

Commitments

Long-sighted sustainable governance

Ongoing **yearly commitments** developed to meet **high governance standards** on ESG

2030 TARGET AND AMBITION

The Group's approach of strengthening its environmental, social and governance responsibilities follows the line of **continuous improvement towards an increasingly structured and solid sustainable governance**. While long-term attention will be directed to **consolidating an external stakeholder engagement strategy** and broadening its sphere of public policy influence, in the short-term, Ariston Group is committed to continuing to **develop policies, strategies and tools** related to diversity, remuneration, risk management, tax strategy and business conduct.

Supporting initiatives to be achieved by 2025

At least **33%**

female among Ariston Group Board members
(18% in 2022)

Risk and Crisis Management enhancement

Codes of Business Conduct continuous improvement: Code of Ethics, corruption and bribery, human rights

Tax Strategy strengthening



STRENGTHENING OUR SUSTAINABILITY GOVERNANCE MODEL

On the basis of its vision towards building an **even more solid ESG governance**, the Group is gearing up for strengthening its current structure. So far, the path taken has led to the definition of three levels of responsibility for sustainability-related topics: an **ESG Committee** at the Board of Directors level, an **ESG Council** at the Group Management level and a dedicated **ESG Department**. The ambition is to continue acting across a range of different aspects including diversity, compensation and training amongst the Board of Directors and executive management. With regards to diversity, on October 28 2021, the Group adopted a **diversity policy** to ensuring diversity in skills, experience, education, background, nationality, gender and other characteristics of directors, when selecting new candidates for the Board. These targets will be supported by a plan aimed at driving organisational engagement and enrolment, ultimately bringing about a **cultural transformation** in the business by setting practical action items. After a first year of educational activities on Decarbonisation and Human Rights, **training initiatives on environmental, social and governance topics** will continue to be on the Company's agenda.

In line with the **rapid regulatory evolution** at the EU level, Ariston Group is and will continue working towards the close integration of current and emerging sustainability-related issues, both in terms of its conduct, as well as in relation to operations. The Group's approach and implementation will be continuously reflected in the **Code of Ethics**, a dynamic document, subject to periodical updates to internalise trends and rapidly evolving requirements, showing the Company's desire to constantly renew itself with the **ambition to continue to improve and grow**.

ESG RISK MANAGEMENT

Ariston Group embraces the current shift towards the integration of an **ESG risk assessment culture**, through the **identification, prevention and monitoring** of actual and potential impacts on the economy, the environment and people. The Group has built its ESG impacts mapping exercise in line with the requirements defined by common reporting standards, such as the Global Reporting Initiative (GRI)¹ and the proposed **Corporate Sustainability Due Diligence Directive (CSDD)**. Along this line, it has started engaging the integration of **ESG risks** into the existing **Enterprise Risk Management (ERM) process**, ensuring that these risks – which may bear operational, economic and regulatory repercussions at a global level – are included in the Company's broader risk portfolio with a respective priority level, inherent versus the residual risk rating and **mitigation actions**.



AN ALL-ENCOMPASSING BUSINESS CONTINUITY PLAN (BCP)

In line with the Company's listing and regulatory context, action plans have been launched to **further strengthen Ariston Group's risk management and control systems**. More specifically, and as part of the Board of Directors' responsibilities, a Business Continuity Plan (BCP) was defined in order to identify, measure, monitor and verify, on a yearly basis, the **risks linked to the Company's business continuity** (e.g. risks arising out of extreme natural events, raw materials scarcity, cyber-attacks affecting business operations). The plan enables the definition of **procedures** that guide the Group in responding to, recovering from and restoring activities to pre-defined levels following interruptions, defining resources, services and activities required to ensure continuity of critical organisational functions. Whilst the Business Continuity Plan has already been implemented for **all key production facilities based in Italy**, Ariston Group is looking to expand it in the short-term to the **rest of its key plants at a global level**, in order to outline specific risks and identify tailored remediation plans.

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HUMAN RIGHTS DUE DILIGENCE

With the Corporate Sustainability Due Diligence Directive (CSDD) proposal in Europe likely to be adopted as law, it will be necessary for companies to focus on aligning long-term business operational and governance procedures with human rights and environmental considerations. In this context, the Group is already working towards the implementation of an all-encompassing human rights due diligence. Whilst **human rights** have already been recognised as a pivotal dimension for the Company, both in the **Code of Ethics** and in its **long-standing corporate values**, the organisation has decided to take a further step in order to enhance the management of this issue: the perimeter focuses on the human rights impacts generated within the Group's operations at a global level and the assessment will also be extended to the supply chain.



ITC SECURITY MODEL AND 360 DIGITAL TRANSFORMATION

Ariston Group will continue to work towards an all-encompassing **digital transformation plan** that involves the **whole organisation** across its processes, activities and services. The Digital function is continuously exploring new opportunities to further **digitalise operations, support functions** across the Group (e.g. HR, supply chain, finance). Examples include the roll-out of its **Customer Relationship Management (CRM)** tool to manage interactions with customers even more closely or the **Product Lifecycle Management (PLM)**, that will be implemented to manage the entire lifecycle of a product, from design to obsolescence. Closely in line with its digital transformation journey, the Group is currently in the process of building a comprehensive model to **evolve its cybersecurity approach**, in light of newly emerging threats, to make its architecture more resilient to cyber-attacks. The Company developed a **three-year strategy** based on a **predictive approach**, analysing past events to gain insights and transforming these insights into action. The strategy is also based on a **preventive and proactive security approach** aimed at analysing current events to avoiding unknown threats. Ultimately, **empowering and training employees** is crucial in order to minimise risks. The Group, in fact, is determined to continue providing them with the tools and knowledge they need to play an active role in **minimising threats**. Based on this plan, the Group is looking to explore and invest in new solutions and tools to make this process as effective as possible and to fully prevent cyber-attacks.

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TOWARDS A COHESIVE GROUP TAX POLICY

Given the importance the business attributes to having a **clear-cut** tax strategy which fosters transparency and contributes to the Company's reputational, economic and social well-being, 2022 saw the birth of the **Group's Tax Strategy**. The strategy sets out to define the Company's approach to taxation, including purposes and principles, and its relative governance structure, in terms of management roles and responsibilities. In line with the applicable Non-Financial Reporting standards and legislative obligations, it is essential for companies to manage and mitigate tax risks, on an ongoing basis, implemented by means of a **Tax Risk Control Matrix**, and have appropriate **monitoring mechanisms** in place. These topics are outlined in the **Tax Control Framework (TCF)**, which aims to identify roles and responsibilities entrusted to the **Tax Risk Officer (TRO)**. Amongst the key tasks, the TRO updates risks and controls incorporated in the matrix, verifies the adequacy of control mechanisms and guarantees the efficiency of the internal control system. Whilst the Tax Control Framework has been approved for the Ariston Holding S.p.A. Company, the Group aims to implement it in its operations across the globe.

Notes

1 Global Reporting Initiative (GRI) Standards, GRI 3: Material Topics 2021