONE heater

"It's important for me not to waste energy because I want to take care of the environment where my children will grow up, but I never expected to be able to reduce the cost of my energy bill simply thanks to an App"

### INCREASINGLY SMART



CONNECTIVITY  
IN ALL HEATING  
AND MAIN  
WATER HEATING  
SEGMENTS



4 PARTNERSHIPS  
IN THE SMART  
HOME AREA

## ARISTON THERMO ADVANCED ENGINEERING TOOLS

Ariston Thermo is constantly exploring innovative ways to enhance systems and products engineering in order to design and deliver the best solutions to the market. This attitude has led to the development of multi-objective optimisation algorithms that are used to streamline the engineering design process and reduce development time and cost while obtaining improved results. Among the advanced engineering tools being used, Ariston Thermo

has developed an **innovative 4 in 1 solution** to provide customers and maintenance centres alike with a remote-controlled management system that includes all connected devices serving heating, water heating, air-conditioning and ventilation duties. This solution allows for a stronger competitiveness at three different stages: pre-sales, delivery and commissioning, where house builders can effectively integrate systems design.



# BELIEVE IN SUSTAINABILITY

THINK AHEAD.  
ENERGY EFFICIENCY AND  
COMFORT ARE POSSIBLE  
AND NECESSARY.  
IT'S WORTH IT.



# BELIEVE IN SUSTAINABILITY

Ariston Thermo has placed **energy efficiency** at the heart of its **sustainable growth strategy**. Sustainable and efficient products, solutions and processes can make a decisive contribution to reducing energy consumption and environmental impact without sacrificing comfort.



## 2018 | FACTS & FIGURES

 **62%**

OF REVENUES GENERATED FROM HIGHLY EFFICIENT AND RENEWABLE SOLUTIONS

 **-6%**

ENERGY EFFICIENCY INDEXES

 **ISO 14001: 2015**

CERTIFICATION AT CORPORATE LEVEL



FUTURE-PROOF TECHNOLOGIES: ENERGY EFFICIENCY FROM PLANTS TO PRODUCTS

**THE ARISTON COMFORT CHALLENGE**

OVER 200 MLN VIEWS OF THE CAMPAIGN WORLDWIDE

**FONDAZIONE ARISTIDE MERLONI**

SUPPORTING LOCAL COMMUNITIES SINCE 1963

## ROAD TO 2022

**>80% OF REVENUES** GENERATED FROM HIGHLY EFFICIENT AND RENEWABLE SOLUTIONS

**>3 MILLION TONS OF CO<sub>2</sub> EQUIVALENT AVOIDED** THANKS TO OUR MOST EVOLVED TECHNOLOGIES

**BRINGING COMFORT** WHERE IT IS HARD OR IMPOSSIBLE TO FIND

## OUR STORIES

### COMMITTED TOWARDS ENERGY-EFFICIENT SOLUTIONS

Ariston Thermo Group has developed a range of highly efficient products that allow for a significant reduction in CO<sub>2</sub> emissions while maintaining comfort and performance. The Group has estimated that their most evolved technologies will allow to curb carbon emissions by more than 3 million tons by 2022.



### FUTURE-PROOF TECHNOLOGIES

**One Series** is Ariston's newest generation of **condensing boilers**. Its technology provides reliable endurance performances over time for the best comfort at home, every day. **Improved and constant heating performance** is assured by a new heat exchanger design. Efficiency and performance are enhanced up to **A+ Energy Class**. A new generation of **connectivity systems** can be easily set up, managed and controlled, allowing continuous technical support and a greater annual energy saving.

**Nimbus Net** represents the ultimate connected solution for heating, water heating and cooling. The innovative **Energy Manager Technology** handles the entire hardware and software system to ensure stable performance **at any outdoor temperature** and the lowest noise level in its class. Thanks to the innovative **heat pump technology**, Nimbus Net guarantees efficiency, comfort and energy saving. It is equipped with the **Sensys Net system** interface to control up to 6 zones of the house simultaneously with one single device.



One Series



Nimbus Net

With ErP Ecodesign NOx legislation set to change in 2018, ELCO Heating Solutions is committed to ensuring that all gas condensing boiler models outperform the current minimum standards, as shown by **ELCO TRIGON® XL** floor standing boiler, awarded with a **Class 6 NOx rating** due to emissions as low as 34mg/kWh. This is combined with an optimised combustion system and stainless-steel heat exchanger to provide **reliable and robust lifetime performance**, while also offering gross seasonal **efficiencies of up to 97.5%**.





## SUSTAINABILITY BEGINS AT PRODUCTION SITES

- **Over 10,000 tons of CO<sub>2</sub> equivalent avoided** thanks to energy efficiency in our production processes
- **LED lighting** in areas dedicated to production in most production sites
- **Energy-efficient equipment and machines** such as compressors and burner motors
- **Revamping** of the entire compressed-air network
- Counters and sub-counters for the **monitoring of single energy carriers**
- **Co-generation plant** at **Genga production site** where heat generated by the cooling circuit is further recovered for heating the degreasing water, resulting in a 5% reduction of CO<sub>2</sub> equivalent tons

## BRINGING COMFORT EVERYWHERE, EVEN WHERE IT'S HARD TO GET IT

In this fast-growing world, at some point in life, everybody longs for a place to feel settled and comfortable, where being able to take new decisions and move on. **Everyone has their own idea of comfort although it might come in different forms, but comfort is what everybody yearns for, no matter the idea.**

**Ariston Thermos's challenge is to give everyone the comfort they need.**

In **Romania**, the Group has developed a partnership with the **Red Cross** to give electric water heaters to those in need all over the country.

In September 2018, the devastating earthquake on Sulawesi island, **Indonesia**, caused 2,256 victims, 235,911 refugees and 74,978 destroyed homes. Ariston Thermo intervened to support the local community, building temporary accommodation and supplying residents with basic necessities and food.

### OUR PARTNERSHIP WITH THE RED CROSS IN ROMANIA

**413**  
ELECTRIC  
WATER HEATERS  
INSTALLED

**250**  
BUILDINGS  
PROVIDED  
WITH HEATERS

**32,000**  
PEOPLE  
BENEFITTING  
FROM  
THE PROJECT

**3**  
ROMANIAN  
ATHLETES  
INVOLVED AS  
SPOKESPERSONS

## NO CHALLENGE IS TOO BIG TO MAKE THE WORLD A MORE COMFORTABLE PLACE

Three Ariston installers have faced harsh temperatures, adverse weather conditions and inadequate infrastructures to build the **Ariston Comfort Zone ON Disko Island, Greenland**. The project, in partnership with the **University of Copenhagen**, aimed at providing thermal comfort to researchers studying soil samples in their quest to make fundamental discoveries on climate change. The challenge was made harder by the need of providing thermal comfort in winter time, the most important time of the year to collect new data on the island, when **low temperatures make it impossible to spend more than a few days on site**. The team successfully built a modular house equipped with Ariston's most advanced and efficient technology, designed to optimise sustainability and withstand the most extreme weather conditions.

### ARISTON COMFORT CHALLENGE: AN EPIC ADVENTURE

**18**  
MONTHS  
THE PROJECT  
DURATION

UP TO  
**- 40°C**  
THE TEMPERATURE  
ON DISKO ISLAND

MORE THAN  
**200 MLN**  
VIEWS  
OF THE CAMPAIGN  
WORLDWIDE  
(MAINLY IN ITALY,  
SPAIN, RUSSIA,  
CHINA AND  
ROMANIA)

**2**  
MONTHS  
NEEDED FOR THE  
ARISTON COMFORT  
ZONE TO REACH  
DISKO ISLAND



## ARISTIDE MERLONI FOUNDATION

In 1963, **Aristide Merloni**, well-known manufacturer in the gas cylinder business, decided to actively engage in promoting the economic development of **Fabriano**, where his production site was located, and of the entire area of the **Marche Apennines**. For this purpose, Merloni established the **Aristide Merloni Foundation**.

In the aftermath of the earthquake that struck Central Italy in 2016, Aristide Merloni Foundation felt compelled to support the local community. With the contribution of UNESCO, the Foundation promoted "**RINASCO - Salvare l'Appennino**", a project to enhance the resources still present in the area and reorganise communities through

the development of digital knowledge and technologies. Since 2015, Aristide Merloni Foundation has built a strong partnership with **UNESCO**. The partnership between the Foundation and UNESCO contributed to two new achievements in 2017, when UNESCO nominated **Maria Francesca Merloni** as UNESCO Goodwill Ambassador for Creative Cities. Furthermore, **UNESCO selected Fabriano as the host city for the XIII UNESCO Creative Cities Conference 2019**, a yearly global event where 180 member cities of the network meet and exchange best practices. In 2019, the conference will revolve around the topic of "The Ideal City".



# START FROM CUSTOMERS

LISTEN, STAY TUNED AND CARE.  
DELIVER SOLUTIONS  
THAT EXCEED EXPECTATIONS.



# START FROM CUSTOMERS

The Quality culture is not limited to designing and manufacturing products. It involves all business processes, from supplier management to support services, in order to continuously improve our customers' experience.



## 2018 | FACTS & FIGURES

**95%**  
OF PRODUCTS

CURRENTLY REQUIRE NO TECHNICAL INTERVENTIONS IN THEIR FIRST 3 YEARS OF SERVICE

**250**  
MILLION

PEOPLE IN THE WORLD USE AND APPRECIATE OUR PRODUCTS EVERY DAY



**34%**

TECHNICAL INTERVENTIONS DECREASED OVER THE PAST 24 MONTHS



**10**  
YEARS

WARRANTY

**10,000**

WORKING DAYS IN TRAINING FOR SERVICE CENTRE PARTNERS



ENVIRONMENTAL QUALITY AND SAFETY CERTIFICATION AT CORPORATE LEVEL

## ROAD TO 2022

**>95% OF PRODUCTS REQUIRE NO TECHNICAL INTERVENTIONS IN THEIR FIRST 5 YEARS OF SERVICE**

**EXCELLENCE CLASS SERVICE IN NPS AT GROUP LEVEL AND IN ALL COUNTRIES**

## OUR STORIES

### PASSION FOR QUALITY

Beyond engineering skills and managerial capabilities, Ariston Thermo is strongly dedicated to pursue high standards of quality throughout all corporate processes and functions. From product design and manufacturing to suppliers management and sales and after-sales, the quest to quality represents an everyday commitment at all levels of the organisation.

This is why high performance, energy efficient, reliable and durable products are increasingly integrated with systems that customers can manage directly and feature a 10-year warranty. The Group's manufacturing facilities undergo a continuous performance and quality monitoring process, while constantly improving safety and environmental impacts. Criteria for selecting suppliers and joint

development projects fully comply with the company's quality standards. Technical support management processes are increasingly standardised to be included in a single remote servicing system aiming at identifying product anomalies in real time and providing better standards of service. As a matter of fact, technical interventions have decreased by **34% in 24 months**.

Ariston Thermo strongly believes that intensive training is functional to pursue increasingly higher standards of quality, involving all people across the organisation. In particular, the **Lean Six Sigma** method provides for the identification and training of an ever-larger number of specific professionals, now also at the **Master Black Belts level**.



### MEASURING LOYALTY WITH NET PROMOTER SCORE

We have listened to over 60,000 consumers in the last five years to improve products and services. Our long-running habit of listening to our customers through market research and focus groups is an integral part to our pursuit of excellence, as they give witness to the high quality of our brands and products.

**Net Promoter Score (NPS)** is a management tool used to gauge the loyalty of a firm's customer relationships in alternative to traditional customer satisfaction. An NPS can be

as low as -100 (every respondent is a "detractor") or as high as +100 (every respondent is a "promoter"). A positive NPS (i.e., one that is higher than zero) is generally considered good, and an NPS of +50 is deemed excellent. This listening project calls on the customer to give a score of between 0 and 10, contributing to establish the recommendation index for our products and service, thus allowing the Group to intervene and make improvements.



## ENJOY THE CUSTOMER JOURNEY

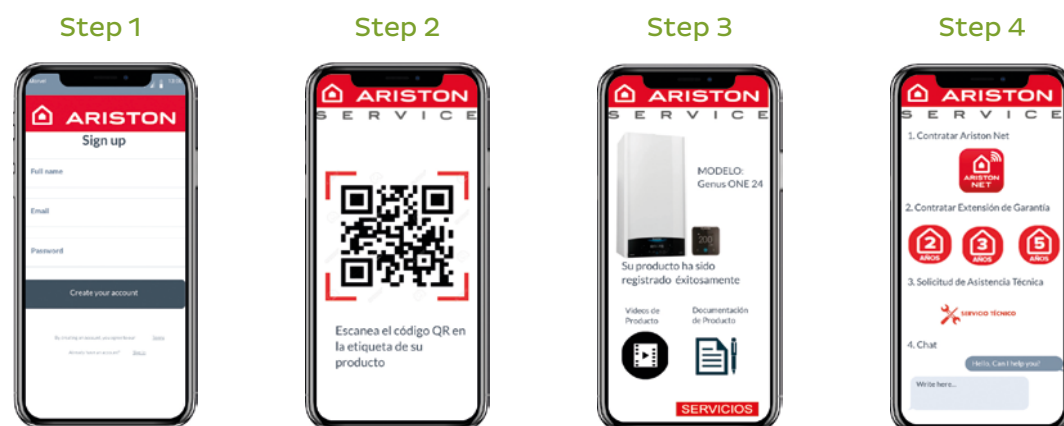
The commissioning of an Ariston Thermo product marks the beginning of a relationship between the customer and the company that must be nurtured in the long run. Such relationship can be turned into a real Customer Journey, mapping all the touchpoints that can have a lasting impact on how customers perceive their experience in dealing with the company.



### Guardian angel contact and assistance

Ariston Thermo has substantially increased the installed fleet with tele-diagnosis. This allows our service partners to monitor products in real time via remote control through a dedicated platform, anticipating malfunctions that may occur with a remote intervention or an on-site visit, way before the customer feels the need to ask for assistance. A constant monitoring process on the quality of service provided, includes the measurement of KPIs following

first time fix interventions and the introduction of online customer satisfaction tools. Instant contact with the **Service Centre** is assured thanks to the mobile **Contact App**, providing valuable information on the products installed. The App also features an open channel to digitally interact with the customer service through an online chat, reducing waiting time and improving the quality of the relationship.



### A roadmap to pursue top standards of service

Ariston Thermo has planned several initiatives in pursuing the best quality of service, taking ownership of the installed fleet through qualification and management of the service network. A centralisation process is involving our call centre, in order to provide a unique point of contact for end users, with native speaking personell,

allow traceability and optimise time management for local service teams. As a matter of fact, after the migration to the **centralized call centre**, **monthly complaints decreased by 62%** and **call loss was reduced by 2%** in the period including January to September 2018.



## TRAINING AND SUPPORT TO TECHNICIANS

Service people can greatly contribute to make the Customer Journey an enjoyable experience while providing excellent standards of assistance. This is why we are carrying out continuous training programs to foster technical capabilities as well as behavioural skills. **Ariston Thermo Quick-Fix App** is an advanced digital interactive tool designed for Service Centre partners. The App gives online access to technical product documentation, such as spare parts lists, technical and installation handbooks, and user manual, which guides technicians to the solution of issues on the field. Upon automatically acquiring the product features by scanning the barcode with the smartphone camera, the solution can be found from either the error code showed on the product display, or a symptom.





# PEOPLE COME FIRST

STRENGTH LIES  
IN DIVERSITY.  
GIVE PEOPLE A CHANCE.  
PAVE THE WAY TO MAKE  
THEM SUCCESSFUL.





# PEOPLE COME FIRST



People and places are at the centre of our business: the leadership of Ariston Thermo is based on the work of motivated, qualified people who are well aware of the social responsibility of their actions.

## ROAD TO 2022

LOCAL RESOURCES  
HOLDING MORE THAN  
80% OF MANAGERIAL  
POSITIONS

MORE THAN 60% OF  
MANAGERS COMING  
FROM INTERNAL  
CAREER PATHS

0 INJURIES IN OUR  
PRODUCTION SITES

### 2018 | FACTS & FIGURES



OF WHITE COLLARS  
ARE MILLENNIALS

#WARMING  
YOURTALENT

MORE THAN 60,000  
VIEWS OF OUR  
STORIES



RECRUITING  
FROM 10 DIFFERENT  
COUNTRIES



MORE THAN 50,000  
FOLLOWERS  
(LinkedIn, Facebook,  
Instagram career pages)



INJURY FREQUENCY  
RATE COMPARED  
TO 2017



OF PRODUCTION  
SITES REPORT NO  
INJURIES

## OUR STORIES

### WE ARE ARISTON THERMO

The working environment is changing and change must be embraced to **ensure an effective engagement of people at the workplace**, promote a feedback-oriented corporate culture, build leadership capabilities across the organisation, and boost job rotation across functions and countries to support people's career paths.



#### DEMOGRAPHIC SIGNIFICANT CHANGE

As of this year, Millennials make up more than half the workforce, and 25% of Baby Boomers say they will work into their 70s and 80s.



#### DIGITAL AND IoT IS EVERYWHERE

Technology is disrupting both our personal and business lives – radically changing the workplace and how work is done.



#### RATE OF CHANGE IS INCREASING

This risk of being overtaken by new competitors is daunting; we must become more agile to keep pace with new threats and opportunities.



#### A NEW SOCIAL CONTRACT AT WORK

Did you know there was a workplace social contract? Younger workers expect rapid career growth and a compelling, flexible and motivating workplace.



#### ARISTON THERMO GROWTH

The company has grown extensively worldwide. Our strength lies in diversity, but it is crucial that we learn the art of "thinking independently together".



Key challenges

The **WORKPLACE DIGITAL PLATFORM** has provided an effective tool to involve Ariston people at all sites worldwide, encouraging the exchange of information and comments while building up a comprehensive internal network of professionals at work. Since **the launch in July 2018**, the adoption rate of **the Workplace mobile App has topped 80%, more than 180 discussion groups are currently live on the platform**. The Workplace platform is now providing an excellent mean to foster networking and increase functional collaboration through on-line training programs, projects sharing and live stream video broadcasting.

The **EMPLOYEE ENGAGEMENT EXPERIENCE** is the program carried out to spot and address engagement challenges and provide an insight on country-specific priorities, which included **16 leadership interviews, 8 in-country workshops and an Executive Lab**. Three working committees, under the supervision of a Steering Committee, have collected and analysed the initiatives generated by interviews and workshops, providing feedback on resourcing, timing and other considerations, including the mapping of existing projects for spotting synergies and duplications. The program has allowed for the clustering of the initiatives into five projects and the identification of some quick wins.



## CAREER FRAMEWORK

In today's global economy, organisations recognise that their employees are the key to success. Employees want to better understand how to grow their careers, through talent fostering and job rotations. **Career frameworks are no more just HR issues, they provide real benefits for the business, they influence employees' growth potential and cost-effectively develop a workforce that contributes to higher business performance.** Thus, we are developing a **Career Framework** to support employees in growing their skills through transparent processes to set priorities according to the organisation's needs and allowing for the necessary adaptability to manage complex and diverse situations in different roles, disciplines and contexts, increasing their learning agility.



## LEADING PEOPLE FOR GROWTH

Our ultimate aspiration is to have a managerial team able to recognise and develop our people's skills and potential, leveraging their energy and motivation in order to ensure the coverage, from the inside, of the key positions of our organisation. **"Leading people for growth" is the leadership global training course specifically designed to support managers in fulfilling this aspiration.** The program has involved **550 managers** in 30 editions across 8 countries and has been delivered in 5 languages.

## INTERNATIONAL CAREER PROGRAM

With the goal of attracting young talents from all over the world, the program has identified graduates and undergraduates in Engineering and Economy from international universities to enter a **6 months internship in Italy.** The program is **designed to boost the international development processes of the Group.**

## #WARMINGYOURTALENT

Ariston Thermo aims to attract the best professionals on the market and also to grow talents from within. The scale of the Group's international operations and an evolving business offer many opportunities for professional growth to those who are willing to accept the challenge. Entering the recruitment process, though, can be an enlightening experience thanks to the innovative online recruitment tool **#Warmingyourtalent.** Candidates can apply through an innovative online recruitment test that gives instant feedback on the candidate's profile based on the multiple-choice answers provided. The application experience is made warmer and a lot more engaging by the many stories of actual employees describing how they're fulfilling their ambitions and aspirations in working for Ariston Thermo Group.



RANKED AMONGST THE "MOST ATTRACTIVE EMPLOYERS IN ITALY 2018" IN THE UNIVERSUM SURVEY THAT INVOLVED  
**40,000+**  
STUDENTS FROM  
**44** UNIVERSITIES

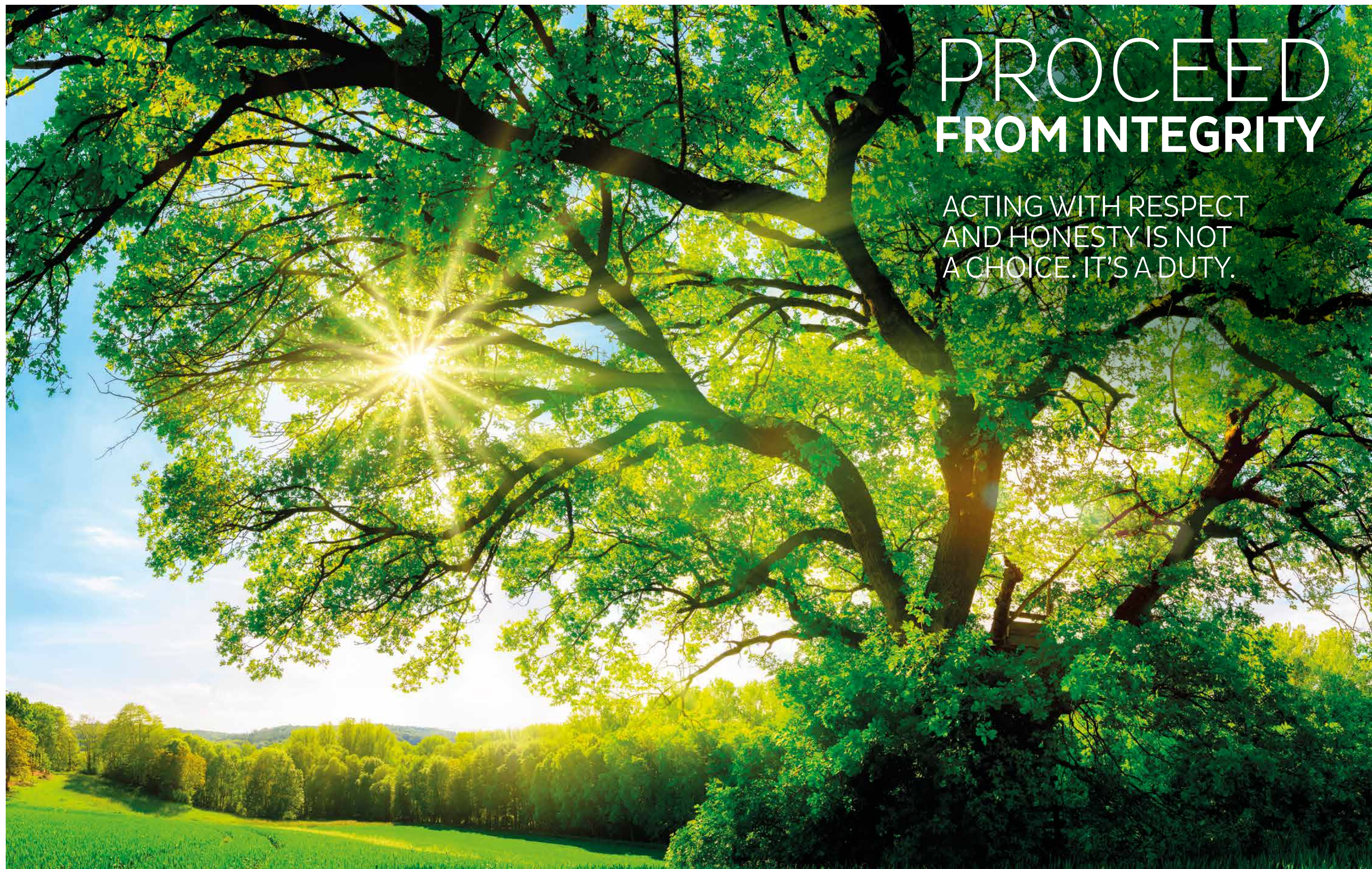
## HEALTH AND SAFETY AT THE WORKPLACE

**Commitment to health and safety is a paramount concern for the Group in all applicable contexts.** Along the growth at global level, Ariston Thermo has committed to guarantee high and homogenous safety standards in every country where the Group operates. Among the initiatives carried out in 2018 to improve health and safety standards and to promote healthy behaviours:

- The training approach based on **the Behaviour Based Safety (BBS) Protocol** leads workers to assess what human factors influence behaviours that lower risk perception, thus identifying the barriers to safe behaviour.
- Working groups are specifically trained to follow **a hybrid assessment methodology** to assess risks during operations through the understanding of the limits of installed machines, the identification of dangers and the reduction of residual risks.

In Osimo Plant, as part of our **I4.0 smart manufacturing program**, we used Xsens leading technology in motion tracking in order to double check the ergonomics of our new assembly lines. The usage of a full body kinematics suit helped us to refine the biomechanical analysis performed using the standard OCRA and Niosh methods and highlighted some movements to be improved nearly impossible to be seen by direct human observation. The movement were immediately improved using new screwing devices.





# PROCEED FROM INTEGRITY

ACTING WITH RESPECT  
AND HONESTY IS NOT  
A CHOICE. IT'S A DUTY.



# PROCEED FROM INTEGRITY



Ariston Thermo’s Governance has set the goal to maximise the value created for shareholders and all stakeholders, by controlling business risks and ensuring integrity and fairness of decision-making process.

## ROAD TO 2022

**TAKING INSPIRATION FROM THE BEST MODELS OF GOVERNANCE:**  
DEFINING A STRUCTURED MODEL OF **SUSTAINABILITY GOVERNANCE**,  
TRAINING 100% OF OUR PEOPLE ON ARISTON THERMO **ETHICS AND INTEGRITY CULTURE**

### 2018 | FACTS & FIGURES



## OUR STORIES

### OUR CORPORATE GOVERNANCE MODEL

Effective risk management, integrated into the governance system, is a key factor to protecting the Group's value over time. The **Group's Internal Control System** has therefore been gradually expanded, drawing inspiration from, among other sources, the principles laid down in **Article 7 of the Corporate Governance Code for Listed Companies promoted by Borsa Italiana**, to the extent applicable.

The corporate governance model is structured as follows:

- Shareholder's Meeting:** The Ordinary Shareholders' Meeting resolves on law-abiding matters. The Extraordinary Shareholders' Meeting is convened for the resolutions within its competence and is chaired by the Chairman of the Board of Directors.
- Board of Directors:** the composition must guarantee compliance with current laws and regulations on gender balance. The by-laws state that Directors remain in office for the period set at the time of their appointment by the Shareholders' Meeting and for no longer than three years.

#### Board of Directors

NAME	DIRECTOR	COMMITTEE	FIRST APPOINTMENT
Francesco Merloni	Non-executive		21.07.1986
Paolo Merloni	Executive	A*, B	28.04.1997
Laurent Jacquemin	Executive		24.03.2017
Sara Dethridge	Non-executive/independent		03.05.2018
Andrea Guerra	Non-executive/independent	A	07.05.2012
Roberto Guidetti	Non-executive/independent	B	29.01.2014
Maria Francesca Merloni	Non-executive		24.09.2008
Gianemilio Osculati	Non-executive	A	04.05.2007
Paolo Tanoni	Non-executive		11.01.2002
Marinella Soldi	Non-executive/independent	B*	05.05.2016
Enrico Vita	Non-executive/independent	A	03.05.2018

\*Committee Chairman  
A - Strategic B - Human resources and Remuneration

#### Board of Statutory Auditors

NAME	STATUTORY AUDITORS
Lorenzo Pozza	Chairman
Antonia Di Bella	Auditor
Andrea Silvestri	Auditor



## Board of Directors



**Francesco Merloni**  
Honorary Chairman



**Paolo Merloni**  
Executive Chairman



**Laurent Jacquemin**  
CEO



**Sara Dethridge**  
Director



**Andrea Guerra**  
Director



**Roberto Guidetti**  
Director



**Maria Francesca Merloni**  
Director



**Gianemilio Osculati**  
Director



**Paolo Tanoni**  
Director



**Marinella Soldi**  
Director



**Enrico Vita**  
Director

## Board of Statutory Auditors



**Lorenzo Pozza**  
Chairman



**Antonia Di Bella**  
Auditor



**Andrea Silvestri**  
Auditor

**Management control:** internal controls include all instruments adopted by the Group for the purpose of guiding, managing and verifying the corporate activities, with the aim of ensuring compliance with corporate laws and procedures, protecting company assets, efficiently managing the activities and providing accurate and complete accounting and financial data.

**Internal Audit:** in 2010, the Group established an Internal Audit function to carry out controls over financial reporting integrated with process and compliance audits. In 2012, an online platform was introduced for managing any remediation plans and sharing information.

**Supervisory body:** it is the body provided by D.L. 231/2001 to give effectiveness to the group organization to prevent from anybody breaching any laws or rules, monitors the effectiveness and update of the “Modello di

Organizzazione” making audit and report yearly to the Board of Directors about the results of its activity.

**Human Resources and Remuneration Committee:** nominated by the Board of Directors, it provides guidance and support both in the definition of the remuneration and incentive mechanisms of the management and in the strategic choices concerning the organisation of the Group.

**Strategic Committee:** it performs a consulting function, assessing the macro risks to which the Group is exposed and supporting the Board of Directors in the definition of business development models.

**Internal Finance Committee:** its task is to analyse the problems related to the financial management of the Group and its information infrastructure, and to define its management policies.

## WHISTLEBLOWING

Ensuring the necessary protection measures and enabling workers to submit a complaint can be decisive actions to counteract misdeeds. In March 2018, Ariston Thermo decided to undertake all necessary measures to ensure full compliance with the law, from the protection of identity to the prohibition of discrimination. The company has established a system to receive notifications via email, as well as a

**Whistleblowing Internal Committee.** The system allows workers and third parties to communicate with the Group in an anonymous form. By adopting principles of privacy, IT security, segregation of duties and double control, each business function informs the Internal Audit Committee and the Supervisory Body of the state of the art.

## ANTITRUST REGULATION

Ariston Thermo operates on the market in compliance with the rules of competition based on merit, fairness and loyalty. **The Group requires that collaborators of each company adopt a commercial conduct that is fully consistent with the provisions of national and international antitrust regulations, as provided for by the Code of Conduct and the Antitrust Vademecum which form an integral part of the Group's Code of Ethics.** In 2018, the Group has complied with the antitrust legislation of the European Union, and revised its antitrust tools, including a dedicated manual and guidelines. Ariston timely refresh the compliance of the group under this EU laws. In 2018 performed a full assessment and update of the antitrust compliance of the Company, even ensured by training on line dedicated to involved people to ensure the full awareness of relevant people of laws and principles.

## COMPLYING TO GDPR

In April 2016, the European Union published the GDPR (General Data Protection Regulation), which seeks to harmonise privacy protection by extending its applicability to third parties outside the EU who process data of European citizens. since the date of entering into force of GDPR, 25 May 2018, Ariston is fully compliant with GDPR prescription and obligation, having the organizational model and rules and audit provided by law to definitively prevent from any risks on data available to the Company.





# HOW THIS DOCUMENT IS MADE

Our first Sustainability Report has been designed to make results and main activities carried out during the fiscal year 2018 available to all the company's stakeholders. The reporting scope is the same used for the consolidated financial statements, and includes the economic, environmental and social results from the activities of all Ariston Thermo Group companies at global level. This document has been edited according to the **GRI Standards**, currently representing the main reference point for non-financial reporting at national and international level. Materiality of information is at the centre of sustainability reporting: it is a threshold beyond which a topic becomes important enough to be reported. According to GRI, material topics are those that may reasonably be considered important for reflecting the organisation's economic, environmental and social

impacts or influencing the decisions of stakeholders. Our values have inspired us to focus on the material topics that currently best describe the company's commitment towards sustainability.

Data sources are internal documents, information processed from benchmarking and sector analyses, and from other official sources mentioned in the Report.

The contents were elaborated in collaboration with all the people in the company, who actively participated in collecting information and relevant data.

Flow data collection has provided a decisive basis for the solidity of the reporting model developed. For further details on the indicators featured in this document, the methods of calculation and the index of GRI contents, please see the Technical Appendix on our website.

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

Any request for clarification and specification can be directed via email to the following address:  
[public.relations@aristonthermo.com](mailto:public.relations@aristonthermo.com)





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