






DēLonghi Group

# 20 23

Sustainability Report



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23

	<b>Interview of the Chief Executive Officer</b>	3
	<b>1 The De' Longhi Group</b>	5
	Who we are and where we operate	6
	Creating company value	9
	Our sustainability path	17
	<b>2 The people of the De' Longhi Group</b>	22
	The Everyday Makers	25
	Supporting the growth of our people	30
	Health and safety in the workplace	32
	<b>3 Our products, to improve everyday life</b>	33
	Design, quality and functionality in the DNA of every product	36
	Design and innovation for product sustainability	42
	<b>4 Sustainability during all production phases</b>	47
	Our production facilities	50
	Responsible supply chain management	52
	Reducing our environmental footprint	54
	<b>5 Methodological note</b>	60
	<b>6 Appendices</b>	67
	<b>7 GRI Content Index</b>	73



### **What did 2023 represent for the De' Longhi Group?**

**CEO** In 2023 the Group approved its new three-year business plan of which the sustainability plan is an integral part, confirming the commitment to making sustainability one of the drivers of our success, by aligning financial, economic and ESG goals.

In 2023, even though a few temporary and one-off factors impacted the sales performance in the first few months, the Group was able to take advantage of market opportunities recording high single digit organic growth, supported by the continuous expansion of coffee machines and the growth of the nutrition and food preparation segment.

Margins were also significantly higher than in 2022, thanks to careful control of investments, an effective pricing strategy and continuous improvement in the product mix. Thanks to these results the Group posted good cash generation which was also used strategically to create the professional coffee segment by combining La Marzocco and Eversys. This further strengthened the Group's market leadership and created value for shareholders.

Lastly, consistent with the inclusion of sustainability in its business model, in 2023 the Group achieved different results including the use of certified or self-generated energy from renewable sources to meet 100% of the

production plants' needs, providing more training hours to employees, the rigorous application of Eco-Design standards in new product design and development, as well as the reduction of the electricity used per unit manufactured.

### **What is the Group's new sustainability strategy?**

**CEO** Our sustainability strategy comprises the following guidelines:

1. continue with decarbonization *along our value chain*. This commitment is even more significant in light of our adhesion to the SBTi targets.
2. *incorporating sustainability into our products through design, materials, and manufacturing* in accordance with circular economy principles.
3. *fostering awareness, conscious choices & responsible behaviors by engaging our people, our customers and external communities*.



**With respect to these commitments, how important is stakeholder engagement?**

**CEO** The success of these commitments is tied to the upskilling of our people and the multicultural nature of the internal and external communities involved in the Group's activities. In 2023 we, in fact, published the new DE&I Policy in order to recognize and highlight the individual contributions made within the organization.

The contribution of our partners is also crucial, to the extent that in the new plan we decided to reinforce this aspect by adding a fourth pillar, *Partners*, to the three which already comprise De' Longhi's sustainability strategy – *People, Products* and *Processes*.

I think, for example, of the role that the suppliers need to have in the decarbonization processes, the academic world with which we collaborate to provide young talent with opportunities to express themselves and develop innovative solutions, and, lastly, I think of our consumers, to whom we strive to provide solutions which consistently reflect their needs and act as facilitators of habits which are increasingly shaped by sustainability.

**What will De' Longhi's next sustainable products be like?**

**CEO** In an ever-changing regulatory environment, I believe the goal of a manufacturing company should be to exceed regulatory expectations and focus on making low-environmental impact products while also guaranteeing a superior consumer experience.

This conviction led to the development of the **Handbook of Guidelines to design sustainable De' Longhi products**, veritable Eco-Design guidelines conceived with the support of the academic world which today help the Group to develop new eco-efficient small appliances which combine environmental with economic advantages.

The results of the ten pilot projects carried out in 2023, aimed at implementing the Eco-design Guidelines, were excellent. More specifically, the benchmark we developed to measure the environmental impact of the products showed an improvement of more than 20% with respect to the versions preceding the use of the Guidelines.

**How might the relationship with the consumer change?**

**CEO** For any sustainable business model, it is crucial to take another step and reflect on the new ways companies and consumers interact. This relationship does not end with the purchase, but continues while the product is being used with implications for durability, reparability and end-of-life disposal.

Looking at the market, we recognize that consumers, the new generations in particular, have a greater propensity to buy eco-compatible products. As described by Prof. J. Stiglitz during the conference held in Treviso to kick-off De' Longhi's *Sustainability Learning Journey*, today youth tend not only to prefer to purchase eco-friendly products, but when looking for work also prefer companies which incorporate sustainability in their production processes and strive to have a positive social and environmental impact.

**What can we expect to see in 2024?**

**CEO** In 2024, we will work on implementing the latest plan; the various goals include completing the Life Cycle Assessments of a few strategic products, reducing the amount of non-recyclable packaging materials used, increasing production efficiency, implementing the DEI policy and improving the work-life balance of our employees.



***I would like to conclude by expressing my heartfelt gratitude to all of the De' Longhi Group's people for the commitment and passion they dedicate to their work every day in order to reach the sustainability targets and for the excellent results achieved this year.***

***To you, who, wherever you are in the world, comprise the Company's true value added, I personally commit to creating a workplace which is increasingly more inclusive, which guarantees professional and personal satisfaction for all the resources we are privileged to have with us today.***

**CEO Fabio de' Longhi**





# 01

**The De' Longhi  
Group**



## 1.1 Who we are and where we operate



### Our Vision

*In the world, Every day, By your side  
An object, An emotion, An authentic experience  
To be lived, To be shared.*

### Our Values - *Everyday Makers*

*The Group's values reflect who we are,  
our character, our way of being, our way of working.  
They are the ideals that shape  
the Group through the work done every day  
by its people and their projects.*

De' Longhi S.p.A. is the holding company of a group of companies active in the manufacture and distribution of small appliances for the coffee, food preparation & cooking, comfort (air conditioners and heaters) and home care sectors. Listed on Borsa Italiana's Euronext Milan market, the De' Longhi Group distributes its products in more than 120 markets worldwide and each year launches articles that are increasingly more innovative and in line with consumer needs. While strongly rooted in Italy, particularly in Treviso where its headquarters are located [GRI 2-1], the De' Longhi Group has been an established international player for some time: in addition to its six production facilities<sup>1</sup> in Italy, Romania, Switzerland and China, the Group is found and recognized globally through numerous directly owned commercial branches and a vast network of distributors.

The first De' Longhi brand product was an oil-filled radiator launched in 1974. It was extremely successful because it met the energy needs of families who were dealing with the oil crisis. From that moment, the Group worked to establish itself

internationally and in the early 1980s opened its first international branch in New York. The product range then grew constantly, making the De' Longhi Group a go-to name in the Home Appliances sector.

Over the last few years, De' Longhi has added the American company Capital Brands, leader worldwide in the personal blenders segment, and the Eversys Group, active in the professional espresso coffee machine segment, to its portfolio of companies; this strategy allowed the Group to strengthen its presence in strategic markets, like the US, as well as further expand and diversify its product range. Today, in fact, the Group distributes its products globally through a portfolio comprising 7 strong, distinctive and diversified brands: De' Longhi, Kenwood, Braun, Ariete, Nutribullet, Magic Bullet and Eversys<sup>2</sup>.

The long journey that led the Group to become an established reality shaped the system of values which today informs what all of De Longhi's people do every day, inspiring the attitudes and convictions needed to build a successful reality.

## Our Values



- 1 In 2023, launch activities at the Group's new plant in Satu Mare, Romania began. While it is an existing asset, currently no manufacturing activities are carried out at this facility and, therefore, it was not included in the scope of consolidation. It will, however, become relevant as of 2024.
- 2 At the end of the reporting year 2023, the De' Longhi Group was working on finalizing the acquisition of La Marzocco International (LMI), a leading Group in the production and distribution of semi-automatic coffee machines and coffee grinders. As the transaction had not closed at 31 December 2023, the La Marzocco Group was not included in the scope of consolidation.

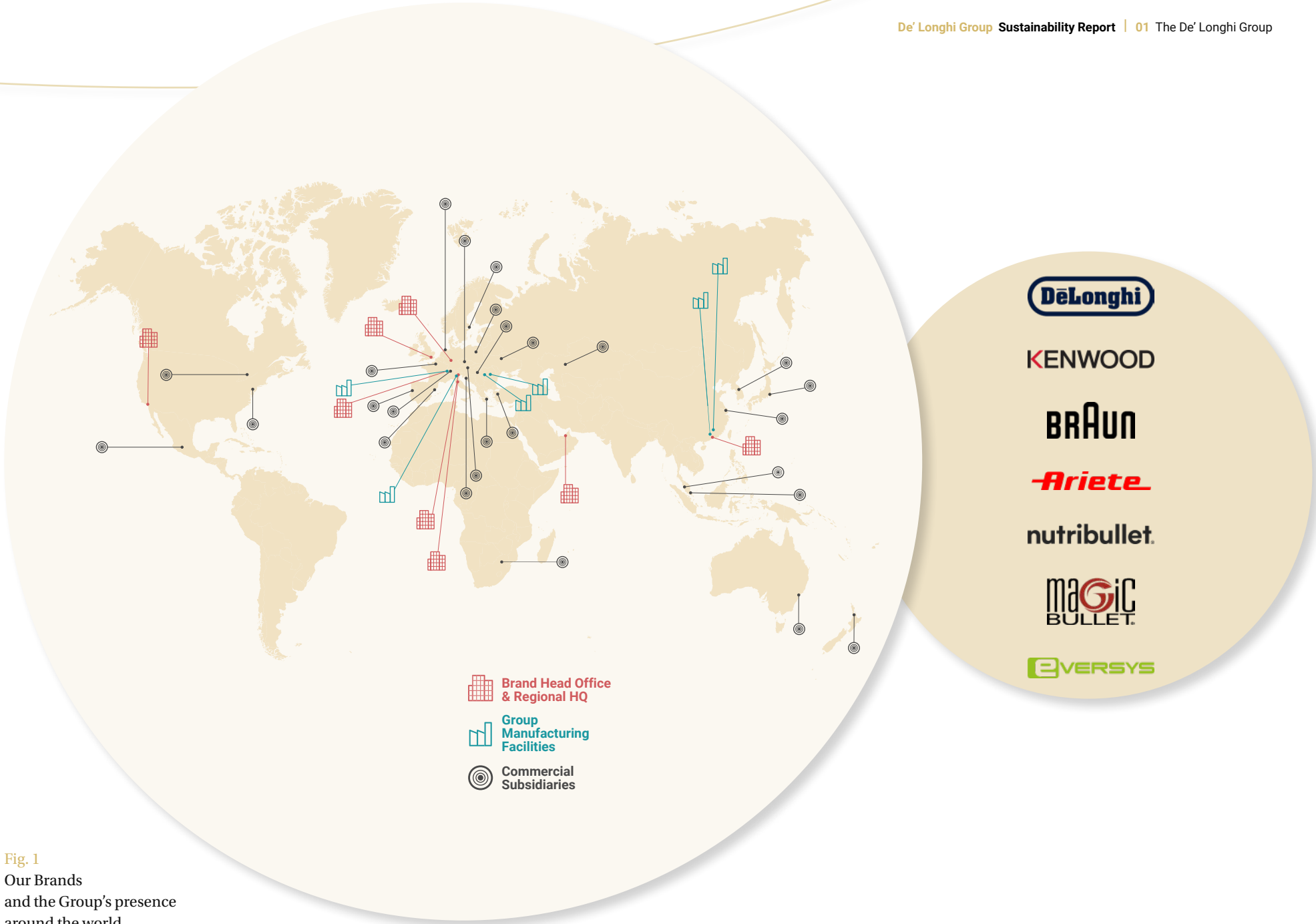


Fig. 1  
Our Brands  
and the Group's presence  
around the world



In order for the De' Longhi Group to successfully pursue its business objectives, it is essential to maintain a constant, constructive dialogue with its stakeholders, shaped by listening to each other's needs. This type of interaction helps to build a lasting relationship based on trust, which is nurtured by specific company functions and communication informed by principles of transparency and fairness, as well as the need for clear and complete information.

With a view to updating the mapping of its main stakeholders, the Group actively involved company management in an analysis of the company structure, the supply chain, activities related to the core business and those activities not strictly related to the latter, but which are an integral part of the De' Longhi reality. This mapping, confirmed again in 2023, led to the identification of ten categories of stakeholders, grouped together by interests, expectations, needs and existing relationships with the Group. The methods of engagement and listening are personalized based on the interlocutor in accordance with the principles outlined in the Group's Code of Ethics.

The main stakeholders, along with the different listening and communication channels used, are reported as follows:

Fig. 2 - The De' Longhi Group's Stakeholders [GRI 2-29]

Stakeholder	Communication channel	Main topics that emerged
Trade associations	Shareholders' meetings, periodic meetings	Consumer rights, workers' rights, environmental performance
Shareholders	Corporate documents/Shareholders' meetings/ Events	Economic performance, business strategies
Communities and NGOs	Periodic meetings, sponsorship of specific initiatives	Sponsorships, social impact, contribution to the community, greater awareness of specific issues
Consumers	Satisfaction questionnaires, test panels, Contact Centers (voice, e-mail, chat and social media channels), advertising campaigns, culinary events, Youtube "How to" channel	Customer assistance, product safety and quality, product availability, feedback about ease of use and product satisfaction, privacy
Employees	Employee Engagement Survey, annual performance reviews, periodic meetings to share results, corporate intranet used to access Group information, Group house organ, new HRMS	Organizational clarity, improved management of resources by managers, appreciation of individual contributions to the company, improvement in internal communications and access to information
Suppliers	Contracts, qualifications and assessment, periodic meetings	Way in which supplier relationships are managed
Future generations	-	Reduce emissions and fight climate change
Financial analysts, media	Interviews, meetings, road shows, press conferences	Economic performance, new products/ services/organizational models, specific social initiatives
Business partners	Sales meetings, audits	Product safety and quality, flexibility and ability to adapt to demands
Universities/research centers	Specific meetings, collaboration on different research projects	Recruiting and retaining talents, support for research

With regard specifically to trade associations, the De' Longhi Group is a member of Confindustria, APPLIA Italia, APPLIA Europe and the Association of Home Appliance Manufacturers - USA (AHAM), namely the most important associations for the professional and domestic appliance sector in Italy,

Europe and the US, respectively. The Group is also a member of Assoclimate, the association of manufacturers of climate control systems, the Comitato Termotecnico Italiano (CTI), and the Comitato Elettrotecnico Italiano (CEI) [GRI 2-28].

**Corporate structure and value generation**

The De' Longhi Group adheres to the Corporate Governance Code for Listed Companies, based on which the corporate governance system was adopted. The Parent Company's main corporate bodies of include:

**Fig. 3 - Governance structure and composition [GRI 2-9a]**



**Shareholders' Meeting**

The Shareholders' Meeting represents the will of shareholders and is convened at least once a year to approve the annual financial statements. Its responsibilities include appointing the members of the Board of Directors and the Board of Statutory Auditors, as well as the External Auditors.



**Board of Directors (BoD)**

The Board of Directors is responsible for identifying the company's goals and defining the best strategy to achieve them. The Board of Directors has also set up three board committees which have instructional, propositive and advisory functions:

- the **Remuneration and Appointments Committee;**
- the **Independent Committee;**
- the **Control and Risks, Corporate Governance and Sustainability Committee.**

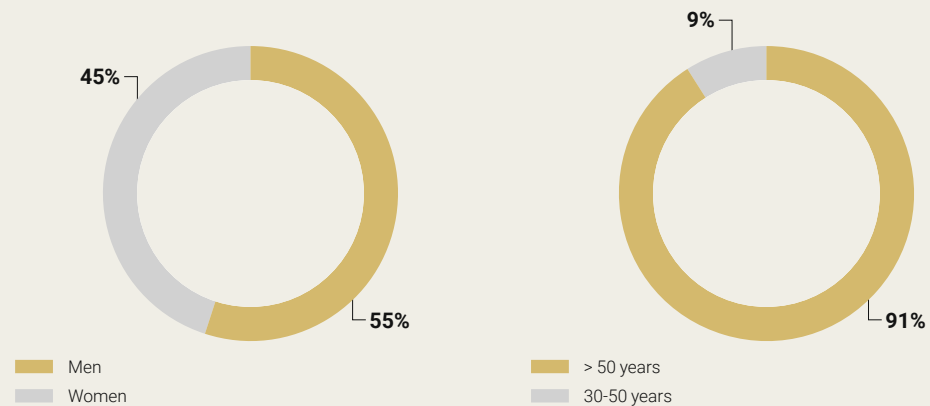
The latter provides support relative to assessments and decisions in non-financial areas and, together with the Board of Directors and Legal and Corporate Affairs, monitors compliance with and implementation of laws and regulations relating to corporate governance.



**Board of Statutory Auditors**

The Board of Statutory Auditors monitors compliance with the law, the Articles of Association, and the principles of sound management as part of the company's operations.

**Fig. 4 - Breakdown of De' Longhi S.p.A.'s Board of Directors by gender and age in 2023 [GRI 405-1]**



The directors are elected on the basis of preference lists submitted by shareholders holding an interest equal to at least the minimum threshold determined by Consob in accordance with the law and regulations, with the limitation that at least two candidates on each list must qualify as independent. The current composition of the Board of Directors and the Board of Statutory Auditors, renewed during the Annual General Meeting held on 20 April 2022 for the three-year period 2022-2024, also reflects the Group's commitment to ensuring that the least represented gender (women) accounts for (rounded up) at least one third of the Board of Directors and the standing auditors of the Board of Statutory Auditors which is also referred to in the 2023 Report on Corporate Governance and Ownership Structure. In 2023, the De' Longhi Group's BoD comprised 11 members<sup>3</sup>, 6 men and 5 women [GRI 2-10]; all the members of the BoD guarantee sufficient competencies relevant to the Group's impacts [GRI 2-9c].

With a view to correct functioning and organization, the Board of Directors reviews the size and composition of the Board, as well as of the Board committees, at least prior to the renewal of the Board; this review takes into account the role that the Board has in defining company strategies, as well as the adequacy of the internal control and risk management system. For the purposes of the review, the Board also takes into account other elements including the professional qualifications, experience and gender of its members, as well as seniority. For more information about the role of the Board of Directors and the self-assessment process, refer to the "Report on Corporate Governance and Ownership Structure" which can be found online [GRI 2-18].

### The value generated and distributed by the De' Longhi Group

In 2023 the Group generated value of roughly €3,267 million, 92% of which (or around €2,993 million) was distributed to stakeholders as follows: payments made to suppliers of goods and services (€2,196 million), compensation paid to employees (€392 million), interest paid to lenders (€217 million), taxes paid (€84 million) and donations made to local communities (€2 million), as well as the circa €101 million in dividends paid to shareholders in 2023. Lastly, in 2023 €274 million in earnings were retained.

Fig. 5 - The value distributed, 2023 [GRI 201-1]

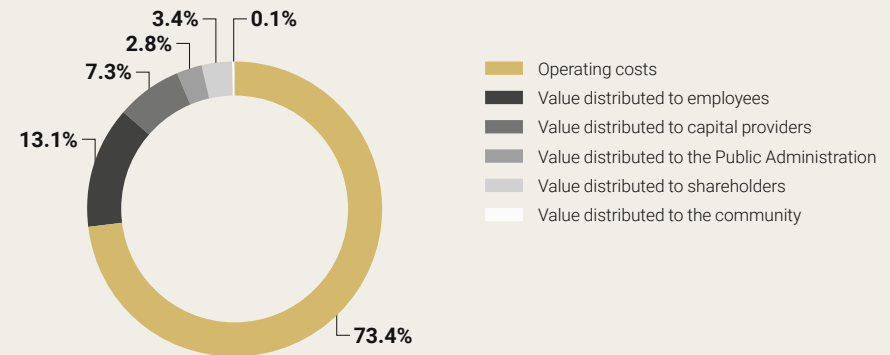


Fig. 5 - Value generated in thousands of euros [GRI 201-1]

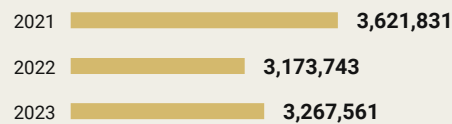
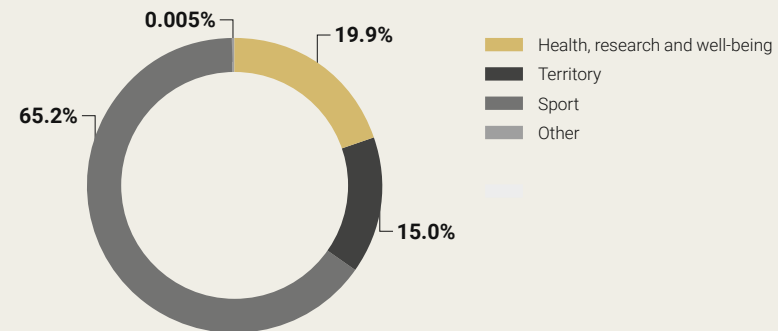


Fig. 5 - The value distributed to the community (%)\*



\* The value distributed to the community was calculated based on donations and sponsorships recorded in the income statement

3 Of the eleven members, three are executive and five independent. The Chairman of the BoD, Giuseppe De' Longhi, currently acts as Chairman of the Board of Directors at other Group companies.

## Remuneration Policy

The Parent Company's Remuneration Policy is defined in accordance with the governance model adopted by the Company and the recommendations of the Corporate Governance Code. Based on the Remuneration Policy, defined in accordance with the law and the Articles of Association, the compensation for each member of the Board of Directors, the executive committee (if instituted) and the Statutory Auditors will be determined by the shareholders. Shareholders also resolve on the remuneration to be paid to the directors, employees and staff members, including the key managers with strategic responsibilities.

The Board of Directors is charged with determining the remuneration of the executive directors and other directors holding special offices, as well as examining the proposals of the Remuneration and Appointments Committee relative to the determination of the performance targets linked to the executives' variable compensation. More specifically, the bonus of the General Manager and the Chief Executive Officer is linked to achieving non-financial targets, including specific ESG KPIs related to the Group's sustainability strategy. For further information on the remuneration policies refer to the "Annual Report on the 2024 remuneration policy and compensation paid in 2023", which is available online. [\[GRI 2-19, 2-20\]](#).

## Business ethics and risk management

The De' Longhi Group's Code of Ethics clearly defines all the ethical principles that the whole Group recognizes, accepts and shares. The De' Longhi Group is committed to promoting and ensuring compliance with the values identified in its Code of Ethics, applying them across all the company's activities. The Company uses this document to ensure that employees, managers and top management comply with all current laws and regulations, fulfilling their duties honestly and with the maximum integrity. The foundation created by the Code of Ethics also guides the Group's employees and partners in everything they do, every day, and in relations with third parties including customers, public administrations and suppliers [\[GRI 2-23\]](#).

In this context and in accordance with Legislative Decree 231/2001 the Italian companies De' Longhi S.p.A. and De' Longhi Appliances S.r.l. also adopted an "**Organizational, Management and Control Model**" (231 Organizational Model) which is binding for all parties who have professional relationships with the companies. In order to guarantee independent control of the Model, a Supervisory Board (SV) was also created which is charged with reporting any problem areas to the Board of Directors<sup>4</sup> [\[GRI 2-16\]](#).

The 231 Organizational Model adopted by the Group also calls for, among other things, a whistleblowing platform which can be used to report behavior which is illicit or violates the Code of Ethics,

the law, current regulations and the internal procedures adopted by the Company. Whistleblowing reports may be made through a specific platform, namely the **De' Longhi Group Integrity Platform**, which guarantees the anonymity of the whistleblower and complies with whistleblowing regulations in accordance with ISO 37001:2016. This tool allows not only Group employees, but also suppliers and customers, to file a report. Any information found on the platform remains anonymous thanks to the use of a domain located outside the company systems which sends the encrypted information directly to the **Whistleblowing Committee**, a body comprising four Group members charged with analyzing and carrying out any further investigations of the reports received. Since the system has been instituted no reports of note have been received [\[GRI 2-26\]](#).

The Company also pays particular attention to any transactions involving possible conflicts of interest which the Chairman and the directors refer to the Board of Directors and the Board of Statutory Auditors in accordance with Art. 2391 of the Italian Civil Code. These communications are made in a timely manner and, at any rate, each quarter during the Board of Directors' meetings and via written notices addressed to each director and the Chairman of the Board of Statutory Auditors. There is a specific section on the handling of potential conflicts of interest in the Group's Code of Ethics [\[GRI 2-15\]](#).

In order to promote understanding of the Code of Ethics and the 231 Model, annual induction

sessions are organized for new hires in order to provide new employees with an overview of the main concepts addressed in the two documents. Furthermore, as of 2021 a targeted information and awareness campaign was launched based on which the Code of Ethics was sent to all managers and employees worldwide who, then, acknowledged that they had received and read it.

In accordance with the principles established by the supervisory authorities in CONSOB Regulation no. 17221 of 12 March 2010, the Parent Company also uses a procedure to identify transactions with related parties subject to specific rules of approval, thanks to which it is possible to govern the Group's relationships with related parties and monitor the relative risks.

The Group monitors the management of risks connected to illicit and punishable behavior carefully, including through the adoption of behavioral models developed specifically to reduce these risks.

<sup>4</sup> No significant problem areas were identified in 2023.

<sup>5</sup> For more information refer to the "Whistleblowing" section on the Group's website.

As of 2018, in fact, all Group companies are subject to the **Corporate Governance Guidelines** which call for adhesion to the Group's Code of Ethics and define a system for the delegation of spending authority. The implementation of these guidelines is entrusted to the local heads of administration in the different branches based on an internal document which can easily be accessed by all employees.

The Group's compliance with current laws, norms and regulations is managed and overseen by the Legal Division and Internal Audit, assisted by the Officer Responsible for Preparing the Company's Financial Reports (to the extent of his responsibilities). Quality Control monitors product compliance, as well as the suppliers' qualifications and assessments.

In addition to the above, Internal Audit and the Officer Responsible for Preparing the Company's Financial Reports also supervise the **Enterprise Risk Management (ERM)** system which has been updated regularly over the years and allows the Group to assess and monitor the company's risks. More specifically, over the years different activities involving both headquarters and a number of international branches were undertaken in order to integrate the ERM matrix with the risks perceived in the individual areas by the Group's international management which included, for example, the implementation of a dynamic Risk Management platform. The roll-out of the platform began at the beginning of 2021, and involved the Group's key entities. As decided during the planning phase, the roll-out gradually involved a growing number of the

Group's companies; in 2023, as planned, the Capital Brands and Eversys companies were also included. The risks tied to sustainability were also updated using the platform. In 2023 the mapping was confirmed and no further changes were needed; at the same time work continued on monitoring the current risks, together with the division heads. The risks listed below were used as a base for the double materiality analysis in accordance with the new "Corporate Sustainability Reporting Directive" (CSRD), which took effect as from 5 January 2023. As a listed Company the De' Longhi Group must comply with the CSRD as of 2024.

More in detail, the main sustainability risks mapped relate to:

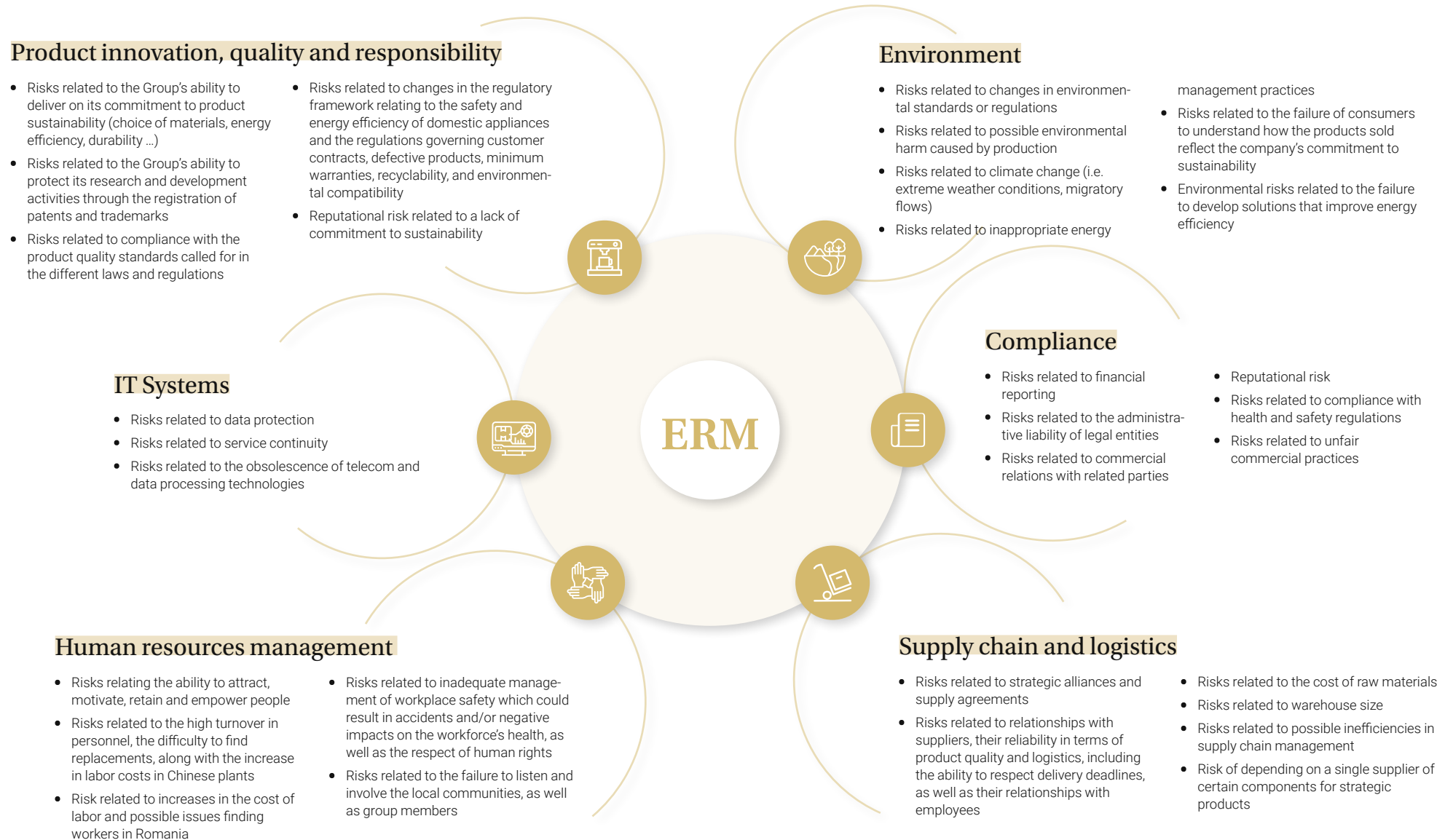
- Circular products and sustainability;
- Compliance with health and safety measures;
- Environmental damage caused by operations;
- Risks affecting human safety and rights;
- Climate change;
- Energy management;
- Impact on stakeholders' interests;
- Local communities;
- Involvement of the communities in initiatives focused on sustainability;
- Fair trade.

The dynamic nature of the platform makes it possible for the personnel involved, under the strict supervision of Internal Audit and the Officer Responsible for Preparing the Company's Financial Reports,

to update the risks identified in a timely and independent manner, as well as make changes to the risk map based on the user profile in order to guarantee the utmost control and separation of roles. Lastly, in 2022, the ERM platform was also integrated with the SAP Success Factor system which makes it possible for all individuals, subject to assessments, to receive adequate training, including through a specific e-learning module.

The main risks identified and associated with the material topics reported on in this document are shown in the next page.





Over the last few years, the Group has introduced different initiatives aimed at reducing the risk of fraud, the most important of which is the **Anti-fraud Program** (defined based on the guidelines issued by ACFE - Association of Certified Fraud Examiners) and a project launched to verify any potential instances of abuse of office and corruption. The latter is focused particularly on strengthening compliance with internal regulations and the laws in place in the various countries in which the Group operates (even though the Group does not have business relationships with public administrations <sup>6</sup>).

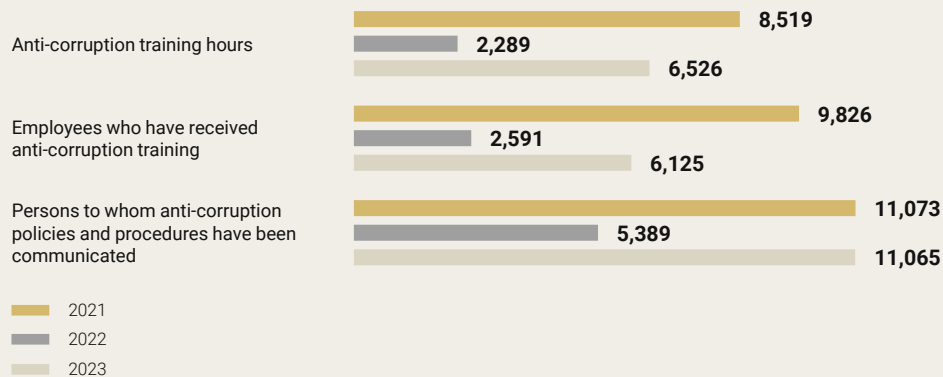
Each year Internal Audit, supported by the Officer Responsible for Preparing the Company's Financial Reports, carries out a series of audits of the processes, accounting procedures and compliance with Law 262 (relating to the financial reporting process) at all the Group's branches in order to guarantee that all the

corporate documentation is reliable, complete, accurate and timely, as well as consistent with the Group's administrative and accounting procedures. The Audit Plan, developed by both the Officer Responsible for Preparing the Company's Financial Reports and the Control, Risk and Corporate Governance Committee, aims to gradually cover all the Group's companies, with a particular focus on the most significant ones (determined using economic criteria).

In 2023, 6,125 employees received anti-corruption training, for a total of 6,526 training hours, decidedly higher than in 2022 (+185%); this increase is attributable to the results achieved by the Group in 2023 which resulted in an increase in employees and the training provided. 99% of the Group's blue collars, 7% of the white collars and 13% of the managers received training in this area.

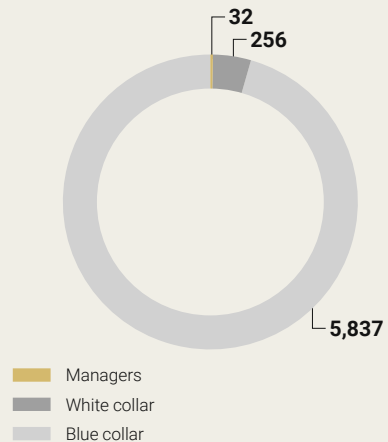


Fig. 7 - Anti-corruption training [GRI 205-2]

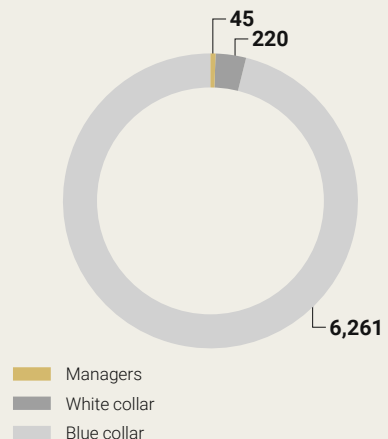


<sup>6</sup> Lastly, during the three-year period, no economic or material contributions were made to political parties or movements, labor unions, nor to their representatives or candidates, in Italy or abroad. [GRI 415-1]

**Fig. 8 - Anti-corruption training provided in 2023 by employee category** [GRI 205-2]



**Fig. 9 - Hours of anti-corruption training provided in 2023 by category** [GRI 205-2]



No violations of anti-corruption laws were recorded in the three-year reporting period (2021-23) [GRI 205-3], nor was any legal action taken involving anti-competitive, antitrust or monopolistic practices [GRI 206-1]. On 23 February 2023, however, the French competition authority (the "FCA") notified the Group of a complaint filed by De' Longhi France S.A.R.L. (and other French sector companies, mentioned in the complaint) which refers to certain acts that occurred between 2009 and 2014 which were allegedly in violation of market competition rules.

The complaint is currently being analyzed carefully by the Group which is preparing its defense with the support of premiere legal counsel and sector consultants.

Looking at the instances of noncompliance in marketing and communications, in 2023 there was only one instance. More specifically, the CCIAA (Camera di Commercio, Industria, Artigianato e Agricoltura) of Trento identified a non-compliance connected to the lack of a safety manual in the packaging used for an Ariete product. The procedure initiated by the Trento Chamber of Commerce did not lead to any financial sanctions.

In 2022 there was only one instance of non-compliance relating to the lack of labeling on a Braun

product. After the investigation carried out by the Ministry of Health, the case was closed.

In 2021 two instances of non-compliance were confirmed; the first, which resulted in a fine, involved the complaint filed by the Italian Minister of Health relative to an Ariete product as the chemical substance used by the product was registered as a detergent and not as a disinfectant. The Ministry asked that all the informational and marketing material relative to this product be changed, eliminating any and all references to the product's disinfecting actions. The second instance involved the noncompliance of Capital Brands which was resolved by paying a small fine, agreed upon by the parties [GRI 417-3].





## 1.3 Our sustainability path

The publication of the first Sustainability Report in 2017 represented the beginning of a sustainability reporting path which allowed the Company to assess and understand its sustainability performances. Over time, the Group increased its understanding of how important it was to undertake a structured path in order to ensure that sustainability would become an integral part of its strategy and business model. Toward this end, the Group developed a management system focused on non-financial topics, defining concrete steps to take in order to lessen its impact, generating value for the company and its stakeholders.

In 2023 the changes made by the Group in prior years relative to the composition and management of the sustainability governance were consolidated. Today the bodies and figures charged with pursuing sustainability targets include [\[GRI 2-9b\]](#):



### Control, Risk, Corporate Governance and Sustainability Committee

Operational since 2019, this Board committee provides proactive guidance and advisory relative to sustainability.



### Sustainability Steering Committee

Instituted in 2019, this committee comprises company executives and different department managers. It endorses and supports the Group's sustainability strategy.

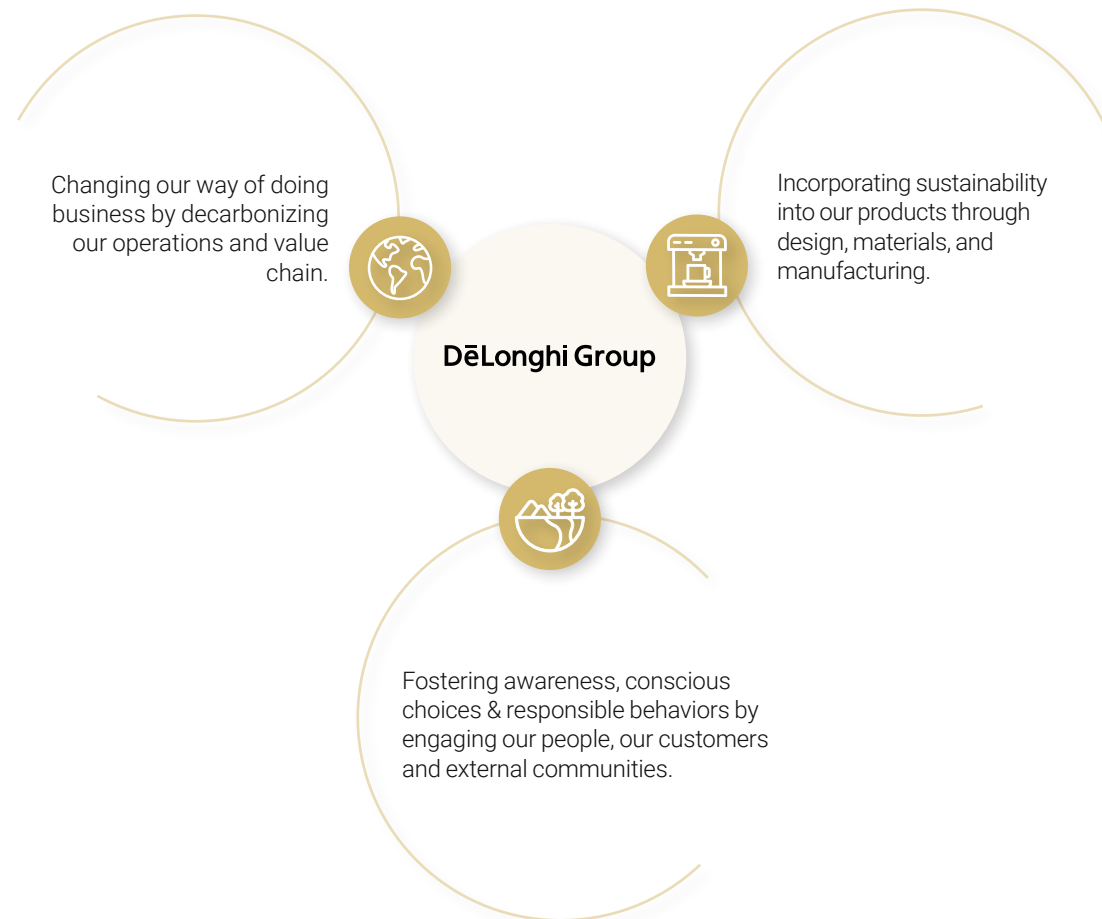


### Group Sustainability Director

Instituted as of 2023, the Group Sustainability Director guides the Group along its sustainability path, combining strategic vision, management expertise, with a deep commitment to social and environmental responsibility.

The described bodies are responsible for managing the Group's impact on sustainability issues; more in detail, the activities of the Control, Risk, Corporate Governance and Sustainability Committee are planned and coordinated by its Chair, who convenes, oversees and runs the meetings. Subsequently, the Chair informs the Board of Directors of the topics discussed, any observations, recommendations and opinions of the Committee drafted during the single meetings [\[GRI 2-13\]](#). The Sustainability Steering Committee, a body comprised also of directors, provides the Board of Directors with periodic updates on the Group's sustainability strategy [\[GRI 2-17\]](#).

2023 represented another phase in the De' Longhi Group's sustainability path. During the reporting period, in fact, the Company began work on the Sustainability Plan (approved by the Board of Directors in July 2022) in order to update its sustainability needs and comply with new regulations and laws. Initiatives and the relative targets for each of the Company's three sustainability pillars (*People, Product, Processes*) were included in this plan. With the updated Plan, approved by the Board of Directors in January 2024, the Group modified its paradigm, integrating sustainability in company processes through the three areas of commitment which will guide the Group's strategy in the coming years [GRI 2-12]:



The three areas of commitment will take shape through the implementation of specific initiatives, identified thanks to the participation of a number of corporate functions: the latter contributed to the analysis and subsequent reformulation of the targets reached in prior years, the development of new initiatives used to improve the Company's sustainability path, as well as provide further support through working groups and dedicated meetings. This made it possible to update and define new quantitative and qualitative targets that the Group aims to achieve in order to deliver on its strategy between 2024 and 2026.

Within this context, the three existing sustainability pillars are joined by a fourth pillar (*Partners*). These four cornerstones represent the main mechanisms that will contribute to the implementation of the initiatives and achieving each target.



## People

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Promoting initiatives targeting the internal community, this Pillar aims to improve the wellbeing and development of De' Longhi's people. At the same time, the Group strives to nurture its relationships with the external communities by establishing partnerships focused on their empowerment.



## Products

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Making sustainable choices during production makes it possible to create lasting relationships with the consumers, providing opportunities to increase awareness about important topics like responsible use of energy and resources, as well as healthy and sustainable lifestyles.



## Processes

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By improving the energy efficiency of processes and using renewable energy, this pillar contributes significantly to the reduction of Scope 1 and Scope 2 emissions. By optimizing logistics solutions, the Processes Pillar also contributes to the reduction of both upstream and downstream Scope 3 emissions. An efficient use of resources also helps to reduce waste and soil degradation, as well as the consumption of raw materials.



## Partners

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The Group's partners contribute to providing new stimuli and creating lasting relationships which guarantee mutual success. De' Longhi's partners are also crucial to the implementation of the Plan's sustainability initiatives.

The thirteen initiatives identified fit across the areas of commitment, each of which is linked to specific Sustainable Development Goals (SDGs), as defined in 2015 by the United Nations, to which the Group contributes through its daily activities.

In order to share and clarify its sustainability activities, the Group prepared a Manifesto targeting all the Group's stakeholders which was published in 2021 and will be updated as the new plan is reformulated. This document embodies the active commitment of the De' Longhi Group to sustainability and aims to promote the participation of the entire internal community.

Lastly, along with the Company's Sustainability Manifesto, in 2022 all the Group's brands committed to developing a *Brand Manifesto* which describes the sustainability initiatives and commitments undertaken based on the unique qualities of each brand. More in detail, the De' Longhi, Nutribullet, Kenwood and Braun brands prepared their Manifestos focused on coffee, healthy eating habits and the responsible use of raw materials, respectively. This made it possible not only for consumers to make more informed decisions, but also to increase their understanding of the single brands and build a more sustainable sector. Currently, Ariete is also working on creating its own *Brand Manifesto*.

### The process used to determine the material topics

In accordance with the requirements under the new GRI Standards 2021, in 2022 the De' Longhi Group's materiality analysis was updated in order to provide a full, clear picture as to the economic, environmental and social impact of the Group's activities. The analysis was also confirmed for the 2023 reporting year.

The identification of the company's material topics, as required by the Standard, was based on the identification of the main economic, environmental and social (including human rights) impacts caused or likely to be caused by the Group's activities and trade relations. These impacts may be negative or positive, short- or long-term, intentional or involuntary, reversible or irreversible.

More specifically, the **materiality analysis** was broken down into four main phases:

1. Understanding of the context in which the Group operates;
2. Identification of the actual and potential impact;
3. Assessment as to the significance and scope of the impact;
4. Prioritizing of the most significant impacts for the purposes of reporting.

At the end of this process a list of thirteen material topics, three of which environmental, two relative to governance and eight relative to social impact were identified and approved by the Control, Risk, Corporate Governance and Sustainability Committee [GRI 2-14]; each of these was matched with the relative GRI indicator, to be reported on in this report. For further information on the material issues and their identification, please refer to the *Methodological Note*.

The layout of the present document reflects the structure of the Sustainability Plan prior to the update, in order to provide the reader with a comprehensive overview of the targets achieved during the 2023 reporting year.



Fig. 11 - The structure of De' Longhi's Sustainability Report and the Group's material topics



For further information on the material issues and their identification, please refer to the Methodological Note.



# 02

**The people  
of the  
De' Longhi Group**



People are our power

*The people working in our Group are our strength and energy. We are committed to supporting and nurturing them in a stimulating work environment, capable of attracting, motivating and retaining talent, as well as promoting growth and development. We ensure a safe and healthy workplace, fueled by ambition, but also by passion, know-how and the desire to work as part of a team which respects diversity and the potential of every individual. We also invest actively in projects and initiatives which support the local communities in which we operate in order to promote growth and prosperity. We keep our humanity alive, which is a renewable and unstoppable resource.*

Our 2023...



The number of Group employees

9,837



Total training hours provided by the Group in 2023

238,656

(24.3 hours for each employee)



Women in the De' Longhi Group, half of the company's workforce

50%



Accident rate

2.7

(-4% compared to 2022)

## ...and our targets<sup>1</sup>

### Fight against climate change



Organize activities/training to promote healthier behavior and a zero waste approach inside and outside the company



Involve and sensitize our people and the local communities with respect to eco-friendly habits

2024

Reduce the environmental impact of our travel policy, analyzing the cost of moving employees between offices and headquarters, promoting car sharing and holding meetings using online platforms

2027

Corporate car fleet comprised 100% of electric and/or hybrid vehicles

### Workplace safety



Strengthen a corporate health and safety culture shared by the entire Group



Guide individual behavior through training, communication, as well as health and safety initiatives



Adoption of a diversity and inclusion policy



Recognize, understand and celebrate the uniqueness of each individual, creating and supporting a culture in which differences are valued and respected

2025

Increase the number of women in managerial positions

2024

Increase work-life balance using assessment tools like annual surveys

2023\*

Adopt specific guidelines for corporate giving



Increase the average number of hours provided per employee each year

Design a new approach to Diversity, Equity and Inclusion in order to enhance the unique value of our people globally

Define and implement a global approach and communication plan for a new way of working

Plan a new approach to volunteering and charitable initiatives in order to strengthen the impact on our communities globally

Take care of the development of our people, with a global training program

### Wellbeing and inclusion



<sup>1</sup> When the De' Longhi Group's Sustainability Plan was updated, a few changes were made to the presentation of some initiatives. However, the targets reached to date by the Group and the targets set in the previous version were taken into account in the new Plan.

\* This target is currently being completed and the related guidelines will be published in 2024.



## 2.1 The Everyday Makers

People make up the first pillar of the De' Longhi Group's sustainability strategy. The Company pays particular attention to their personal and professional growth, while also working to attract new talents; thanks also to its international profile, the Group works with different cultures and traditions every day. Enriched by this privilege, De' Longhi works to nurture relationships, strives to foster passion, collaboration and mutual respect, encouraging all employees to be fair and loyal to their colleagues, while also increasing the sense of belonging, satisfaction and safety in the workplace.

The Chief People Officer coordinates the Human Resources and Organization Division (hereinafter referred to as Human Resources or HR) which manages human resources at a Group level. The division's management roles are organized, at regional and local level, in macro-clusters which work to strengthen Talent Acquisition, HR Training and Development, and internal communication.

The HR division is responsible for all aspects of the Group's human resources, from recruiting, selection and induction of new talents to management of employee engagement and motivation. HR also takes care of the administrative management of the employment relationship, labor union relations and the monitoring of workplace health and safety.

Talent Acquisition and Employer Branding has a crucial role in the Group's activities thanks also to the development of different initiatives designed to continuously improve the recruiting experience. As part of the employer branding strategy, this department has implemented several initiatives, including the creation and development of a global LinkedIn page. The latter had a significant impact on engagement and led to an increase in the number of followers again in 2023 which were 14% higher than in the prior year: this success was supported by the development of a social media campaign, already launched in 2022, which calls for the recurring publication of posts relating to five topics: Sustainability, Training, Career, Business and Innovation.

### The De' Longhi Group's People

The Group had 9,837 employees at 31 December 2023, an increase of 15% compared to the prior year, consistent with the increase in production volumes.

More in detail, women represent 50% of the workforce, in line with the prior year (51%). The number of employees with permanent contracts (90%) was slightly lower than in 2022 (93%).

Fig. 11 - The number of employees by geographical area [GRI 2-7]

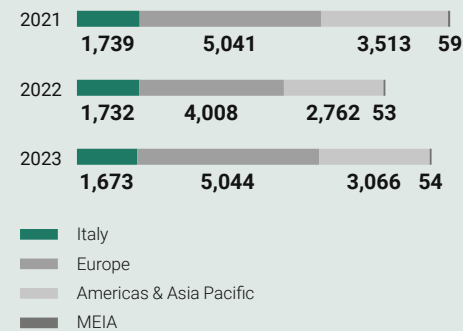


Fig. 12 - Breakdown of employees by gender, 2023 [GRI 2-7]

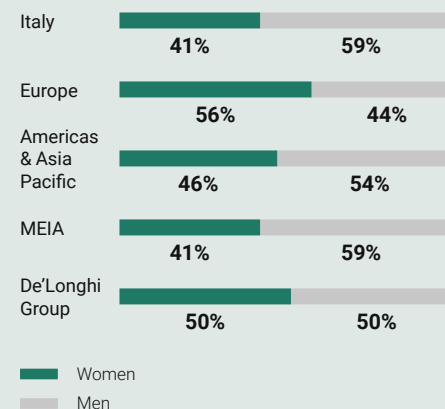


Fig. 13 - Breakdown of employees by type of contract [GRI 2-7]

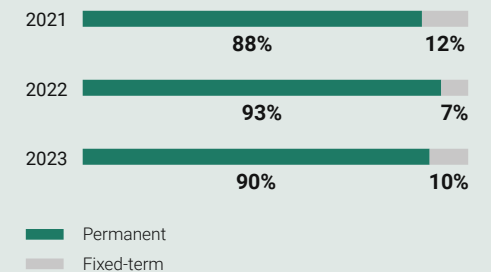
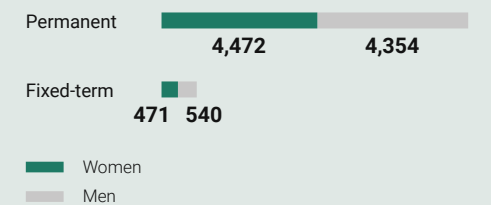
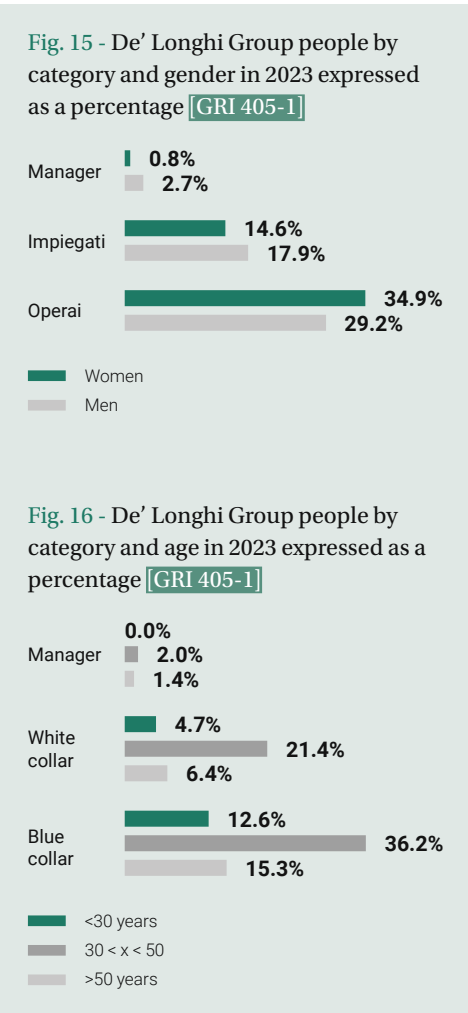


Fig. 14 - Breakdown of employees by type of contract and gender, 2023 [GRI 2-7]



All the employees in Italy, Austria, Croatia, France, Germany (for the company De' Longhi Deutschland) Portugal, Romania, Ukraine and Spain are covered by **collective bargaining agreements**. These agreements cover employees from the following countries to different degrees: Benelux (99%), Germany (for De' Longhi Braun Household, 83%) and Australia (14%). In the remaining countries collective bargaining agreements are not mandatory and, consequently, no employees are covered under this type of agreement. Overall, around 59%<sup>2</sup> of the De' Longhi Group employees are covered by collective bargaining agreements. [GRI 2-30].

Looking at the Group's workforce by category, at 31 December 2023 it comprised blue-collar for 64%, white-collar for 32% and managers for the remaining 4%. The majority of the Group's workforce is between 30 and 50 years old (60%), while people over the age of 50 account for around 23% of the Group's total workforce. Additional figures are shown in the report annexes.



<sup>2</sup> The change in the figure with respect to the prior year is explained by the availability of more precise data for the reporting year 2023.

In 2023, the De' Longhi Group recorded 4,872 new hires versus 3,603 terminations. The APA (Asia, Pacific, Americas) region is characterized typically by particularly high hiring and termination rates, due mainly to the high rate of turnover caused by certain characteristics specific to local job market, in particular the Asian countries.

Fig. 17 - Total number and rate of new employees hired, 2023 [GRI 401-1]

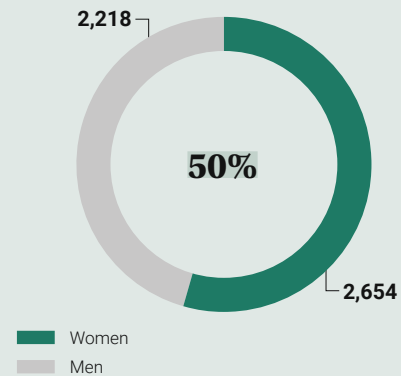
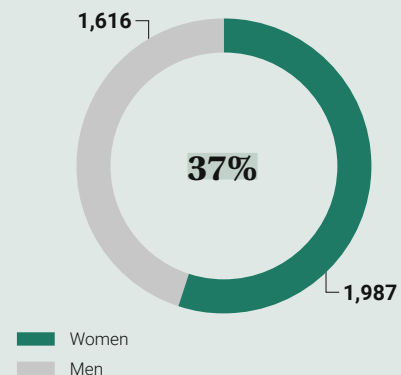


Fig. 18 - Total number and rate of employees terminated, 2023 [GRI 401-1]



## Enhance the talents of today and attract the ones of tomorrow: relationships with universities

Talent attraction is an important asset for De' Longhi, which has long standing relationships with top Italian universities including **Politecnico di Milano, Università Bocconi, Università degli Studi di Padova, Ca' Foscari di Venezia, Università degli Studi di Udine** and **Università degli Studi di Trento**: the goal of these partnerships is not only to recruit the best talents, but also to increase the research and development carried out in partnership with the universities. As part of the partnership with Politecnico, for example, the Group participated in a round table with other companies about design projects during which the Senior Product Designer responded to questions from students of the Design department about the role of the designer in a corporate context during a two-hour Q&A session.

Another important initiative carried out with Politecnico di Milano was the *"Industry 4.0 Career Week"*, a week focused on topics relating to Industry 4.0 with an in depth look at the relative opportunities for career development. The Group's Process Engineering Expert participated in *"Industry 4.0 Career Week: take the challenge"*, during which he met with students and graduates of the design and engineering departments. De' Longhi challenged the students to redefine a part of the production process for a

coffee machine and then discussed the possible solutions proposed with the participants.

Looking, lastly, at the initiatives carried out with Università Bocconi di Milano, the Group's General Manager held lectures in the Transformative Sustainability master's classes during which the Company talked about its sustainability path to an audience of more than 60 international students, which subsequently looked at some intergenerational differences relative to the topics discussed.

## Diversity, Equity and Inclusion

The topics relating to **Diversity, Equity and Inclusion (DE&I)** are a crucial part of the Group's vision of sustainability: for this reason, the Company's Sustainability Plan includes specific objectives and initiatives which address the monitoring and implementation of practices aimed at creating an **increasingly more inclusive corporate culture**. During this reporting year, the Group worked on finalizing its own **DE&I Policy** in order to recognize and celebrate the contributions made by individuals to the company. This initiative is emblematic of the significant progress that has been made in achieving the ideals of De' Longhi, which is committed to promoting equitable growth and improving the level of inclusion and cohesion among employees, consumers, suppliers and the entire local community. The document defines DE&I targets and strategies and was made available - in Italian and English - to all employees on the Company's intranet. In the first few months of 2024, the document was also made available on the De' Longhi Group's website.

### The principles underlying the policy:



#### Diversity

Value everyone's heritage



#### Equity

Create and support fair and equitable opportunities for all, maintaining the uniqueness of each individual



#### Inclusion

Make sure people know they can achieve more together



Toward this end, in 2023 the Group continued with the development of the **Diversity, Equity and Inclusion**, project which, through a systematic and transparent approach, aims to achieve full compliance with the principles illustrated in the Group's Code of Ethics and the DE&I Policy, like those relating to pluralism, equal opportunities, equity and lack of discrimination. The work group responsible for the project identified gender diversity as an area to work on. The activity was structured in four phases:



### Diagnosis

An assessment was made as to the presence of women at all corporate levels, with a particular focus on the gender pay gap and the corrective actions that needs to be taken in order to narrow it; subsequently, a study of the work experience of women in the company was examined in order to identify needs and specific priorities.



### Commitment and involvement

Human Resources carried out quantitative and qualitative research through questionnaires, interviews and collective workshops which top management was also involved in. These activities made it possible to identify specific KPI to be used to track the progress made in achieving the targets set.



### Action

A roadmap was prepared which outlines the long-term goals and the actions needed to achieve them. The action plan was completed in 2023 and beginning in 2024 the Company will begin to share the strategies and principles with all of the Group's personnel to then identify local plans of action. In 2024 the Group DE&I policy was formalized and published in the first few months of 2024.



### Monitoring and accountability

The actions undertaken and the goals defined in the roadmap will be monitored over time by Human Resources, in order to assess the project's progress, verify the results achieved and define any corrective actions needed.

Respect for and protection of human rights has, furthermore, always been an essential part of the De' Longhi Group's ethics. The fairness of the Group's labor practices, particularly with respect to child labor and overtime, are also verified regularly during the audits carried out by clients.

As for the number of complaints relating to discrimination, in 2023 two incidents of sexual harassment were reported at De'Longhi Australia PTY LTD. The Group does not tolerate any behavior that could compromise the respect, diversity, rights and safety of its employees at the workplace. For this reason, after quick and in-depth internal investigations, the Company decided to terminate the employment of the individuals involved.

Furthermore, in 2023 a case of possible discrimination was reported at De'Longhi Kenwood A.P.A. LTD; subsequently, upon further investigation the discriminatory nature of the episode was not confirmed [\[GRI 406-1\]](#).



## 2.2 Supporting the growth of our people

The De' Longhi Group is committed to promoting the professional development of its employees, including by providing specific training courses which enrich knowhow and enhance careers. In 2023 the Company made a strategic decision to invest in both the improvement of soft skills and technical knowhow; the Group provided a total of 238,656 hours of training or around 24.3 hours of training per employee, roughly 6% higher than in the prior year.

These results were achieved also and above all through greater use of training provided through digital platforms like PULSE: this tool, thanks to a vast catalogue of e-learning courses, makes it possible for employees to access personalized training. In 2023 the Company continued to use the platforms **Speex** and **Of Course Me**: the first provides language courses globally, the second makes it possible to develop personalized training

programs by accessing a vast array of available information and materials which allows employees to learn more about specific topics consistent with their interests and professional development.

Through the program **Grow with us**, which aims to create a veritable global community for employee training, in 2023 the Group offered more than 23 webinars and workshops, focused above all on four areas: **digital mindset** (data analysis, Excel e critical thinking), **managerial skills** (managing effectively), **communication skills** (public speaking, influence, impact and growing with feedback) and **organizational skills** (project management, time management and finance for not finance). The way in which the courses were provided, which were highly interactive, was appreciated by the participants who assigned them an average score of 4.3 on a scale of 1 to 5.

In 2023 **Digital Lab**, a global training program, continued. The goal of the lab is to develop employees' digital expertise and support the growth of the Group's e-commerce channel. As part of the training in digital expertise, in April 2023 more than one hundred employees of the IT division from Italy, Germany, the United Kingdom and Romania participated in an assessment organized by HR. The main purpose was to assess the digital knowhow of the IT division, with regard specifically to hard skills, soft skills and understanding of the main areas of innovation. The results of the assessment made it possible for the team leading the project to build a training path referred to as "Innovation Breakfast", namely a series of morning webinars focused on the emerging trends in innovation. These meetings, broken down into 4 sessions of around one hour each, started in November 2023 and stopped in January 2024.

Fig. 20 - Training hours provided [GRI 404-1]



Fig. 21 - The average training hours provided per person in 2023, by gender [GRI 404-1]



Fig. 22 - The average training hours provided per person in 2023, by category [GRI 404-1]



HR coordinates the performance appraisals globally, with a view to stimulating the growth and development of the Group's resources: this program is based on a model which was created specifically to promote a transparent and constructive exchange of feedback between managers and subordinates. The project, called FORWARD, was already experimented with in 2021 and implemented throughout the Group in 2022. During the reporting year 2023, employees appeared more familiar with the process than in the prior year: the completion rate rose to 85% of the total (+5%); there was also an increase in the feedback shared, which was double 2022, reaching approximately 5,000 [GRI 404-3].

More in detail the performance appraisal process can be broken down in three phases: **Set Up**, **Sync** and **Wrap Up**:

- **Set Up**: consists in the identification of individual goals and the development of a growth plan which is consistent with the business strategy and the team objectives;
- **Sync**: calls for an ongoing and interactive growth process based on checkpoints, namely systematic self-reflection and the sharing of any feedback. Contrary to the program used in the past, the exchange of feedback is not only between supervisor and subordinate, but may also involve colleagues from other company divisions as requested by both of the parties involved;
- **Wrap Up**: during which the strong points and any areas in need of improvement are discussed with the managers who are able to provide a more complete, objective and constructive appraisal.

Fig. 23 - Performance appraisals by gender, 2023 [GRI 404-3]

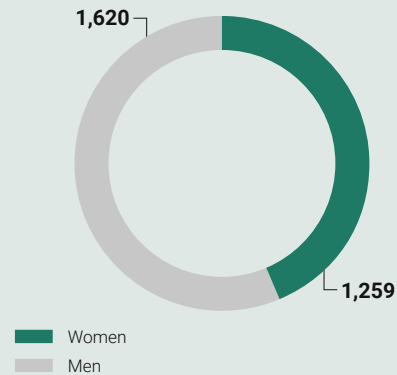
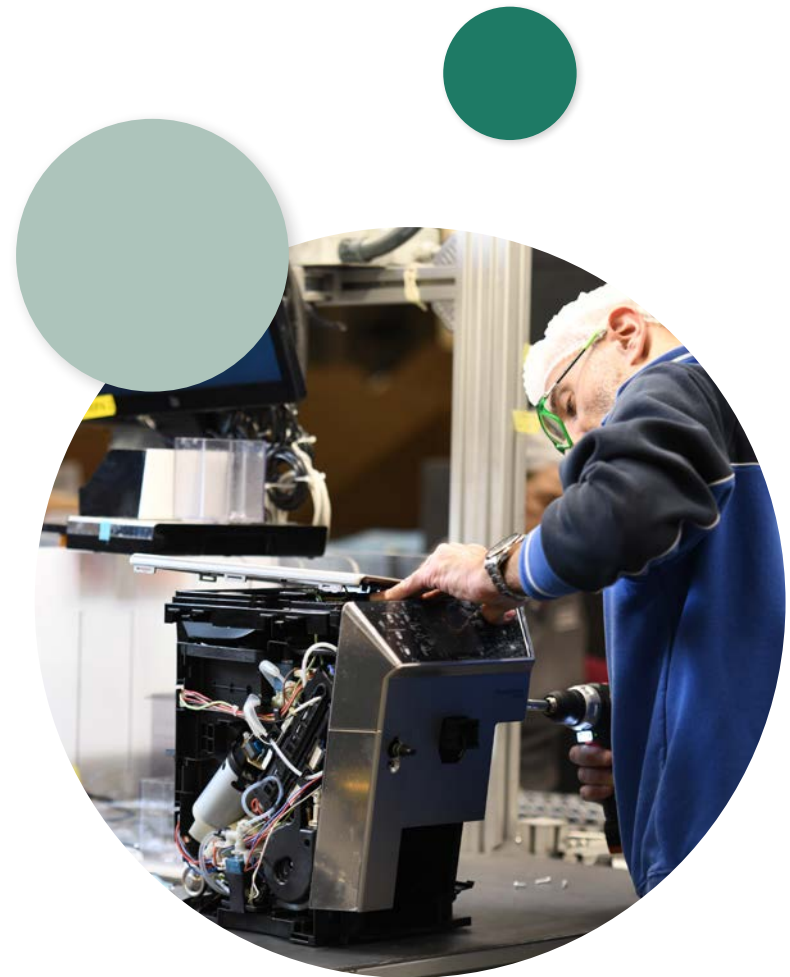
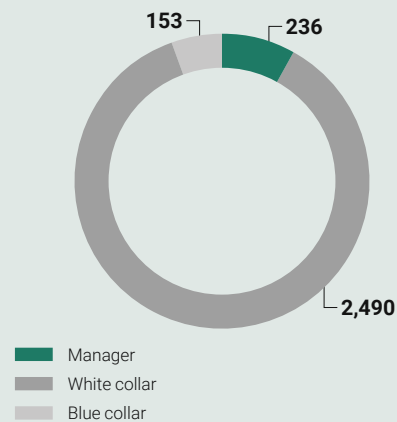


Fig. 24 - Performance appraisals by category, 2023 [GRI 404-3]



## 2.3 Health and safety in the workplace

The duties of the Human Resources division include safeguarding the health and safety of people in the workplace, a key aspect for the De' Longhi Group, which is constantly monitored through constant controls and preventive measures.

The HR division is supported by individuals with specific duties, like the Head of the Prevention and Protection Department (Responsabile del Servizio di Prevenzione e Protezione - RSPP) in Italy, and the plant managers in China, Romania and Switzerland who are responsible for complying with local health and safety obligations. Toward this end, the plants in Sierre (Switzerland) and Dongguan (China) have been **ISO 45001:2018** certified. This is the most widely recognized international health and safety standard. In February 2024, the second Chinese plant (OnShiu, China) will also be ISO 45001:2018 certified. At the same time, the Mignagola (Treviso), Cluj and Salonta (Romania) plants have a formal workplace health and safety policy in place in preparation for the above ISO certification process. Lastly, in these plants the supervisors are charged with assessing the risks related to the activities carried out by the Company's employees and implementing any improvements needed.

Consistent with this model, almost all the De' Longhi Group's plants are gradually adhering to a safety plan which, while global, takes the

peculiarities of different laws and local regulations into account, as well as the levels of risk inherent in the production process. The Company's goal is to define and implement a risk mitigation plan and further improve workplace safety. Toward this end, a cross-functional HR-Operations team was created which analyzes the characteristics and risks relating to production organization and the supply chain. This project aims to establish a path of gradual long-term improvement and strengthen a culture which promotes a "Zero accident mindset". The team also developed a monitoring system which assesses the progress made toward achieving the "zero accident goal"; at the same time, in 2023 the global campaign "*I am Safety*" was launched. This initiative, part of the sustainability strategy, has three main objectives: strengthen and spread a safety culture throughout the Group, involve and make employees responsible for issues linked to safety and, at the same time, improve efficacy and productivity through initiatives focused on "new ways of working", with a particular focus on remote working. In the production plants the initiative was realized through the "Safety Ambassadors" campaign, based on which a few employees were appointed safety ambassadors. The project, which for now has only been implemented in the Company's production facilities, was structured based on the following phases:



### Appointment of the ambassadors

The ambassadors are employees who are chosen to safeguard aspects of Health, Safety and the Environment (HSE) in each production facility. In order to identify the best people for the assignment, the work team developed an identikit of the characteristics needed to cover this role.



### Training of the ambassadors

The ambassadors selected completed a dedicated training course in order to understand their role and the relative responsibilities.



### Identification of any equipment needed

In this phase any investments needed to improve the health and safety inside the plants are quantified, along with the anticipated benefits.

In 2023 the Group recorded a total of 56 injuries, over a total of almost 20 million hours worked in the year, with an injury rate, therefore, of 2.7, lower than in 2022. The number of confirmed occupational illnesses and the relative injury rate (2 and 0.1, respectively), was unchanged with respect to the prior.

For further information on how the injury rates are calculated, please refer to the *Methodological Note*.

Fig. 25 - Injury rate [GRI 403-9]



Fig. 26 - Occupational disease rate [GRI 403-9]







# 03

**Our products,  
to improve  
everyday life**



**Products  
with a purpose**

*For us, innovation means research to improve materials, product durability and energy efficiency, as well as the development of technology that enables and promotes a healthy lifestyle for our consumers. Every De' Longhi Group product is conceived, designed and manufactured to improve the lives of those who choose it because responsible production must, first of all, keep people at the centre. Improvement means more than making daily life easier and more comfortable; it means that neither the environment nor future generations should bear the weight of those improvements.*

*Because today is already tomorrow.*

**Our 2023...**



**LCA (Life Cycle Assessment)** completed during the year

**3**



**Automatic coffee machines certified class A** energy (or above)

**100%**



**Customer service centers** worldwide

**1,800**

(di cui **circa 300** solo in Italia)



**Number of pilot projects** developed in accordance with **De' Longhi Eco-Design Guidelines**

**10**

## ...and our targets

### Circular economy



Focus on recycled materials in order to increase the circularity and sustainability of new and/or re-generated products

### Sustainable products



Guidelines for the implementation of Eco-Designs to apply to all product phases, from the concept and drafting, to the approval and sale

Carry out Life Cycle Assessments in order to obtain detailed information about the total environmental impact of our most iconic products

### Fight against climate change



Focus on product energy efficiency projects in order to provide consumers with real tools to tackle climate change

### Sustainable packaging



Increase the circularity and sustainability of the packaging, developing solutions which guarantee a lower impact, including through the replacement of paper instruction manuals with digital ones

- 2025 Include recycled materials in all the new products
- 2027 30% of the plastic used for new products will be recycled plastic
- ✓ Adopt Eco-Design guidelines
- ✓ Carry out assessments of one product from each of the main categories
- 2025 Continue to develop products focused on energy efficiency
- 2025 Develop Eco functions for high demand products
- 2024 Decrease the environmental impact of our packaging
- 2024 70% of the products with EPS-free packaging
- 2025 50% of the products with digital instruction manuals

### Products - Best Performance

In 2023, the Group completed the Life Cycle Assessments (LCAs) ahead of schedule. Carrying out this type of analysis is, in fact, key to establishing eco-design priorities and producing a new generation of eco-efficient products. For more information refer to the chapter Design and Innovation for Product Sustainability.

### 3.1 Design, quality and functionality in the DNA of every product

With a view to constant innovation, the De' Longhi Groups develops products that are multifunctional, easy to use, while paying the utmost attention to the use of cutting-edge materials, design and ergonomic functionality, as well as the use of advanced technologies which encourage healthy eating habits and maximize home comfort. Product durability is also key and helps to **promote a circular economy** and challenge the typical planned obsolescence (common in the Company's sector). The Group, therefore, works to create products made of components that are easy to disassemble and clean, consistent with eco-design principles and able to guarantee a longer product life cycle (refer to the section *Design and innovation for product sustainability*). The most important innovative solutions include digital technologies - like the Internet of Things (IoT) and connectivity - which today make it possible to reduce the products' energy consumption and can be controlled remotely by customers (refer to the information box *The Major launches and award-winning products 2023*).

During the design phase the complex regulatory environment in which the Group distributes its products, **which includes more than 120 countries**, is also taken into consideration. For this reason, the creation of new products, which are protected by corporate patents, is carried out in accordance with specific directives which are summarized in procedural NPD (New Product Development) notes and require the collaboration of different company divisions. More in detail, the Marketing and Design division, together with Quality's Regulatory Affairs team, monitor and update sector regulations, in order to guarantee compliance with the regulations in effect in the different countries. The Group's technical offices also adopt the **Local for Global** approach based on which they work to ensure that all the products developed comply with the most stringent quality standards and not only those applicable in the countries where the product is distributed. These include, for example, EU Regulation n. 1907/2007 or REACH (Registration, Evaluation, Authorization and

Restrictions of Chemicals) and the RoHS (Restrictions of Hazardous Substances) directive 2002/95/EC, both of which the Group's companies comply with even though the scope of application is strictly European.

The Group's commitment to guaranteeing the highest qualitative standards is expressly stated in the Group's Code of Ethics: an essential part of this commitment is the expertise that De' Longhi's engineers and designers leverage on when developing products that are increasingly functional, environmentally and consumer friendly. For some time, the Group has been committed to finding more sustainable solutions already in the design phase, aware of the importance that the latter have in making products which remain ecofriendly throughout the product's life cycle, from assembly to disposal. Toward this end, 2023 was an important year for the Group which, after having developed the De' Longhi Eco-Design Guidelines<sup>1</sup>, in 2022, gave life to **ten new low-environmental impact pilot products**.



<sup>1</sup> To find out more about these guidelines, refer to the information box *De' Longhi Eco-Design Guidelines*.

## De' Longhi's Eco-Design Guidelines

Over the years the De' Longhi Group has developed solid and lasting relationships with top Italian and international research centers and universities and has completed a number of projects and workshops with a view to finding innovative and functional ideas which enhance the product portfolio.

In 2022 the partnership with the Design Department of Milan's Politecnico led to the publication of the "**Handbook of guidelines to design sustainable De' Longhi products**", a document which was key to designing for sustainability and improving the user experience. More in detail, the handbook comprises a series of guidelines which aim to provide the Group's NPD (New Product Development) team with new understanding and tools to be used across all phases of the creative process, in order to develop cutting edge, performing and low environmental products. The initial phase of the project involved an exchange of information between the Group's and the university's technicians (the Group financed two eco-design doctorate scholarships which are still in place today); subsequently, seven strategic guidelines, associated with the

same number of goals, were defined:

1. Reduce energy consumption;
2. Increase product durability;
3. Increase the recycled materials used in products;
4. Facilitate disassembly;
5. Reduce the number of different materials used in products;
6. Improve the conservation of materials;
7. Avoid the use of toxic or damaging finishes and surface treatments.

The results of the work done were described in great detail in a document shared internally by the Group which, in 2023, was used as a checklist during all phases of new product development, from conceptualization and design through approval and sale of the end product.

For De' Longhi, the Eco-Design Guidelines marked the beginning of a strategic journey which includes a new approach to eco-design. Toward this end, in 2023 a detailed analysis was made of 10 pilot projects in order to identify the main gaps

and strengthen the expertise needed to create environmentally friendly products. The project involved the more than one hundred engineers and designers involved in the production and conception of goods, as well as marketing and after sales departments.

In order to prioritize the work to be done and determine the starting point for new product optimization, in the period 2022-23 the Group carried out Life Cycle Assessments (LCAs) of all the Group's main product categories. The data gathered were, in the meantime, used to design ten eco-sustainable prototypes (5 coffee machines, 2 food preparation machines, 2 irons and one domestic comfort product) which were developed in accordance with the methods outlined in the Eco-Design Guidelines. These new products were then compared to the prior generation using an index developed for this purpose which measured the products' environmental performance based on parameters like, for example, energy efficiency and sustainability of the materials. The results of this project exceeded expectations with improvement in the environmental parameters used of up to **more than 20%**.



### Support, transparency and data protection: this is how we take care of our consumers

Offering additional services, like technical assistance, as well as pre- and post-sales support, is an integral part of the Group's strategy to foster a better consumer journey. The Group uses different indicators to monitor overall consumer satisfaction like the **Net Promoter Score (NPS)**, which measures consumer loyalty and the probability that the latter will recommend the product to other people. Marketing also conducts regular surveys at a corporate level and of individual brands in order to learn more about the level of satisfaction with what the Group offers, test the potential of new products and monitor the brand reputation.

In 2023 more than 7,000 people in 8 different countries were involved in market research studies focused on aspects like product quality and the most salient expectations for new market launches. The replies from consumers were analyzed and incorporated into the Group's strategies in order to improve its products. More in detail, reducing the noise of a few appliances was found to be important so during the year a study of a few Braun brand products was carried out, in collaboration with

Milan's Politecnico, with a view to finding a holistic method for developing quieter appliances.

The Customer Care Division develops processes aiming to ensure that the Group meets customers' expectations. The Group's strategy, renewed in 2023, is rooted in two key elements: on the one hand, the involvement of stakeholders in order to understand their expectations; on the other, the study of best practices in customer assistance. The division uses different **support channels** (e-mail, telephone, social media and online chats), taking full advantage of the growing communication opportunities that digital tools provide. The division informs the various customer service centers of the best practices and innovative solutions used to systematically reduce repair times. In 2022, the main repair center for coffee machines in Germany was expanded and renovated, thanks to which its repair capacity reached roughly 60 thousand units a year, an increase of 50% compared to the prior configuration.

In terms of monitoring service quality, Customer Care carries out on-site visits, organizes training sessions and uses specific indicators to assess the services provided by the technical support teams. More in detail, the two most important indicators are **First Time Fix (FTF)** and **Turnaround Time**

**(TT)**. The first measures the percentage of repaired products that did not need further repairs in the six months following completion of the initial repair; the second quantifies the time needed to address the customers' issues, from when the problem materialized through definitive resolution. Both of the indicators were extremely positive, with the TT dropping constantly in the three-year period, while the FTF came close to 100%, which testifies to the high quality of the repair services.

Key to this success is the **training** provided to all employees and qualified external partners; these courses are provided using a hybrid method which combines e-learning platforms with in-person classes. In 2023 the Group focused on customer interaction and organized a specific training session conducted by external consultants for the roughly fifty service center operators and the five heads of the customer networks. In addition to classroom lectures, activities were carried out at the centers which made it possible to apply and use the communication and commercial skills discussed during the training session.

A CRM (Customer Relation Management) system, key to understanding and managing user relationships, was also adopted to further support customer care and customer simplicity.



## Technology, a way to hear the consumer

Consistent with the goal to meet customers' expectations, the Group's Customer Care Division uses an integrated approach which leverages on stakeholder engagement and the analysis of best practices in customer service. This is done mainly through the use of a **Customer Relation Management (CRM)** system which makes it possible to monitor interactions with the final users in order to improve the quality of customer service.

**Wonderflow** is another key Customer Care tool. It is a VoC (Voice of Customer) software which makes it possible to aggregate and systematically analyze hundreds of thousands of feedback streams, particularly product reviews, found on different online retail platforms. The processing of this information enhances the Group's ability to respond to consumer and stakeholder expectations in each of its markets. Wonderflow's analytic tools, in fact, make it possible to create geographic clusters in order to identify goals for localized improvement which go from organizational efficiency to product quality.

In the last two years, the Group began a change in customer assistance and adopted AI-powered tools in order to use artificial intelligence to provide timely and precise answers. More in detail, the Company has developed a web self-service<sup>2</sup>

tool designed to decode customer requests and provide quick and complete answers thanks to the combination of technology and qualified personnel. Before being sent to customers, the answers generated by AI are validated by a group of specialists through a process which makes it possible to reduce the average response time and ensure a high level of accuracy. Lastly, in 2023 this tool was integrated with a sophisticated system used to simultaneously translate e-mails and web-chats - also enhanced by the use of AI - which has made it possible to expand the web self-service to include Germany, Belgium, France and the Netherlands, while previously it was limited to Italy and English-speaking countries.

### The protection of sensitive information

To avoid that the use of IoT tools results in incorrect data management, the Group adopts the best operational and managerial security practices. In terms of responsible behavior, the Group's commitment to protecting data privacy is, in fact, formalized in the Group's Code of Ethics.

From a technical standpoint, the data gathered by the Group is stored at two data centers (one in Italy and one in China). The security of the data

centers is guaranteed by both manual and IT systems which are managed by the IT division. At the same time, the integrity and privacy of consumer information is protected through the use of a third-party application which encrypts the data handled when any breaches are suspected. These events, along with all the information provided by consumers which is considered sensitive, is stored on the webserver located on the Google Cloud Platform, the security of which is guaranteed by the modern technologies used by Google services and Google's commitment to compliance with the regulatory requirements on **data protection** connected to the recent General Data Protection Regulation (GDPR 2016/679) and the main international standards, which include the standards relating to information security (ISO 27001) and cloud services (ISO 27017, ISO 27018).

The last instance of a data breach dates back to 2021, when the Group received a notice from the control authorities (which was addressed quickly by the Group and no further action was taken); from that moment and for the entire two-year period 2022-23, there were no similar cases which shows that breaches are an exception for the Group. [\[GRI 418-1\]](#)



<sup>2</sup> The web self-service is an assistance interface which allows users to access information without having to interact with an operator. This may include tools like the FAQs (Frequently Asked Questions), digital user manuals, video guides, chatbots or support forums.

## Highest quality products, our daily commitment

More than 500 professionals comprise the different departments of the De' Longhi Group's Quality Division which supervises compliance with all the current laws and regulations relating to **product safety**, as well as **food contact safety**. Its activity is shared with the Regulatory Affairs team which, together with the technical areas, works to guarantee compliance in the different geographies where the Group is present.

In order to ensure the legal compliance of each of the Group's brands, the Quality Division centrally drafts corporate procedures and guidelines which are then implemented by different offices dedicated to one of two areas: product and brand. More in detail, a few offices focus on quality control and regulatory compliance of products manufactured internally or acquired from third parties; other offices supervise quality in the development phase and monitor any downstream reports. In order to prevent malfunctions and guarantee the best quality, the products are also subject to testing already in the design phase and the Group has had an **ISO 9001** certified quality control system in each plant for some years.

In addition to the above, Quality also uses different indicators to monitor the impact that the activities carried out have. These include the **First Time Quality Indicator (FTQ)** and the **Service Call Rate (SCR)**. The first is used to verify the main type of defects linked to the products and expresses the number of perfect products as a percentage of total production; the second, measures the machines repaired in the first year under warranty as a percentage of total yearly sales and provides a measure of the defects found in products. Both indicators show that the Group's performance was

excellent in the three-year period 2021-2023, coming in largely unchanged against the comparison figures with the FTQ at around 98% and the SCR at 2.2%.

In addition to the quality controls, external audits are also carried out by both a few customers and retail partners who assess not only the quality of the products, but also monitor aspects related to ethics and employees' working conditions, training and the hygienic conditions of the production lines. These activities are carried out through the use of a few specific indicators:

- **Technical Factory Audit (TFA)**: measures the effectiveness of processes and evaluates the results of life tests on products. This type of audit is carried out annually, for both the initial qualification and for the subsequent periodic surveillance of suppliers. The checklist used for this type of audit includes a section dedicated to environmental aspects, as well as social ones.
- **Quality Evaluation (QE)**: measures the quality of the product, through a sampling on a statistical basis of each single lot before the shipments are made by the OEM finished product suppliers based in China (Pre-shipment Inspection).
- **On Time Delivery (OTD)**: measures the shipping time used by the supplier and, more specifically, the difference between the delivery date agreed upon and the actual delivery date.
- **Order Fill Rate (OFR)**: measures the supplier's ability to supply the entire quantity of goods requested by the Group.

Lastly, the Group continues to explore innovative technologies like artificial intelligence in order to understand possible applications. For example, as of 2022 the quality control of finished product assembly was revised and an AI Visual Inspection is used

## HACCP and the Codex Alimentarius

**HACCP (Hazard-Analysis and Control of Critical Points)** is a protocol aimed at preventing possible food contamination with which all companies that operate in the primary production of food and in the processing, preparation, transformation, packaging, transportation, distribution, sale and supply of food must comply.

The system is based on 7 basic principles:

1. Identification and analysis of hazards.
2. Identification of critical control points (CCP), i.e., procedures or phases in which it is essential to implement a control in order to eliminate, prevent or minimize a food safety hazard.
3. Definition of critical limits, i.e., the reference thresholds within which food safety is guaranteed.

4. Definition of monitoring procedures.
5. Definition and planning of corrective measures.
6. Definition of verification procedures.
7. Definition of registration procedures.

The **Codex Alimentarius** was published in 1963 by FAO (Food and Agriculture Organization) and WHO (World Health Organization). These organizations gathered and standardized a group of rules and regulations in order to ensure that the international food trade was conducted in a way which protected food freshness and quality, as well as prevent any damages caused by incorrect production and storage of food products.





to check the quality of the finished product assembly. This innovation will guarantee an improvement in productivity and objectivity by limiting human errors, and expanding possible controls.

### Compliance with consumer protection standards

The design, production and sale of safe products which comply with international standards and legislation is a priority for the De' Longhi Group which aims to minimize the risks connected with their use and guarantee the health and safety of consumers. Testimony to this commitment, in the three-year reporting period 100% of the Group's merchandise categories were subject to a risk assessment and an assessment of any potential impacts on health and safety [GRI 416-1]. More in detail, these elements are managed using an internal procedure during the design and development phase in order to minimize the risks tied to product safety as a result of reasonably foreseeable utilization which is supervised by the technical divisions (R&D and Laboratories).

Other teams and divisions are also involved in this process. They work to determine shared guidelines for product safety based on sector best practice and the main regulatory requirements, including the EU's RAPEX (Rapid Alert System for non-food dangerous products) System.

For some time now the Group has, furthermore, voluntarily adopted an organizational model which

guarantees **food contact safety** (a topic which is still being discussed, above all with respect to the use of recycled plastic in food-preparation products).

This model was implemented based on the Good Hygienic Practices (GHP) and other international standards related to food safety: UNI EN 1672-2:2021, which defines the health and safety requirements for the design and production of food preparation machinery; UNI EN 22005:2008 which defines the general principles and basic requirements for the design of food chain traceability systems; and UNI EN ISO 22000:2018 which, developed by the Codex Alimentarius Commission, defines the correct procedures that a management system should adhere to in order to guarantee the highest standards for food and food contact safety. With regard to the latter, in 2022, the management systems at the Mignagola (Italy) and Cluj (Romania) plants were **ISO 22000** certified.

Food safety is only one of the different areas in which the Group, thanks to the work of the Product Safety&Liability team, strives to ensure the highest safety standards. The Group's product quality tests, in fact, include rigorous controls relating to **mechanical, static, dynamic and toxicological safety**, in order to provide not only an excellent product, but also to carefully manage risk, consistent with the duties intrinsic in the responsibility as a manufacturer. More specifically, with regard to the latter, the Group has adopted internal guidelines informed by the different national and international regulations in order to establish shared safety standards that work

in every market in which the Group is present. Assuming this responsibility implies the need to comply with the laws and regulations which can be particularly severe in some jurisdictions, like Australia, the United Kingdom and the United States.

In addition to verifying the efficacy of the safety practices above during the planning phase, the Group's Product Safety & Liability team works to resolve any reports of market and/or internal issues relating to, for example, defective or non-compliant products.

In 2023 there were no instances of non-compliance related to product safety, while in the prior two-year period there were two such instances: in 2021 a few Comfort products, manufactured by a third-party supplier, were taken off the market to avoid any damages that could be caused by possible excessive overheating (the recall was handled directly by the third party supplier, in agreement with the local authorities); in 2022, Kenwood voluntarily recalled two food processor models in light of the risk that parts of an accessory might detach (in this instance, also, the recall was carried out in agreement with the competent authorities) [GRI 416-2].

With regard to product disclosure, the work done together by the technical departments and the Marketing Division makes it possible to create and check the instruction manuals and labels constantly, in accordance with the regulatory framework in the countries where products are distributed. The Group places a particular emphasis on the latter given the global distribution of its products and its commitment to minimizing non-compliance risk. In fact, 100% of the products distributed by the

Group need to comply with the procedures the Company has in place to minimize the risk of incorrect labeling [GRI 417-1].

Looking at the instances of noncompliance in labeling, there was only one in 2023. The Group was notified by the Chamber of Commerce of Trento that a customer had complained about the lack of a safety manual in the packaging used for an Ariete product. The procedure begun by the Chamber of Commerce of Trento did not result in any financial penalties.

In 2022 there was one instance of noncompliance relating to a Braun product that was without a label. After further investigation by the Ministry of Health, the case was closed.

In 2021 there were two instances of non-compliance; the first, which resulted in a fine, involved the complaint filed by the Italian Ministry of Health relative to an Ariete product as the chemical substance used by the product was registered as a detergent and not as a disinfectant. The Ministry asked that all the informational and marketing material relative to this product be changed, eliminating any and all references to the product's disinfecting actions. The second instance involved the noncompliance of Capital Brands which was resolved by paying a small fine, agreed upon by the parties [GRI 417-2].

Lastly, no instances of noncompliance relative to misleading communications and/or marketing were reported in 2023, testimony to the Group's transparency in product advertising [GRI 417-3].

## 3.2 Design and innovation for product sustainability



The De' Longhi Group uses eco-friendly solutions in the manufacture and packaging of its goods, paying attention to the environment and the impact along the entire value chain, starting from the design phase to the sourcing of raw materials. More in detail, attention is paid to the different aspects of eco-design, including the use of lower-impact materials, the development of more energy efficient products, the study of solutions for more durable products and the use of lower-impact packaging. These choices are based also on **Life Cycle Assessments (LCA)** which make it possible to understand the environmental impact of a product throughout its life cycle and, more specifically, identify the elements that have the biggest impact and establish optimization priorities. The Group has been carrying out these assessments for years and in 2023 alone completed three separate LCAs of two De' Longhi coffee machines, the Magnifica S (ECAM 220) and the Dedicca, and Kenwood's Titanium Chef Baker XL.

### Increasingly more sustainable packaging

Over the last few years, the Group has worked to perfect packaging, beginning with the Life Cycle Assessments (LCA) made in 2019. The goal was to understand the environmental impact of boxes, plastic bags and other materials, in order to find more sustainable alternatives.

2021

At the Dongguan plant warehouse crates are built on-site using a plastic material that is **50% recycled**. Braun and Kenwood also continue their research on **materials that can substitute plastic and EPS**.

2022

More than half the Braun and De' Longhi products were distributed in **Styrofoam-free packaging**. At the Dongguan plant in China the new plastic bags were made 30% out of recycled plastic.

2023

**69% of the products** were distributed in **Styrofoam-free packaging** and **20%** with **digital instruction manuals**.

One of the areas in which the Group worked the hardest was on decreasing the volume of packaging used, in order to limit waste and lower costs. Toward this end, corporate initiatives were launched including the distribution of products with digital instruction manuals and the use of Styrofoam-free packaging.

More in detail, with regard to instruction manuals, the Group is focusing on digitalizing the manuals for simpler products and providing a hybrid version (in which a printout of the basic information is provided and the more detailed information is available only online) for the more complex products like the fully automatic coffee machines. Thanks to this initiative, in 2023 20% of the products were distributed without a printed manual.

As for Styrofoam-free packaging, in 2023 69% of the products distributed by the Group were Styrofoam-free. This helped to not only reduce volume, but, above all, to reduce the use of a material which is not renewable and hard to recycle.

Another aspect that the Company views as key for packaging is the use of recycled and/or renewable packaging whenever possible. At the Dongguan (China) plant, for example, plastic bags which are made 30% out of recycled plastic are used and in 2023 the use of a soy-based ink was incentivized. Furthermore, in most of the Group's plants pallets made out of recycled plastic are used which are lighter than the traditional wooden ones.

### Energy efficient products: maximum performance and minimum impact

Some of the Group's products certified Class A energy (or above)



**Pinguino PACEX105A+++**  
Energy Class A+++



**Dinamica**  
Energy Class A



**Dedica Maestro Plus**  
Energy Class A+

The development of increasingly energy efficient products is a one of the biggest challenges for the Group's NPD (New Product Development) professionals which have worked for years to be on top of this topic which is increasingly more regulated and relevant for stakeholders. For example, EU Regulation n. 1188 of 2015 sets the minimum energy efficiency level that all comfort products must comply with.

The Group has pursued its commitment to making more energy efficient products for many years, introducing new solutions which optimize energy consumption. Most of these relate to coffee machines,

for which much has been done to make more efficient heating systems by introducing energy saving "Ecomodes" and minimizing consumption when in use or in stand-by mode. Today, furthermore, all of the Group's new fully automatic coffee machines are certified Class A<sup>3</sup> energy or above. This result is attributable to lighter thermoblocks (specific heating systems) which allow for quicker shutdown times compared to the prior generation. The use of a mono boiler solution not only reduces the use of materials needed to produce the machine, but is also increases energy efficiency. In 2023 a new entry level De' Longhi machine was developed which, thanks to

a heating system typical of a higher end machine, achieves a high energy performance, while remaining in a more competitive price range.

Lastly, studies for the development of eco-efficient products continue also in the domestic air conditioning segment, for example, with excellent products like the **Pinguino PACEX105A** which currently is **certified A+++** along with studies for innovative solutions: a **doctorate grant for research** was, in fact, given at **Milan's Politecnico** for the **development of efficient domestic cooling systems**.

3 Starting from 2009, FEA (the Swiss Association of the Home Appliance Industry) in agreement with the Swiss authorities, introduced the energy label for espresso coffee machines, which became mandatory in 2014 for all machines marketed in Swiss market. In this context, De' Longhi Group decided to extend the certification in accordance with the EN 60661/2014 standard "Methods for measuring the performance of domestic coffee machines" to all coffee machines, regardless from the marketing market. The energy label proposed in the Swiss agreement classifies espresso coffee machines based on their energy efficiency on a scale ranging from class D to A+++.

## Products made with recycled plastic

Some of Group's products made out of recycled plastic



**Nutribullet Ultra**  
26% of recycled plastic Tritan™ Renew



**De' Longhi Dedicca**  
40% of recycled plastic

Consistent with the core principles of the circular economy, the Group works to increase the use of **recycled** or **reusable** materials in their products: a choice which was formalized in the Sustainability Manifesto in which the Group committed to reaching the goal of using 30% recycled plastic in its appliances (both newly distributed and already on the market) by 2027. In 2022 the Group had already made great progress in achieving this goal, in both the coffee segment with the Lattissima One Evo and Gran Lattissima 2.0 machines which are made out of recycled plastic for 18% and 17%, respectively, and comfort,

with recycled plastic accounting for 20% and 35% of the plastic used in the PAC Pinguino and Capsule Desk, respectively<sup>4</sup>. In 2023, other Group brands worked in this area. The main products involved include Nutribullet Ultra, which is comprised for 26% of resistant Tritan™ Renew, a specific high quality recycled polymer, and the fully automatic De' Longhi Dedicca, comprised for 40% of recycled plastic. Thanks to this commitment **21% of the plastic** in the products sold by the Group during the year was **recycled**<sup>5</sup>.

<sup>4</sup> The percentages of recycled plastic are calculated based on the weight of the appliance's total plastic.

<sup>5</sup> This figure was calculated as the total weight of recycled plastic present in the products sold divided by the total weight of plastic present in the products sold.



## Durable products that are easy to repair and disassemble

Some of long-lasting Group's products



Braun - MultiQuick



Kenwood - KMX



De' Longhi - Eletta Explore



Braun - Citrus Juicer CJ

The Group's products are designed to last, resist wear and always guarantee maximum functionality. These characteristics are ensured not only by the **quality of the parts** and **the materials**, but also by **easy disassembly** and solutions which **increase reparability** such as, for example, the use of the same mechanical components across products from the same family.

In 2023, two advertising campaigns were launched focused on product durability: Kenwood's Build to last generations and Braun's Sustainable design that lasts campaigns. The two brands focused on the importance, in term of sustainability, of

developing durable products which challenge the widespread use of planned obsolescence.

The iconic Kenwood Chef, for example, undergoes rigorous testing in order to ensure the production of more than 15,600 cake mixes (the equivalent of approximately one mix a week for 300 years), a figure which highlights the product's durability; additionally, the hooks for the accessories - both traditional and latest generation - have been the same for almost half a century<sup>6</sup>. Today that means that the first Chef mixer, built in 1976, can be enriched with new accessories and that it is not obsolete despite the years that have passed. With regard to

Braun, each product undergoes one hundred or so quality and durability tests which simulate years of use; impact resistance is tested and detailed tests are carried out for the different product categories, including resistance to thermal shocks.

Lastly, again in 2023, 12 models of the De' Longhi coffee machines obtained the French certification **LONGTIME**, which **spotlights companies that want to offer sustainable products**<sup>7</sup>. These machines are, in fact, equipped with patented systems for maintenance which make it easy to disassemble parts and wash them with just running water; the milk system is cleaned using steam and hot

water at the end of each use, reducing the waste of milk which can be conveniently stored in the refrigerator without altering any of its properties.

In order to further increase the longevity of the coffee machines, another recommended maintenance practice is descaling, a process which eliminates the scale deposits that form with use. In 2023, consistent with the philosophy of continuous improvement, the Group introduced a new descaler, "Smart EcoDecalc", which is more effective and safe than its predecessor "Ecodecalc".

<sup>6</sup> Kenwood Durability | Kenwood International ([kenwoodworld.com](http://kenwoodworld.com))

<sup>7</sup> LONGTIME® Label ([apave-certification.com](http://apave-certification.com))

## Daily wellbeing thanks to healthier eating habits

For a Group like De' Longhi, active in the food-preparation and coffee sectors, encouraging healthy eating habits is particularly important. Toward this end, the company is dedicated not only to spreading information but also, through the work done by its Research and Development Department, to developing products which maintain foods' nutritional value.

More in detail, all the De' Longhi brand coffee machines, thanks to specific electronically controlled boilers, make it possible to maintain optimal conditions for grinded coffee, without altering its organoleptic properties and enhancing its aroma. Products like Kenwood's Pure Juice, equipped with scrolling technology, are able to reduce the overheating and oxidation of fruits and vegetables during the juicing process.

In 2023, through Braun and Kenwood, the Group promoted awareness initiatives focused on the importance of healthy eating and reducing food waste<sup>8</sup>. A variety of educational lectures are available on Braun's online portal which provide practical recommendations relating to, for example, grocery shopping and the conservation of fresh foods; while Kenwood, consistent with the **One Planet Food** goal included in the Sustainability Manifesto, added a few pages to its website which address the issue of food sustainability in order to raise consumers' awareness about food waste and the impact of meat consumption on our carbon footprint.

Lastly, in 2023 R&D convened a specialized team in order to give life to the **Neo Project**: an applied research project which culminated in the production of a prototype automatic coffee machine which makes a coffee that has a lower impact on cholesterol levels. Thanks, in fact, to a new infusion system which improves the filtering quality, this machine is able to maximize the extraction of the aroma while reducing the presence of biomolecules in the coffee.

In order to develop productive synergies relating to health and nutritional wellbeing, during the year the Group cultivated several partnerships:



The De' Longhi Group participated in the tender of the Ministero dell'Università e della Ricerca (MUR), part of the Piano Nazionale di Ripresa e Resilienza (PNRR), and became an integral part of Onfoods, a foundation coordinated by the University of Parma which brings public and private organizations together to work on the search for new **sustainable, safe and healthy food models**. De' Longhi is a founding member of the foundation and an integral part of the scientific committee. The foundation has six strategic goals, consistent with those of the PNRR (Piano Nazionale di Ripresa e Resilienza), which it will pursue by focusing on seven thematic directives, each of which addresses a specific and essential aspect of the food system.



In 2023, the De' Longhi Group became part of the **Slow Food Coffee Coalition**<sup>9</sup>, an initiative which aims to create connections and improve the relationship between producers and consumers, as well as support farmers and give them more visibility. All the members of the Coalition also firmly believe that coffee production should be done in a way which respects ecosystems, agroecological principles, fundamental human rights, as well as inclusivity and transparency. Thanks to this collaboration, the Group has had a chance to interact with various players along its value chain and participate in training sessions focused on fair trade coffee.



Another partnership that the Group entered into in 2023 is the one with **World Coffee Research**<sup>10</sup>, an organization which promotes innovation in agriculture in order to preserve the different qualities of coffee, offset the impact of climate change and improve the socioeconomic condition of sector workers. The partnership made it possible to learn more about a few risks connected to the coffee segment's value chain.



In 2023, consistent with one of the key points of its sustainability manifesto **One Planet Food**, Kenwood participated in the **Love Food Hate Waste** campaign sponsored by **WRAP**: a non-profit organization which, since 2007, promotes initiatives focused on reducing food waste. More specifically, Kenwood was one of the main sponsors of the Food Waste Action Week 2023, a yearly event which is focused on increasing public awareness about the devastating impact that food waste has on our planet and the daily actions consumers can adopt to limit their impact.



8 Less food waste | Braun Household | [Braun International](#)

9 Coffee Coalition - [Slow Food](#)

10 World Coffee Research | [Ensuring the future of coffee](#)



# 04

**Sustainability during  
all production phases**



## Processes are value in progress

Processes  
are value  
in progress

*The De' Longhi Group is committed to using its energy resources responsibly and efficiently in order to make an active contribution to the fight against climate change. At the same time, our priority is to guarantee unconditional respect for human rights and working conditions in every phase of production, while helping the communities in which we operate to prosper. The focus on the environment and social impact is continuous, as is the attention to the value chain which, for the De' Longhi Group, is part of a virtuous cycle which includes the entire production process.*

### Our 2023...



Electricity  
acquired by  
the Group  
plants covered  
by **Guarantees  
of Origin (GO)**

**100%**



Reduction of **total CO<sub>2</sub>  
emissions** Scope 2

**-55%**

(calculated using the  
market-based method)



Waste **sent to be  
recovered**, including  
reuse, recycled and  
composted

**90%\***



The new suppliers of  
finished products  
subject to **social  
accountability and  
environmental audits**

**100%**

\* It doesn't include waste burned without energy recovery.



## ...and our targets<sup>1</sup>

### Fight against climate change



Develop a GHG inventory in line with the main international principles in order to identify areas where GHG emissions can be reduced

Acquire energy with Guarantees of Origin (GO), which certifies that the energy consumed came from renewable sources

Reduction of GHG emissions (Scope 1&2)

Work on energy efficiency in order to make changes and/or implement new solutions in order to reduce the energy consumption of the plants and offices

Promote environmental protection and management through ISO 14001 certified environmental management systems in all the Group's plants

Ensure the highest safety and health standards implementing an ISO 45001 certified H&SMS system in all the Group's plants

Drafting of:

- i. Code of Conduct for Suppliers which describes the Group's ethical, social and environmental requirements for suppliers;
- ii. Responsible Sourcing Guidelines, which contains the Group's ethical, social and environmental requirements used by Purchasing to screen suppliers

### Safe environment



### Responsible supply chain



Extension of the GHG inventory to the Scope 3 emissions



100% of the electricity used by the Group's systems taken from renewable sources



43% reduction in GHG emissions (Scope 1&2), in line with the SBT methodology



Reduce energy intensity per unit manufactured



100% of the Group's plants ISO 14001 certified



100% of the Group's plants ISO 45001 certified



Adoption of a Code of Conduct for Suppliers and Responsible Sourcing Guidelines



Monitoring the suppliers' commitment to social and environmental issues, as well as health and safety

### Processes - Best Performance

In 2023, the De' Longhi Group achieved excellent results including with respect to the other two targets of the Manifesto:

- the Scope 1 and Scope 2 Market Based GHG emissions were 70% lower than in 2021, the year in which the target was set;
- 100% of the electricity purchased by the production facilities was from renewable sources.

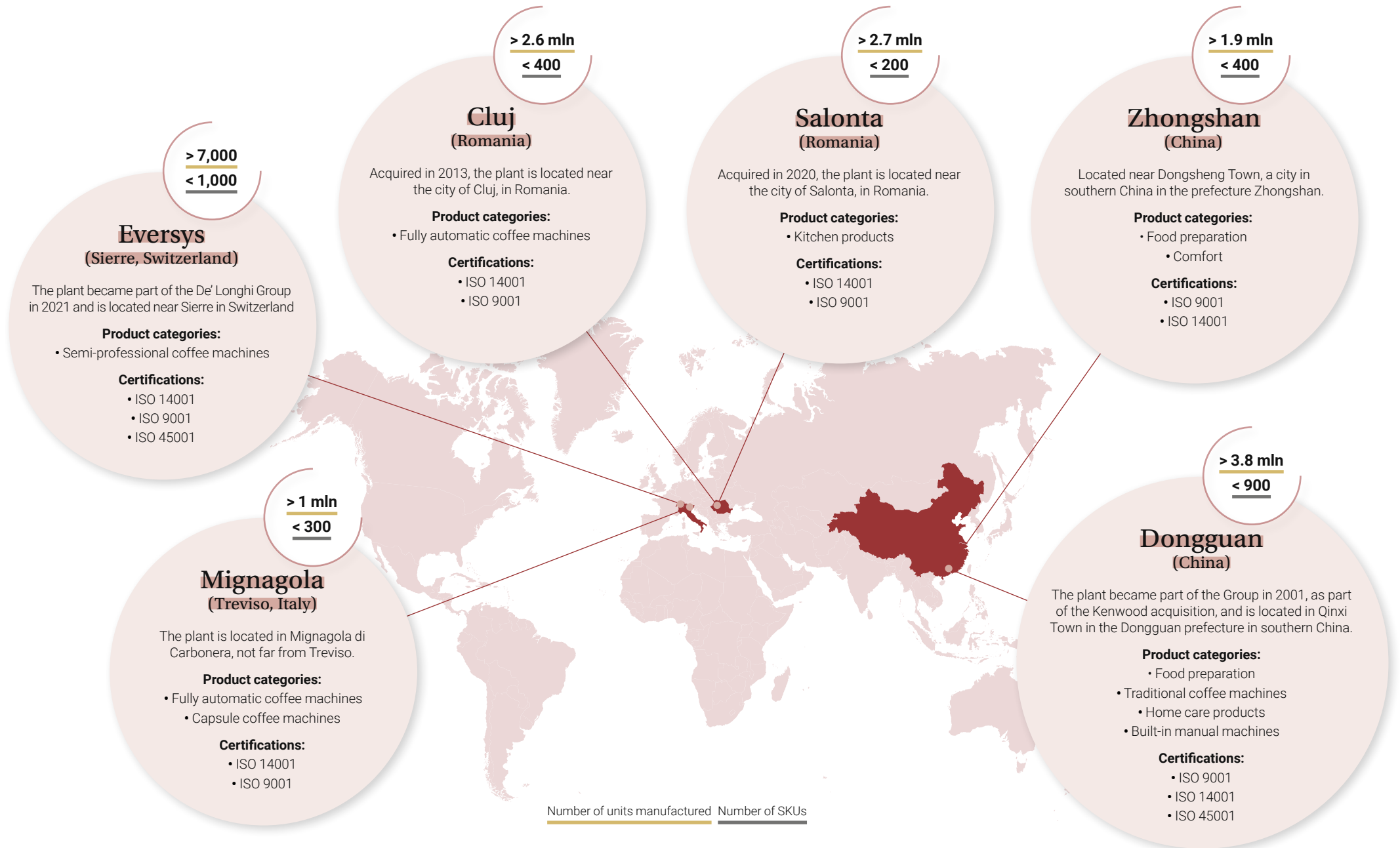
<sup>1</sup> When the De' Longhi Group's Sustainability Plan was updated, a few changes were made to the presentation of some initiatives. However, the targets reached to date by the Group and the targets set in the previous version were taken into account in the new Plan.

De' Longhi Group's production model is based on two pillars: the **production facilities** and the Original **Equipment Manufacturer** (OEM). The first includes the company's proprietary plants found in Italy, Romania, China and Switzerland which cover more than 60% of the products sold; the second one, rather, included the qualified partners who are responsible for part of the production.

Once assembly and production are completed, the products are tested in order to verify product safety and subject to specific **audits** in order to verify compliance with **qualitative requirements**. The first of the two phases is carried out by plant specific teams, while the Corporate Quality Division is responsible for the second. Once these activities have been completed, the new products are stored inside specific warehouses at the logistics hubs, ready to be distributed worldwide through the Group's commercial network.

As described in the previous chapter, customer service and technical assistance are managed by the Customer Care Division (for more information, refer to the section *Support, transparency and data protection: this is how we take care of our consumers* in the previous chapter).





## 4.2 Responsible supply chain management



The supply chain is managed by the Supply Chain Division, along with Quality and Purchasing, who work together to guarantee the **highest quality standards, business continuity and compliance with environmental and social requirements**, including **respect for human rights**.

The relationship with **suppliers of finished products** is also cultivated through the activities carried out by three structures (Purchasing Offices) dedicated to monitoring and support activities, located in three different locations based on geographic proximity to production: more specifically, the commercial relationships with coffee and iron suppliers are managed from Italy, while the Comfort products are managed in Hong Kong (China) and the United Kingdom focuses on motor driven products.

Lastly, in Italy and Romania there are different work groups which are part of the Supply Chain Division that manage materials used for components; in China this is handled by the managers at the Dongguan and OnShiu plants with the support of the three Purchasing Offices based on product category.

In order to facilitate communication with the suppliers, the De' Longhi Group set-up a dedicated portal which contains important documents like the company Code of Ethics, available in Italian, English and Chinese, and the **Responsible Sourcing Guidelines** which define the criteria to be used when assessing the risk associated with the main suppliers, as well as ensure adequate control of new suppliers (for more information see the **Responsible Sourcing Guidelines** box).

### Responsible Sourcing Guidelines

The purpose of these guidelines is to define the criteria to be used when assessing the risk associated with existing suppliers and ensure adequate control of new ones. The level of risk associated with each supplier is calculated based on three factors:

- the **type of supplier**: first or second tier, third-party manufacturer, sub-contractor and service providers;
- the **geo-political area of origin**: each country is associated with a level of risk (high, medium, low) based on KPIs which take in to account factors adopted by the main international organizations like the World Bank;
- **Importance for the business**: reflects how important the supplier is to the Group, beginning with the sales volumes of each supplier compared to De' Longhi's business.

The three factors are then grouped in order to understand the total level of risk (high, medium, low) for each supplier.

Each year, Quality plans the audits and updates the checklists to be used for the suppliers. The Group's audits of suppliers will then follow one of three different procedures - light, medium or reinforced - depending on the level of risk determined (for a new supplier) or based on the

assessment made during prior audits (in the case of existing suppliers).

The checklist used for the socio-environmental assessment of the suppliers is informed by the elements comprising the ISO SAI 8000 standard and verifies the suppliers' ranking with respect to six areas: Social Accountability, Health and Safety, Compliance and Environmental Management, Human rights and treatment of employees, compliance of the plants, equipment and business practices with the law and regulations, Risk and crisis management. At the end of the assessment, a qualitative ranking is assigned on a scale which goes from compliant to zero tolerance.

If instances of non-compliance are found during these assessments, the Group contacts the suppliers and supports them with the implementation of corrective actions. If the latter are unable to satisfy the minimum mandatory requirements set out in the Suppliers' Code of Conduct, the Group reserves the right to terminate the supplier relationship.

The suppliers are subject to audits based on the Social Accountability Code of Conduct. More in detail, this audit calls for initial on-site observation and analysis of the social and environmental requisites; subsequently, the supplier might be requested to make adjustments or take corrective action. This type of audit is carried out each year for new suppliers of finished products and every two years for more established suppliers.

With regard to audits of social aspects, the Group pays particular attention to working conditions and hours, freedom of association and collective bargaining, along with the prevention of discrimination, issues tied to workplace health and safety and training of personnel. With a view to improving supply chain management, suppliers must use sub-suppliers and sub-contractors which meet the requirements set forth in the suppliers' Code of Conduct. In this manner, even when the Group did not carry out the customary audits, it can still monitor crucial aspects like child and forced labor, compliance with minimum wage requirements and the **dignity** of all workers. Lastly, during the three-year reporting period no violations of the Group's Code of Conduct by suppliers were reported and, therefore, no corrective action needed to be taken.

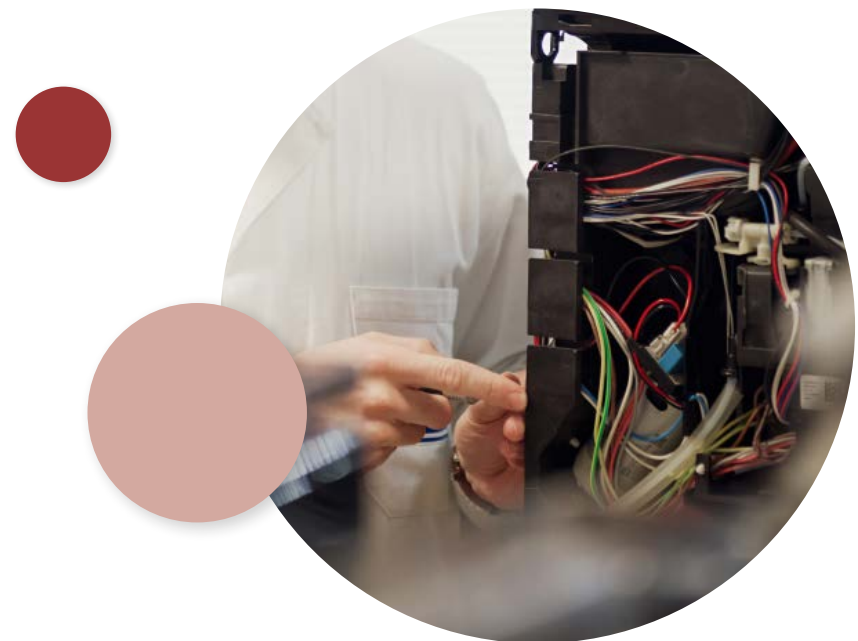
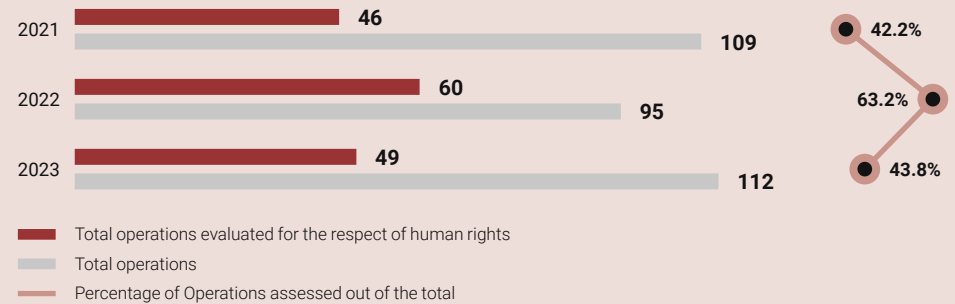
At the same time as the social audits, Quality also verifies compliance with a few environmental

criteria which were added to the Social Accountability checklist. The suppliers are, therefore, assessed based on aspects which include having an environmental management system which is ISO 14001 compliant or certified.

As in the prior two-year period, in 2023 100% of the new suppliers of finished products (15) were subject to **social [GRI 414-1]** and **environmental [GRI 308-1] audits**. There were no Social Accountability audits which resulted in a finding of "zero tolerance", which would mean that the supplier relationship had to be terminated. In 2023, 49 audits were also carried out to verify the respect for human rights - 45 of external providers and 4 at the Group's plants which covers about 44% of the Group's operations. The decrease in the figure reported in 2023 compared to the prior year (60%) is attributable to the biennial nature of the Social Accountability audits which means that the data in alternating years may not be directly comparable.

Once the audits are completed, the results of the product quality assessments are used to create a **vendor rating** which is used to classify partners in four categories (preferred, approved, probation and exit plan), as well as monitor the supplier relationships with a view to continuous improvement over the long-term.

Fig. 27 - Operations subject to the human rights assessments, number and percentage



## 4.3 Reducing our environmental footprint

The Group has been paying special attention to its environmental impact for some time through research and the implementation of new solutions which, at a corporate level, is the responsibility of Operations and Quality. As of 2022, all of De' Longhi's production facilities are ISO 14001 certified. This certification ensures the presence of an operating system which monitors both environmental aspects, like waste management, emission, water consumption, and helps to understand any improvements needed to mitigate the environmental impact of the Group's operations.

In terms of energy, in order to reduce the emission of greenhouse gases, the Group is working toward transitioning to energy from renewable sources and reducing consumption by, on the one hand, installing solar panels and, on the other, improving efficiency. With regard to the first aspect, currently there are solar energy systems at a few commercial branches and at the Italian plant in Mignagola (Treviso) where in 2023 around 6% of the electricity used was generated independently by solar panels for a total production of 882,058 kWh.

In terms of energy efficiency, there are **systems installed** which make it possible to continuously and accurately **monitor energy consumption** at the Mignagola, Cluj, Salonta and Dongguan plants, as well as the Treviso headquarters. **Movement sensors** which activate the lighting system only when there is movement also ensure that lights will be turned on only when necessary. Another aspect of the lighting systems is the **LED relamping**: if, in the last few years, the renewal of these systems was implemented mainly in the European plants, in the

2 The estimated reduction in consumption was calculated using 2021 as the comparison base.  
3 The estimated reduction in consumption was calculated using 2021 as the comparison base.

### The De' Longhi Group's main energy saving initiatives (2021-2023)

- Installation of solar panels (Treviso)
- Analysis and design of a new air driven testing process for coffee machines (Mignagola)
- Substitution of traditional lighting systems with led lighting (in all plants)
- Movement sensors which activate lighting systems only when necessary (Mignagola, Cluj, Salonta e Dongguan)
- Substitution of molding and welding machines (Dongguan, OnShiu)
- Installation of meters to measure energy consumption (Mignagola, Cluj, Salonta Dongguan)

two-year period 2022-2023 significant progress was also made in the Chinese plants, where currently only low-energy consumption lighting is used. More in detail, thanks to the installation of more than 1,500 LED lightbulbs in 2023 energy consumption was reduced by 1,759,241 MJ in the Dongguan<sup>2</sup> site alone.

At the same plant, more work was done on the installation of new machinery - including plastic molding machinery, degreasing and drain lines, laser welders - which are powered by servo motors that are more efficient than the traditional hydraulic injection motor and capable of maintaining high levels of productivity: in 2023 this improvement helped to reduce energy consumption by a 3,801,600 MJ<sup>3</sup> **[GRI 302-4]**. At the Mignagola plant

work continued on designing and finalizing a new air-based testing system for coffee machines which would substitute the previous water based system, reducing the consumption of both energy and water.

Another important aspect of the strategy to reduce environmental impact is the promotion of a **circular economy**, an aspect which involves not only product design (for further information refer to *Chapter 1 Our products, to improve everyday life*), but also correct waste management which the Operations Division, that manages the production processes, is responsible for. In the Mignagola and Dongguan plants, for example, the waste generated by stamping plastic is recovered and reused again in the manufacturing cycle which helps to

save on the cost of raw materials and reduce the amount of waste to dispose of. A similar process was also developed beginning in 2022 at the Cluj and Salonta plants where, in 2023, 100% of the waste stemming from plastic stamping was recycled. The production recovery does not involve only plastic, but other materials, like paper, cardboard and nylon scraps which are sent to be regenerated by specialized waste disposal companies, while metal scraps are resold as raw materials.

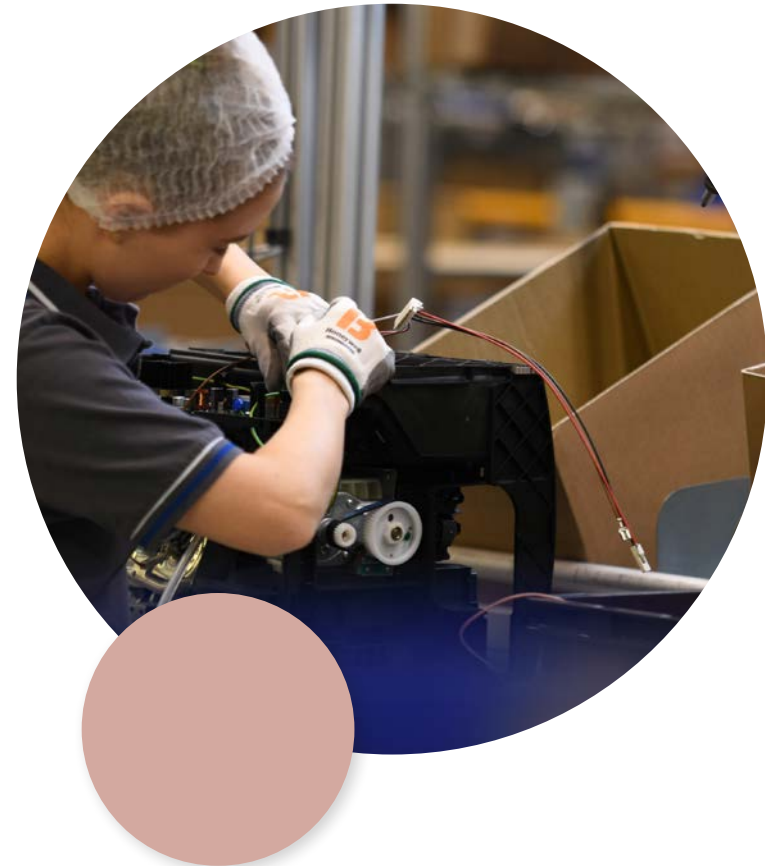
When looking at the materials used, particular attention is paid to the use of coffee aiming, on the one hand, to use less and, on the other, to incentivize recycling in operations. With regard to the first, at the Mignagola plant, which has been recovering the Nespresso capsules used in tests for some time, a pilot project is underway to recalibrate the coffee grinder during the tests of the fully automatic machines: this initiative, once implemented, will make it possible to save 150 tons of coffee a year and reduce the relative energy consumption by 80%, without compromising the quality of the procedure. With regard to the reuse of coffee, in 2023 the partnership entered into at the Cluj plant, based on which most of the coffee dust produced (92%) was sold to a company which reuses the coffee dust to make bricks, continued.

With regard to the management of product obsolescence, in Italy De' Longhi Appliances S.r.l. is a

member, together with other big sector players, of the Ecoped and Ridomus consortia, which manage electronic or e-waste, in accordance with Legislative Decree 49/2014. More in detail, these organizations collect end-of-life electronics, remove components that can be reused and, after a series of rigorous controls<sup>4</sup>, they send them to be repurposed with a guarantee that the secondary raw materials will be completely recovered. This process favors not only the re-use of materials and semi-finished goods, but also contributes to a significant reduction in greenhouse gas (GH) emissions which would result from producing new metal materials and components.

A final aspect tied to lowering environmental impact is reducing greenhouse gas emissions which helps to improve the **air quality**. Toward this end, in 2022 at the plants in Cluj and Salonta the solvent-based resin used in chimneys was substituted with a water-based solvent; as a result, in 2023 total greenhouse gas emissions fell by around 32% compared to 2021, the year prior to the substitution.

For more information about initiatives consistent with the Group's approach to sustainability and focused on increasing energy efficiency, durability and repairability refer to the chapter *Design and innovation for product sustainability*.

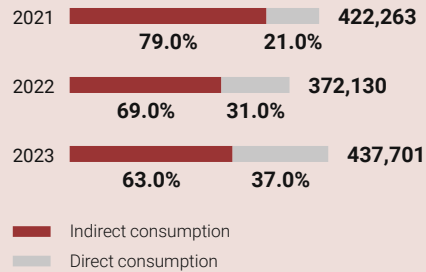


<sup>4</sup> These controls are based on the *Ecoguard* standards which ensure effective management of small appliances and air treatment systems along the distribution chain, guaranteeing complete traceability through the time the recycled materials are actually delivered.

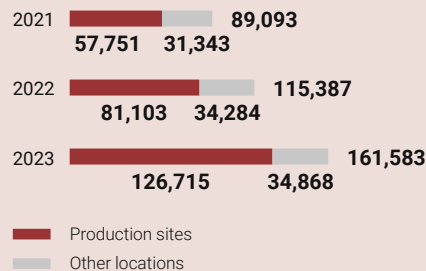
### Energy consumption

In 2023, the Group's **total energy consumption** came to 437,701 GJ, an increase of roughly 18% with respect to the prior year (372,130 GJ). This increase is attributable mainly to higher production volumes (units produced were up 26%).

**Fig. 28 - Direct and indirect consumption, percentage and GJ [GRI 302-1]**



**Fig. 29 - Direct consumption, GJ [GRI 302-1]**

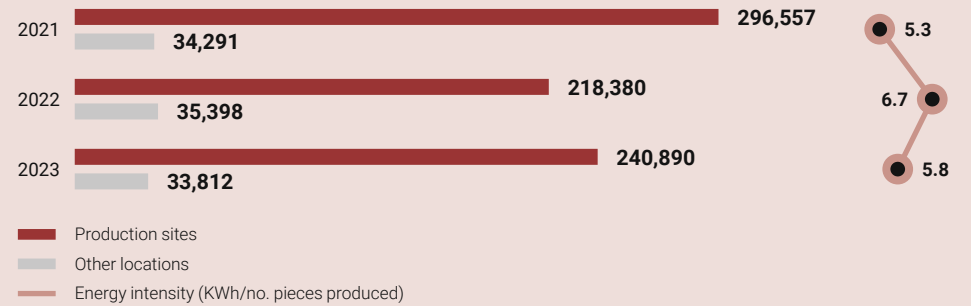


In the current reporting period, the Group's direct consumption came to 161,583 GJ or 37% of the Group's total energy needs, showing an increase of around 41% compared to 2022. These include mainly: natural gas (73%), diesel (15%), gas (9%), LPG and fuel oil (1%).

The remainder of the direct consumption (2%) comprises the electricity self-generated using **renewable sources** (3,173 GJ). In this instance, the figure is down slightly compared to the prior two-year period (3,338 GJ in 2022 and 3,423 GJ in 2021).

In 2023 the Group's indirect consumption came to 276,119 GJ or roughly 63% of total energy consumption. The Group mainly uses electricity from the grid (274,702 GJ), while a smaller amount is used for air conditioning and heating of various offices. With regard to energy from renewable sources, in 2023 the Group purchased certificates of origin which covered the total energy needs of production plants. The indirect consumption of electricity per unit produced was lower than in the prior year, going from 6,7 kWh/unit produced (2022) to 5.8 kWh/unit produce (2023). [GRI 302-3]

**Fig. 31 - Electricity consumption, GJ [GRI 302-1]**

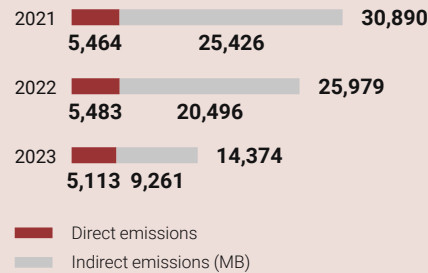




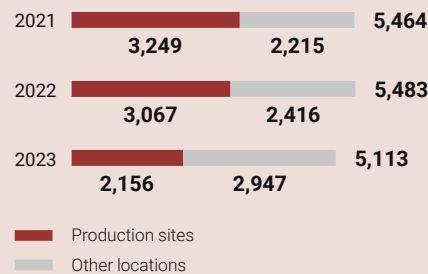
### Climate changing emissions

In 2023 the Group's **total CO<sub>2</sub> emissions** amounted to 14,374 tons<sup>5</sup>, 45% lower than the 25,979 tCO<sub>2</sub> recorded in the prior year. The direct emissions account amount for a smaller portion of the Group's total (36%), while the indirect Scope 2 emissions (calculated using the market based method) represent around 64% of the total and reflect mainly electricity consumption (44%) and the tri-generation system at Mignagola (55%), while air conditioning and heating of a few branches account for a smaller amount.

**Fig. 32 - Total CO<sub>2</sub> emissions, by tons of CO<sub>2</sub> [GRI 305-1 e 305-2]**



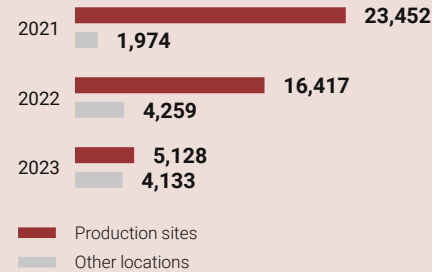
**Fig. 33 - Scope 1 direct emissions, tons of CO<sub>2</sub> [GRI 305-1]**



In 2023 **direct CO<sub>2</sub> emissions (Scope 1)** amounted to 5,113 tons CO<sub>2</sub>, explained mainly by the energy consumption at offices (58% versus 48% at production sites), showing an inverse trend compared to the prior two-year period when emissions at production sites were higher. This increase is explained by two main factors: on the one hand, the full recovery of the branches' retail activities (which, in 2022, were still impacted by the Coronavirus pandemic), resulting in an increased use of the corporate fleet (57% of the Scope 1 emissions); on the other hand, a decrease in energy needs for heating at the plants in Cluj and Salonta, where an increase in the average seasonal temperatures resulted in a considerable drop in natural gas consumption.

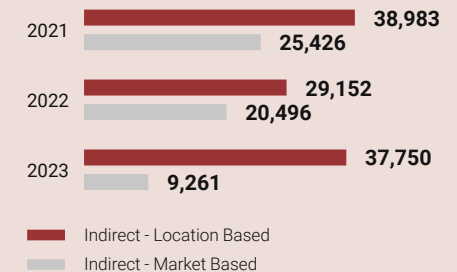
Beginning in 2023 the emissions stemming from dispersion of refrigerant gases were also calculated which caused an increase in the Scope 1 emissions produced by the offices.

**Fig. 34 - Scope 2 indirect emissions (market based), tons of CO<sub>2</sub> [GRI 305-2]**



The **indirect or Scope 2 emissions** calculated using the **location based** method came to 37,750 tCO<sub>2</sub>, of which roughly 91% is attributable to production sites and higher than in 2022 (+29%); using the **market based** method there was a decided drop compared to the prior year (-55%) and about 75% lower than the **location based** emissions: this is explained by the purchase of certificates of origin which covered the total energy needs of the production plants and the commercial branches in the United Kingdom.

**Fig. 35 - Scope 2 indirect emissions (Location Based), tons of CO<sub>2</sub> [GRI 305-2]**



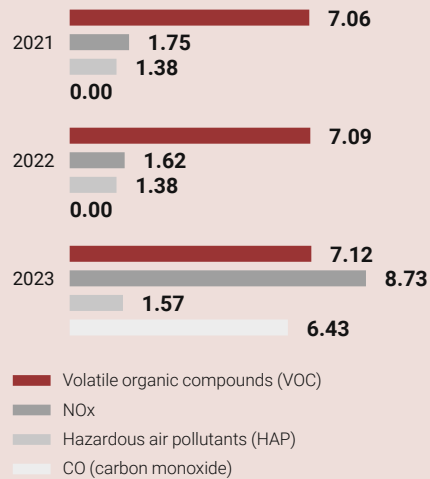
<sup>5</sup> Sum of the Scope 1 and Scope 2 emissions, calculated using the "market based" method.

### Pollutants

The pollutants generated by the Group's activities comprise mainly elements like nitride oxides (NOx), carbon monoxide (CO) and organic volatile compounds (VOC), which are harmful to both health and the environment and affect the local air, as well as soil, quality. In order to monitor this risk and guarantee compliance, each year the Company tests the plant chimneys.

Comparing to 2022, the quantity of organic volatile compounds and hazardous air pollutants (HAP) was largely unchanged, while the dispersion of nitride oxides and carbon monoxide was higher due also to the tri-generator in Mignagola which began operations. [GRI 305-7]

Fig. 36 - Other pollutants emitted, in tons [GRI 305-7]



### Waste management

[GRI 306-1,2]

Responsible waste management is crucial to reducing the Group's environmental impact. The Company is committed to preventing waste, minimizing production scraps and promoting the use of digital solutions in order to lower the use of paper and single use plastic; the same attention is also paid to encouraging the reuse, recovery and recycling of products in order to reduce waste that must be disposed of. With regard to the latter, the Company has been working for years to increase the awareness of its employees, both in the offices and production sites, about the importance of separating hazardous from non-hazardous waste correctly. More in detail, in 2023, a specific training session was held at the Dongguan plant, while a new filter press which reduces the production of hazardous waste was installed at the OnShiu plant.

Some of the most noteworthy recycling initiatives were carried out at the OnShiu plant in China, where the crates used to move material internally are made out of recycled metal, finished products are warehoused using recycled pallets and all internal movements are made without using paper and cardboard packaging. At the Chinese plant in Dongguan, an initiative was planned which also involves suppliers: beginning in 2024, the main suppliers must use

specific reusable plastic boxes which, once loaded and unloaded, will be given back to them to be reused. The goal is to avoid generating packaging waste, fully aware that the priority when managing waste is to limit the production of waste as much as possible<sup>6</sup>.

In 2023, the Group's production plants produced 12,345 tons of waste, of which 98% was non-hazardous, while the remaining 2% was hazardous - which was higher than in 2022 due, in this instance also, to the increase in production. Of the total waste produced, approximately 89.6% was recovered through activities like reuse, recycling and composting (23% of the hazardous waste and 91% of the non-hazardous waste)<sup>7</sup>.

Fig. 37 - The waste produced by the production facilities, in tons

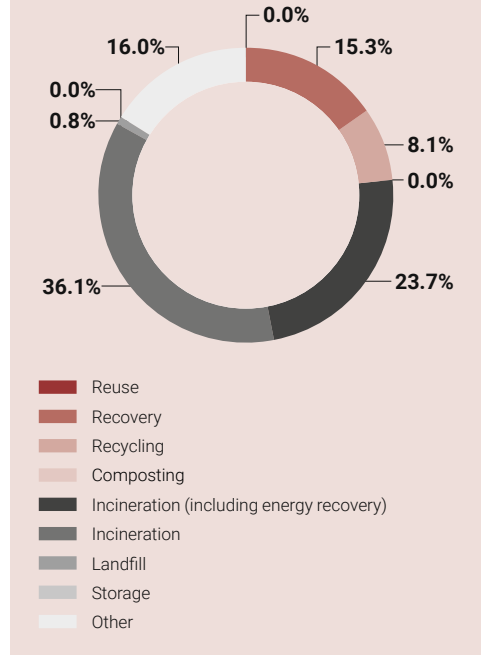


6 More in detail, the waste hierarchy establishes priorities in waste prevention and management laws and policy. It is the cornerstone of EU waste policies and legislation and is laid down in the EU waste framework directive (EC Directive 2008/98) Waste Hierarchy (europa.eu).

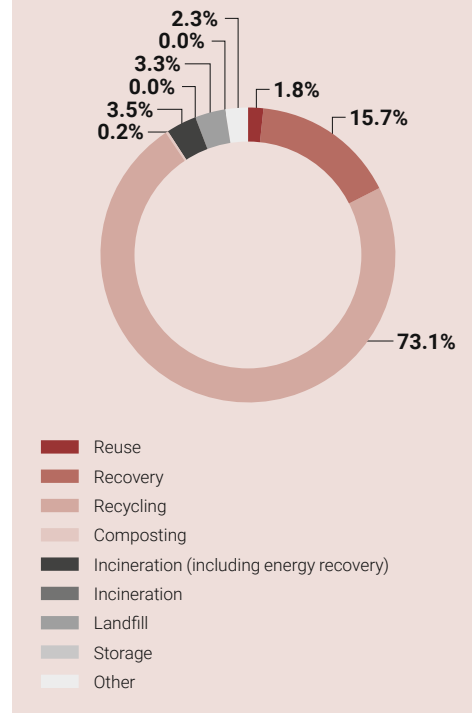
7 In 2023 78% of the waste was treated offsite.

In 2023 the bulk of the **non-hazardous** waste was sent to be recycled (73%) and recovered (16%). The majority of the **hazardous waste** was burned (60%, of which 36% without energy recovery and 24% with energy recovery).

**Fig. 38 - Hazardous waste produced in 2023 broken down by disposal method, expressed as a percentage**



**Fig. 39 - Non-hazardous waste produced in 2023 broken down by disposal method, expressed as a percentage**

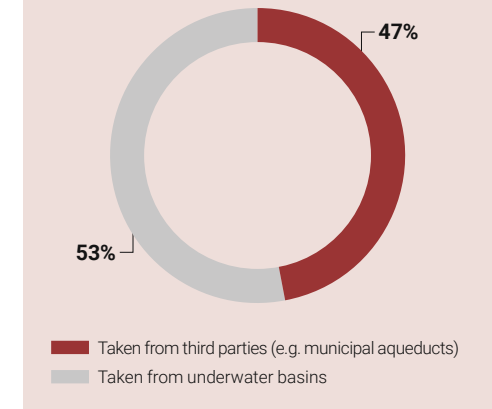


### Management of water resources

The activities of the De' Longhi Group do not result in significant consumption of water which is used primarily for sanitary purposes in the corporate cafeteria and facilities, as well as in the production plants for testing and the cooling of machinery. That said the Company works to ensure that water is used responsibly, monitoring consumption and, when possible, promotes initiatives which aim to reduce the use of water. More in detail, as anticipated in this chapter's introduction, in 2023 the planning of a new air driven testing system at the Mig-nagola plant continued. Once finalized this system will make it possible to save about half a liter of water for every machine tested.

In 2023, 535,512 m<sup>3</sup> of water was used at the Group's production plants; 47% of which was taken from third parties, while the remaining 53% was taken from underwater basins which the company accesses directly. This figure was about 10% higher than in 2022. Withdrawals from water stressed areas amounted to 14,155 m<sup>3</sup>, slightly lower (6%) than in the prior year (14,974 m<sup>3</sup>).

**Fig. 40 - Total water sourced in 2023, expressed as a percentage**





# 05

**Methodological  
note**



## The principles for defining the content and quality of the report

The purpose of the De' Longhi Group's Sustainability Report is to provide a report on the topics that are relevant for the Group and its main stakeholders. It is prepared in accordance with the GRI Sustainability Reporting Standards 2021 (hereinafter also referred to as the GRI Standards), published by the Global Reporting Initiative (GRI), based on the "In Accordance" option. More specifically, when preparing the report reference was made to Standard GRI 1: Foundation, the reporting principles and disclosures indicated in the GRI content index.

This report was prepared in accordance with the standards for content recommended by the GRI:

- **Accuracy:** the level of detail in the Report is adequate and makes it possible to understand and assess the De' Longhi Group's sustainability performance in the reporting period.
- **Balance:** the information provided in this report strives to provide an objective and equitable

representation of both the positive and negative aspects of the company's environmental impact.

- **Clarity:** the choice of a clear and accessible language and the use of graphs and tables to represent the performance of the Group make this Report available and easy to understand for stakeholders.
- **Comparability:** the indicators in the Report are shown for the three-year period 2021-2022-2023 and are accompanied by comments on the performance in order to allow for the comparison of the Group's performance over time.
- **Completeness:** in the Sustainability Report De' Longhi provides extensive information and a detailed assessment of its impacts during the reporting period.
- **Sustainability context:** when preparing the Report, the impacts analyzed were looked at as part of the vaster scope of sustainable development, analyzing sector, legal and regulatory sources, as well as international conventions, including the Paris Agreements.

- **Timeliness:** the Report takes into account events that occurred after 31 December 2023 that may be significant for the stakeholders when assessing the Group's performance.
- **Verifiability:** the figures included in the Report were gathered and processed in a way which ensures that the quality of the information can easily be verified.

When preparing the report, the quality standards recommended in the GRI were followed in order to ensure the quality of the information provided. [\[GRI 3-1\]](#)



## Relevant topics: materiality analysis

The materiality analysis guides the De' Longhi Group in the choice of the topics to report on in order to provide a complete and clear picture as to the economic, environmental and social impact of the Group's activities. The materiality analysis included in the report for the year ended on 31 December 2023 was updated in order to comply with the new GRI Standards 2021.

The company's material topics are identified, in accordance with the Standard, based on the impacts, current and potential, that the organization's business and commercial relationships could have on the economy, the environment and people, including on human rights. This includes negative and positive impacts, short-term and long-term, intentional and voluntary, reversible and irreversible.

The Group's material analysis was carried out in four different phases:

**1. Understanding of the Group's operating environment:** an analysis of different documents was carried out using different sources, both internal and external, including documents

published by a panel of companies active in similar sectors, sector trends identified by consulting the publications of the main international trade associations and organizations, and newspaper articles relating to important events that affected the company during the year.

**2. Identification of De' Longhi's current and potential impacts:** during this phase the organization identified the current and potential impacts that its activities and business relationships could have on the economy, the environment and people, including the human rights of the latter. The current impacts are those happening now or have materialized over time while potential impacts are those that could materialize in the future.

**3. Assessment of the significance and relevance of the impacts:** all the impacts were assessed by evaluating the degree of significance determined based on the Standard's criteria.

**4. Prioritization of the most significant impacts for reporting purposes:** the Group's most significant impacts were prioritized and the most relevant impacts informed the identification of the

material topics included in this Sustainability Report.

The Group also assessed and classified its impacts based on two parameters, severity and probability. The severity of a real or potential impact is determined by its scale (how serious is the impact), the scope (the breadth of the impact) and the irremediable characteristics (how difficult it is to mitigate or remedy the damage caused). The probability can be defined as the likelihood that the impact will materialize, taking into account the preventive actions adopted by company. The impacts that the De' Longhi Group might have caused were classified based on their severity, probability and significance. As a result of the analyses, the Group approved a list of 13 material topics: three relating to the environment, two to governance and eight to social aspects. Lastly, after having identified the significant impacts and defined the material topics, the GRI indicators associated with the impact to be reported on were identified.

The list of the material topics determined after the identification and grouping of the relevant impacts is provided below. The *Topic-Specific GRI Disclosures* for each material topic are also provided.



Fig. 42 - The De' Longhi Group's material topics [GRI 3-2]

Material Topics	Impacts	GRI Topic-Specific Disclosure
<b>Management of the GHG emissions and fight against climate change</b>	The use of fossil fuels and electricity generates direct and indirect Green House gases, which contribute to climate change. In order to mitigate and offset any impacts, the Group works to implement solutions, which will help to save energy and encourage the use of energy from renewable sources.	GRI 302-1, 302-2, 302-3, 302-4 GRI 305-1, 305-2
<b>Inclusion and equal opportunities</b>	Inadequate management of aspects relating to inclusion and equal opportunities could lead to episodes of discrimination. Through policy, procedures and initiatives coordinated by HR, the Group works to reduce the risk that these episodes might materialize.	GRI 405-1 GRI 406-1
<b>Waste management and the circular economy</b>	The use of non-recyclable materials and inadequate management of manufacturing waste could have a negative impact on the eco-system. In order to mitigate the impact, the Group adopts avant-garde waste management practices, fully compliant with the laws in effect.	GRI 306-1, 306-2, 306-3, 306-4 e 306-5
<b>Health and safety of the workforce</b>	The health and safety of the workforce is a top priority for the Group. In order to avoid any potential risks stemming from production, the company adopts specific management practices to manage health and safety on the job and is committed to ongoing monitoring and improvements.	GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9
<b>Respect of human rights</b>	The Group is committed to protecting human rights. In order to lessen the likelihood of a violation, relative to both operations and along the value chain, De' Longhi has implemented specific initiatives aimed at monitoring the practices of its suppliers. The Group also provides training courses in topics and procedures relating to the respect of human rights.	Non-GRI KPI: transactions evaluated in light of human rights
<b>Promotion of sustainable lifestyles</b>	Aware of its role as an influencer with its customers and stakeholders, the Group promotes the adoption of healthy lifestyles, the use of sustainable food products and good practices for a healthy and balanced diet.	-

<b>Responsible management of the supply chain</b>	Irresponsible management of the supply chain could contribute to negative environmental and social impacts. The Group, therefore, has adopted tools and mechanisms which help to mitigate this risk.	GRI 414-1 GRI 308-1
<b>Innovation and eco-design</b>	The irresponsible use of materials, including the during the procurement phase, could damage the eco-system. For this reason, the Group has defined guidelines in order to promote innovative and sustainable solutions in the choice of materials.	-
<b>Product safety and labeling</b>	Labeling which is not transparent and complete could cause products to be used incorrectly and compromise consumer safety. At the same time, failure to monitor quality during procurement and production could have repercussions. The Group, therefore, works to guarantee constant quality and product safety controls, as well as transparency in labeling.	GRI 416-1, 416-2 GRI 417-1, 417-2 e 417-3
<b>Consumer satisfaction</b>	For De' Longhi consumer satisfaction is of the utmost importance. For this reason, it promotes surveys relating to consumer needs and preferences in order to establish loyalty and a lasting relationship.	-
<b>Ethics and business integrity</b>	De' Longhi is committed to conducting its business in accordance with principles of integrity, transparency, legality, fairness, prudence and in compliance with the law.	GRI 205-2 (b, c, e) 205-3
<b>Talent acquisition and retention</b>	In addition to the employee satisfaction, a key aspect for the Group is promoting talent development by investing constantly in human resources, which guarantees stability, appeal and the creation of jobs.	GRI 404-1, 404-3
<b>Use of consumer data</b>	By promoting campaigns to heighten awareness as to the risks stemming from the use of personal data, the Group works to guarantee the protection of consumer privacy.	GRI 418-1





## The reporting scope

This is the seventh edition of the De' Longhi Group's Sustainability Report. It contains the description of the initiatives and activities carried out in 2023, as well as the performance trends recorded in the three-year period 2021-2023. The performance indicators are recorded in the report that is prepared once a year.

The reporting scope corresponds with the scope of consolidation used in the consolidated financial statements, namely the continuing operations fully consolidated using the line-by-line method in the financial reports, unless provided for otherwise.

With regard to the year 2023, it should be noted that a new company, 'De' Longhi LLP', based in Kazakhstan, was added to the scope. The date of inclusion in the consolidation perimeter is consistent with that already provided for financial data. In addition, activities are currently underway for the activation of a new Group plant at Satu Mare, in Romania. Although an existing asset, the site does not

currently carry out any production activities and therefore has not been included in the reporting scope.

Finally, it should be noted that in the considerations regarding the 2023 company scope, the companies DL Chile S.A. De' Longhi Brasil - Comércio and Importação Ltda and De' Longhi Bosphorus Ev Aletleri Ti caret Anonim Sirketi were excluded insofar as they are currently being liquidated or are inactive and had no employees at 31.12.

The information and data included in this section refer to 2023, the reporting period. Any exceptions are indicated below, in this methodological note.

### [GRI 2-3]

Consistent with the consolidated financial statements, the figures are grouped into the following regions:

- Europa.
- APA (Asia, Pacific, Americas).
- MEIA (Middle East, India and Africa).

## The calculation methodology

The methodological indications for certain indicators reported in this Sustainability Report are shown below.

### The De' Longhi Group's people

The calculation of the Group personnel by geographical area, gender and contract type was carried out with respect to the data received from the various offices and sales branches.

### Anti-corruption training

With respect to the APA area, the hours associated with training courses for new hires that also include aspects of business ethics or anticorruption were considered.

### Health and safety indices

Accident rates are calculated as shown below:

- **injury rate** is the ratio between the total number of accidents and the total number of hours worked, multiplied by 1,000,000; accidents in progress are excluded from the calculation of the accident rate;
- **the occupational disease rate** is the ratio between the total number of confirmed occupational diseases and the total number of working hours, multiplied by 1,000,000;
- **the severity rate** is the total number of serious accidents expressed as a percentage of the total

number of labor hours multiplied by 1,000;

- **lost days** are the calendar days lost due to accident as of the day following that of the accident;
- **the absentee rate** is the percentage ratio between the days of absence (due to inability to work) during the reporting period and the total number of workable days during the same period.

Only employees are included in the calculation of these three-year period rates, while interns or temporary employees are excluded.

### Energy consumption

The conversion factors used to uniform energy consumption derive from the table "UK Government GHG Conversion Factors for Company Reporting - Fuel properties" of DEFRA, in the most recent latest version available.

During the three-year period 2021 - 2023, 2,5 GJ, 2,6 GJ and 2,5 GJ of electricity generated from renewable sources were produced at the Group's plants, which were subsequently transferred to the national grid.

### Greenhouse gas emissions

Greenhouse gas emissions were calculated in accordance with the principles referred to in internationally recognised standards and guidelines, such as the GHG Protocol and ISO 14064-1:2018. Specifically, it should be noted that the only greenhouse gas taken into consideration was carbon dioxide (CO<sub>2</sub>). Self-generated energy from renewable sources is not included in the

calculation of greenhouse gas emissions, as it is considered to have zero greenhouse gas emissions.

The emission factors used to calculate CO<sub>2</sub> emissions were determined as follows:

**Direct emissions (Scope 1):** the emissions linked to the consumption of natural gas, diesel heating fuel, gas, diesel fuel and LPG for the company cars was determined based on the emission factors reported in the table of national standards published by the Italian Ministry of the Environment, for the years 2021, 2022 and 2023. Furthermore, refrigerant gas emissions were calculated using the *Global Warming Potential* (GWP) from the *Sixth Assessment Report del Intergovernmental Panel on Climate Change* (IPCC).

**Indirect emissions (Scope 2):** indirect emissions are linked to the consumption of electricity and district heating; the emissions linked to electricity were calculated using a *location and market-based approach*:

- For the calculation of location-based emissions, the factors were used, for each country, present in *Table 49 - Main socio-economic and energy indicators*, published by Terna in the International Comparisons section, which have as their source Enerdata and are available in their most recent version referring to the year 2019. In the event that a country was not present in the list within the above table, the emission factor of the continent was associated. In the case of locations referring to several countries, the highest emission factor of the countries represented was used conservatively.
- For the calculation of market-based emissions, when available, the residual mixes found in the "European Residual Mixes", published by ABI for

the years 2020- 2022 were used. An average residual mix per eGrid Subregion, calculated based on the residual mixes shown in the document 2020 Green-e Energy Residual Mix Emissions Rates for the years 2020, were used for the United State; instead, for 2022 and 2023, the most updated version Green-e® Residual Mix Emission Rates was used, in which the data refer to 2022 and 2023. For those countries for which no residual mix was available, the location-based emission factor shown in Terna's table above was used.

Emissions associated with district heating were calculated using the emission factors reported in the tables of the "UK Government GHG Conversion Factors for Company Reporting" document published by the Department for Environment Food & Rural Affairs (DEFRA) available for the three-year period 2021-2022-2023.

### Quality indicators

- The **first-time quality (FTQ) indicator** is the percentage ratio between products that have not shown functional or aesthetic defects on the total production of the year;
- The **service call rate (SCR)** is the percentage ratio between the machines repaired in the first year of warranty and the total number of products sold during the year. This indicator is calculated quarterly on a 12-month mobile base;
- The **first-time fix (FTF) indicator** is the percentage ratio between repaired products that did not need new assistance in the following six months and the total of repaired products.



# 06

**Appendices**

Below are the detailed tables relating to the indicators, in accordance with the GRI standards.

**The De' Longhi Group's People**

GRI 2-7: Employees															
Employees, by contract type	Italy			Europe			America & Asia-Pacific			MEIA			De' Longhi Group		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Number of employees by contract type</b>															
Permanent	1,708	1,710	1,658	4,624	3,837	4,477	2,710	2,387	2,637	58	52	54	9,100	7,987	8,826
<i>of which women</i>	676	684	676	2,776	2,271	2,573	1,273	1,110	1,201	23	21	22	4,748	4,086	4,472
<i>of which men</i>	1,032	1,026	982	1,848	1,566	1,904	1,437	1,277	1,436	35	31	32	4,352	3,901	4,354
Fixed-term	31	22	15	417	171	567	803	374	429	1	1	-	1,252	568	1,011
<i>of which women</i>	17	15	8	211	61	253	358	200	210	-	1	-	586	277	471
<i>of which men</i>	14	7	7	206	110	314	445	174	219	1	-	-	666	291	540
<b>Total</b>	<b>1,739</b>	<b>1,732</b>	<b>1,673</b>	<b>5,041</b>	<b>4,008</b>	<b>5,044</b>	<b>3,513</b>	<b>2,761</b>	<b>3,066</b>	<b>59</b>	<b>53</b>	<b>54</b>	<b>10,352</b>	<b>8,555</b>	<b>9,837</b>
<b>Number of employees by contract type</b>															
Full-time	1,637	1,635	1,581	4,784	3,778	4,738	3,484	2,751	3,062	58	52	53	9,963	8,217	9,434
<i>of which women</i>	594	604	595	2,789	2,155	2,602	1,613	1,301	1,407	23	21	21	5,019	4,081	4,625
<i>of which men</i>	1,043	1,031	986	1,995	1,623	2,136	1,871	1,450	1,655	35	31	32	4,944	4,136	4,809
Part-time	102	97	92	257	230	306	29	10	4	1	1	1	389	338	403
<i>of which women</i>	99	95	89	197	180	224	18	9	4	-	1	1	314	285	318
<i>of which men</i>	3	2	3	60	50	82	11	1	-	1	-	-	75	53	85
<b>Total</b>	<b>1,739</b>	<b>1,732</b>	<b>1,673</b>	<b>5,041</b>	<b>4,008</b>	<b>5,044</b>	<b>3,513</b>	<b>2,761</b>	<b>3,066</b>	<b>59</b>	<b>53</b>	<b>54</b>	<b>10,352</b>	<b>8,555</b>	<b>9,837</b>
<b>Number of employees by gender</b>															
<b>Total women</b>	<b>693</b>	<b>699</b>	<b>684</b>	<b>2,987</b>	<b>2,332</b>	<b>2,826</b>	<b>1,631</b>	<b>1,310</b>	<b>1,411</b>	<b>23</b>	<b>22</b>	<b>22</b>	<b>5,334</b>	<b>4,363</b>	<b>4,943</b>
<b>Total men</b>	<b>1,046</b>	<b>1,033</b>	<b>989</b>	<b>2,054</b>	<b>1,676</b>	<b>2,218</b>	<b>1,882</b>	<b>1,451</b>	<b>1,655</b>	<b>36</b>	<b>31</b>	<b>32</b>	<b>5,018</b>	<b>4,192</b>	<b>4,894</b>

During the year, approximately 1,050 non-employee workers collaborated within the Group's factories.

GRI 401-1 (a): Total number and rate of new permanent employees hired by gender and geographical area, 2023

Geographical area	Women		Men		Total	
	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)
Italy	36	5.3%	52	5.3%	<b>88</b>	<b>5.3%</b>
Europe	1,381	48.9%	1,499	67.6%	<b>2,880</b>	<b>57.1%</b>
America & Asia-Pacific	1,235	87.5%	664	40.1%	<b>1,899</b>	<b>61.9%</b>
MEIA	6	27.3%	3	9.4%	<b>9</b>	<b>16.7%</b>
<b>Group</b>	<b>2,654</b>	<b>53.7%</b>	<b>2,218</b>	<b>45.3%</b>	<b>4,872</b>	<b>49.5%</b>

GRI 401-1 (b): Total number and rate of permanent employees terminated by gender and geographical area, 2023

Geographical area	Women		Men		Total	
	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)
Italy	95	13.9%	52	5.3%	<b>147</b>	<b>8.8%</b>
Europe	828	29.3%	997	45.0%	<b>1,825</b>	<b>36.2%</b>
America & Asia-Pacific	1,063	75.3%	564	34.1%	<b>1,627</b>	<b>53.2%</b>
MEIA	1	4.5%	3	9.4%	<b>4</b>	<b>7.4%</b>
<b>Group</b>	<b>1,987</b>	<b>40.2%</b>	<b>1,616</b>	<b>33.0%</b>	<b>3,603</b>	<b>36.6%</b>

GRI 405-1: Composition of governing bodies by age and gender

Composition of De' Longhi Group S.p.A. Board of Directors		Unit of measure	Italy		
			2021	2022	2023
Men	Less than 30 years	n	-	-	-
	From 30 to 50 years	n	-	-	-
	Over 50 years	n	8	6	6
<b>Total men</b>		<b>n</b>	<b>8</b>	<b>6</b>	<b>6</b>
Women	Less than 30 years	n	-	-	-
	From 30 to 50 years	n	1	1	1
	Over 50 years	n	3	4	4
<b>Total women</b>		<b>n</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b>Total</b>		<b>n</b>	<b>12</b>	<b>11</b>	<b>11</b>

GRI 405-1: Composition by age and gender of employees			
Personnel composition - Detail to 2023		Unit of measure	De' Longhi Group
<b>Managers</b>			
	Less than 30 years	%	-
Men	From 30 to 50 years	%	1.5%
	Over 50 years	%	1.2%
	<b>Total men</b>	<b>%</b>	<b>2.7%</b>
	Less than 30 years	%	-
Women	From 30 to 50 years	%	0.6%
	Over 50 years	%	0.2%
	<b>Total women</b>	<b>%</b>	<b>0.8%</b>
<b>Total</b>	<b>%</b>	<b>3.5%</b>	
<b>White-collar workers</b>			
	Less than 30 years	%	2.4%
Men	From 30 to 50 years	%	11.6%
	Over 50 years	%	3.9%
	<b>Total men</b>	<b>%</b>	<b>17.9%</b>
	Less than 30 years	%	2.3%
Women	From 30 to 50 years	%	9.8%
	Over 50 years	%	2.5%
	<b>Total women</b>	<b>%</b>	<b>14.6%</b>
<b>Total</b>	<b>%</b>	<b>32.4%</b>	
<b>Blue-collar workers</b>			
	Less than 30 years	%	6.9%
Men	From 30 to 50 years	%	15.6%
	Over 50 years	%	6.7%
	<b>Total men</b>	<b>%</b>	<b>29.2%</b>
	Less than 30 years	%	5.7%
Women	From 30 to 50 years	%	20.6%
	Over 50 years	%	8.6%
	<b>Total women</b>	<b>%</b>	<b>34.9%</b>
<b>Total</b>	<b>%</b>	<b>64.1%</b>	

GRI 403-9 - Work-related injuries				
Group Aggregate		2021	2022	2023
Total hours worked	h.000	21,227	18,873	20,420
Accidents	n.	82	54	56
<i>Of which in progress for transport organised by the Group</i>	<i>n.</i>	<i>4</i>	<i>-</i>	<i>4</i>
Accidents with serious consequences	n.	-	-	-
Fatal accidents	n.	-	-	-
Occupational illnesses	n.	2	2	2
<b>Frequency index</b>	<b>-</b>	<b>3.9</b>	<b>2.9</b>	<b>2.7</b>
<b>Frequency index of accidents with serious consequences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mortality index</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Occupational disease rate</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

GRI 403-9 - Work-related injuries (contractors)				
Group Aggregate		2021	2022	2023
Total hours worked	h.000	5,343	2,120	3,046
Accidents	n.	12	14	18
<i>Of which in progress for transport organised by the Group</i>	<i>n.</i>	<i>7</i>	<i>5</i>	<i>7</i>
Accidents with serious consequences	n.	-	-	-
Fatal accidents	n.	-	-	-
<b>Frequency index</b>	<b>-</b>	<b>2.2</b>	<b>6.6</b>	<b>5.9</b>
<b>Frequency index of accidents with serious consequences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mortality index</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Reducing our environmental footprint

GRI 302-1: Energy consumption										
Energy consumption	um	Production sites			Other types of branches <sup>1</sup>			De' Longhi Group		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Direct consumption from non-renewable sources</b>										
Petrol	GJ	3,948	4,945	3,015	7,181	8,883	12,253	11,129	13,828	15,268
Diesel	GJ	6,991	5,696	6,063	18,274	18,759	18,008	25,265	24,455	24,071
Natural gas	GJ	42,869	66,777	114,228	5,115	5,934	3,932	47,984	72,711	118,160
LPG	GJ	518	347	304	712	707	607	1,231 <sup>2</sup>	1,054	911
Fuel oil	GJ	-	-	-	61	1	-	61	1	-
<b>Total</b>	<b>GJ</b>	<b>54,327</b>	<b>77,765</b>	<b>123,610</b>	<b>31,343</b>	<b>34,284</b>	<b>34,800</b>	<b>85,670</b>	<b>112,049</b>	<b>158,410</b>
<b>Direct consumption from renewable sources</b>										
Electricity produced from renewable sources and consumed	GJ	3,423	3,338	3,104	-	-	69	3,423	3,338	3,173
<b>Total direct consumption</b>	<b>GJ</b>	<b>57,750</b>	<b>81,103</b>	<b>3,104</b>	<b>31,343</b>	<b>34,284</b>	<b>69</b>	<b>89,093</b>	<b>115,387</b>	<b>3,173</b>
<b>Indirect consumption</b>										
Electricity	GJ	296,557	218,380	240,890	34,291	35,398	33,812	330,848	253,778	274,702
District heating	GJ	-	-	-	2,322	2,599	1,059	2,322	2,599	1,059
Cooling	GJ	-	-	-	-	367	358	-	367	358
<b>Total indirect consumption</b>	<b>GJ</b>	<b>296,557</b>	<b>218,380</b>	<b>240,890</b>	<b>36,613</b>	<b>38,364</b>	<b>35,229</b>	<b>333,170</b>	<b>256,744</b>	<b>276,119</b>
<b>Total consumption</b>	<b>GJ</b>	<b>354,307</b>	<b>299,483</b>	<b>367,604</b>	<b>67,956</b>	<b>72,648</b>	<b>70,098</b>	<b>422,263</b>	<b>372,130</b>	<b>437,702</b>

1 "Other types of branches" includes offices, distribution branches, warehouses, and any of the De' Longhi Group's units not involved in production.

2 The GPL utilization recorded for 2021 includes that consumption of a De' Longhi Group asset which could not be quantified in 2020.

**GRI 305-1<sup>3</sup> and GRI 305-2: Direct and indirect emissions of greenhouse gases (GHG) Scope 1 and Scope 2**

Emissions [ton CO <sub>2</sub> ]	Production sites			Other types of branches <sup>4</sup>			De' Longhi Group		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Direct	3,249	3,067	2,166	2,215	2,416	2,947	5,464	5,483	5,113
Indirect - Location Based	35,523	25,544	34,376	3,460	3,608	3,374	38,983	29,152	37,750
Indirect - Market Based	23,452	16,417	5,128	1,974	4,259	4,133	25,426	20,496	9,261
<b>TOT (Direct + Indirect - Location Based)</b>	<b>38,772</b>	<b>28,611</b>	<b>36,542</b>	<b>5,675</b>	<b>6,024</b>	<b>6,321</b>	<b>44,447</b>	<b>34,635</b>	<b>42,863</b>
<b>TOT (Direct + Indirect - Market Based)</b>	<b>26,701</b>	<b>19,484</b>	<b>7,294</b>	<b>4,189</b>	<b>6,675</b>	<b>7,080</b>	<b>30,890</b>	<b>25,979</b>	<b>14,374</b>

**GRI 306-3, 306-4 and 306-5 (2020): Waste produced broken down by type and disposal method**

Disposal method	Hazardous waste [tonne]						Non-hazardous waste [tonne]					
	2021	%	2022	%	2023	%	2021	%	2022	%	2023	%
Reuse	1	0.3%	1	0.6%	-	-	0	0.0%	0	0.0%	220	1.8
Recovery	21	7.3%	19	9.8%	34	15.3	2,396	19.4%	2,055	22.6%	1,907	15.7
Incineration (including energy recovery)	33	11.4%	46	24.5%	54	23.7	904	7.3%	500	5.5%	428	3.5
Incineration	48	16.4%	28	14.6%	82	36.1	0	0.0%	18	0.2%	-	-
Recycling	10	3.4%	35	18.3%	18	8.1	8,572	69.2%	5,989	65.8%	8,859	73.1
Composting	0	0.0%	0	0.0%	-	-	198	1.6%	50	0.6%	18	0.2
Storage	51	17.6%	7	3.6%	-	-	23	0.2%	14	0.1%	-	-
Landfill	67	23.0%	11	5.6%	2	0.8	215	1.7%	190	2.1%	406	3.4
Other - Chemical treatment	59	20.4%	44	23%	36	16	5	0.0%	277	3.0%	281	2.3
Other - Biological treatment	0	0.0%	0	0.0%	-	-	67	0.5%	12	0.1%	-	-
<b>Total waste produced</b>	<b>290</b>	<b>100%</b>	<b>190</b>	<b>100%</b>	<b>226</b>	<b>100%</b>	<b>12,379</b>	<b>100%</b>	<b>9,104</b>	<b>100%</b>	<b>12,119</b>	<b>100%</b>

3 In 2023, the data relating to emissions derived from the dispersion of F-Gas, which was not available for the two-year reporting period 2021-22, was accounted for in Scope 1 direct emissions.

4 "Other types of branches" includes offices, distribution branches, warehouses, and any of the De' Longhi Group's units not involved in production.





# 07

**GRI  
Content  
Index**

GRI 1: STATEMENT OF USE	
<b>Statement of use</b>	The De' Longhi S.p.A. Group reported the following disclosures in the GRI Content Index for the reporting period 01/01/2023 - 31/12/2023, using the GRI Standard method "in accordance with"
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Sector standard - relevant GRI</b>	[N/A]

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>GRI 2: GENERAL DISCLOSURES 2021</b>					
<b>The organization and reporting practices</b>					
2-1	Organizational details	1.1 Who we are and where we operate	Pg. 7		
2-2	Entities included in the organization's sustainability reporting	5. Methodological note	Pg. 65		
2-3	Reporting period, frequency and contact point	5. Methodological note	Pg. 65		
2-4	Restatements of information			The organisation did not carry out any review in the reporting period	
2-5	External assurance	This document has not been subject to Assurance activities			
<b>Activities and workforce</b>					
2-6	Activities, value chain and other business relationships	1.1 Who we are and where we operate 6. Creating company value	Pg. 7, 9		
2-7	Employees	2.1 The Everyday Makers 6. Appendices	Pg. 25, 68		
2-8	Workers who are not employees	6. Appendices	Pg. 68		

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>Governance</b>					
<b>2-9</b>	Structure and composition of the governance	1.2 Creating company value 1.3 Our sustainability path	Pg. 10-11, 17		
<b>2-10</b>	Nomination and selection of the highest governance body	1.2 Creating company value	Pg. 11		
<b>2-11</b>	Chair of the highest governance body	1.2 Creating company value	Pg. 10		
<b>2-12</b>	Role of the highest governance body in overseeing the management of impacts	1.3 Our sustainability path	Pg. 18		
<b>2-13</b>	Delegation of responsibility for managing impacts	1.3 Our sustainability path	Pg. 17		
<b>2-14</b>	Role of the highest governance body in sustainability reporting	1.3 Our sustainability path	Pg. 20		
<b>2-15</b>	Conflicts of interest	1.2 Creating company value	Pg. 12		
<b>2-16</b>	Communication of critical concerns	1.2 Creating company value	Pg. 12		
<b>2-17</b>	Collective knowledge of the highest governance body	1.3 Our sustainability path	Pg. 17		
<b>2-18</b>	Evaluation of the performance of the highest governance body	1.2 Creating company value	Pg. 11		
<b>2-19</b>	Remuneration policies	1.2 Creating company value	Pg. 12		
<b>2-20</b>	Process to determine remuneration	1.2 Creating company value	Pg. 12		
<b>2-21</b>	Annual total compensation ratio			Information not reported on for confidentiality reasons	

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>Strategy, policies and practices</b>					
2-22	Statement on sustainable development strategy	Interview of the Chief Executive Officer	Pg. 3-4		
2-23	Policy commitments	1.2 Creating company value	Pg. 12		
2-24	Embedding policy commitments	1.2 Creating company value 1.3 Our sustainability path	Pg. 12, 17-18		
2-25	Processes to remediate negative impacts	1.2 Creating company value 1.3 Our sustainability path	Pg. 12-14, 20-21		
2-26	Mechanisms for seeking advice and raising concerns	1.2 Creating company value	Pg. 12		
2-27	Compliance with laws and regulations	1.2 Creating company value 3.1 Design, quality and functionality in the DNA of every product	Pg. 16, 41		
2-28	Membership in associations	1.2 Creating company value	Pg. 9		
<b>Stakeholder engagement</b>					
2-29	Approach to stakeholder engagement	1.2 Creating company value	Pg. 9		
2-30	Collective bargaining agreements	2.1 The Everyday Makers	Pg. 26		
<b>GRI 3 MATERIAL TOPICS 2021</b>					
3-1	Process to determine material topics	5. Methodological note	Pg. 61-64		
3-2	List of material topics	5. Methodological note	Pg. 63, 64		

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>MATERIAL TOPICS</b>					
<b>ECONOMIC PERFORMANCE INDICATORS</b>					
<b>ECONOMIC PERFORMANCE</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 1.2 Creating company value	Pg. 11, 61-64		
<b>GRI 201 Economic: Performance 2016</b>					
201-1	Direct economic value generated and distributed	1.2 Creating company value	Pg. 11		
<b>ANTI-CORRUPTION</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 1.2 Creating company value	Pg. 15-16, 61-64		
<b>GRI 205: Anti-corruption 2016</b>					
205-2	Communication and training about anti-corruption policies and procedures	1.2 Creating company value	Pg. 15-16		Reporting does not include communication and training for members of governing bodies
205-3	Confirmed incidents of corruption and actions	1.2 Creating company value	Pg. 16		
<b>ANTI-COMPETITIVE BEHAVIOR</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 1.2 Creating company value	Pg. 16, 61-64		
<b>GRI 206: Anti - competitive behavior 2016</b>					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.2 Creating company value	Pg. 16		
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>					
<b>ENERGY</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 4.3 Reducing our environmental footprint	Pg. 54-56, 61-64		

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>GRI 302: Energy 2016</b>					
302-1	Energy consumption within the organization	4.3 Reducing our environmental footprint	Pg. 56		
302-3	Energy intensity	4.3 Reducing our environmental footprint	Pg. 56		
302-4	Reduction of energy consumption	4.3 Reducing our environmental footprint	Pg. 54		
<b>EMISSIONS</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 4.3 Reducing our environmental footprint	Pg. 57, 61-64		
<b>GRI 305: Emissions 2016</b>					
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	4.3 Reducing our environmental footprint	Pg. 57		
305-2	Indirect greenhouse gas (GHG) emissions (Scopo 2)	4.3 Reducing our environmental footprint	Pg. 57		
<b>WASTE</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 4.3 Reducing our environmental footprint	Pg. 58-59, 61-64		
<b>GRI 306: Waste 2020</b>					
306-1	Waste generation and significant waste-related impacts	4.3 Reducing our environmental footprint	Pg. 58-59		
306-2	Management of significant waste-related impacts	4.3 Reducing our environmental footprint	Pg. 58-59		
306-3	Waste generated	6. Appendices	Pg. 58-59, 72		
306-4	Waste diverted from disposal	6. Appendices	Pg. 58-59, 72		
306-5	Waste directed to disposal	6. Appendices	Pg. 58-59, 72		
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 4.2 Responsible supply chain management	Pg. 53, 61-64		
<b>GRI 308: Supplier Environmental Assessment</b>					
308-1	New suppliers that were screened using environmental criteria	4.2 Responsible supply chain management	Pg. 53		

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>SOCIAL PERFORMANCE INDICATORS</b>					
<b>EMPLOYMENT</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 2.1 The Everyday Makers	Pg. 25-27, 61-64		
<b>GRI 401: Employment 2016</b>					
401-1	New hires and turnover	2.1 The Everyday Makers 6. Appendices	Pg. 25-27, 69		
<b>OCCUPATIONAL HEALTH AND SAFETY</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 2.3 Health and safety in the workplace	Pg. 32, 61-64		
<b>GRI 403: Occupational Health and Safety 2018</b>					
403-1	Occupational health and safety management system	2.3 Health and safety in the workplace	Pg. 32		
403-2	Hazard identification, risk assessment, and incident investigations	2.3 Health and safety in the workplace	Pg. 32		
403-3	Occupational health services	2.3 Health and safety in the workplace	Pg. 32		
403-4	Worker participation, consultation, and communication on occupational health and safety	2.3 Health and safety in the workplace	Pg. 32		
403-5	Worker training on occupational health and safety	2.3 Health and safety in the workplace	Pg. 32		
403-6	Promotion of worker health	2.3 Health and safety in the workplace	Pg. 32		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships.	2.3 Health and safety in the workplace	Pg. 32		
403-9	Work-related injuries	2.3 Health and safety in the workplace 6. Appendices	Pg. 32, 70		

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>TRAINING AND EDUCATION</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	2.2 Supporting the growth of our people 5. Methodological note	Pg. 30-31, 61-64		
<b>GRI 404: Training and education 2016</b>					
404-1	Average hours of training per year per employee, broken down by type of worker and gender	2.2 Supporting the growth of our people	Pg. 30-31		
404-3	Percentage of employees receiving regular performance and career development reviews	2.2 Supporting the growth of our people	Pg. 30-31		
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	2.1 The Everyday Makers 5. Methodological note	Pg. 25-29, 61-64		
<b>GRI 405: Diversity and equal opportunity 2016</b>					
405-1	Diversity of governance bodies and employees	2.1 The Everyday Makers 6. Appendices	Pg. 25-29, 69		
<b>NON-DISCRIMINATION</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	2.1 The Everyday Makers 5. Methodological note	Pg. 28-29, 61-64		
<b>GRI 406: Non-discrimination 2016</b>					
406-1	Incidents of discrimination and corrective actions taken	2.1 The Everyday Makers	Pg. 28-29		
<b>SUPPLIER SOCIAL ASSESSMENT</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 4.2 Responsible supply chain management	Pg. 53, 61-64		
<b>GRI 414: Supplier Social Assessment 2016</b>					
414 -1	New suppliers that were screened using social criteria	4.2 Responsible supply chain management	Pg. 53		



GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>CUSTOMER HEALTH AND SAFETY</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 3.1 Design, quality and functionality in the DNA of every product	Pg. 41, 61-64		
<b>GRI 416: Customer health and safety 2016</b>					
416-1	Assessment of the health and safety impacts of product	3.1 Design, quality and functionality in the DNA of every product	Pg. 41		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services during their life cycle	3.1 Design, quality and functionality in the DNA of every product	Pg. 41		
<b>MARKETING AND LABELING</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 3.1 Design, quality and functionality in the DNA of every product	Pg. 41, 61-64		
<b>GRI 417: Marketing and labeling 2016</b>					
417-1	Requirements for product and service information and labeling	3.1 Design, quality and functionality in the DNA of every product	Pg. 41		
417-2	Total number (broken down by type) of Incidents of non-compliance concerning product and service information and labeling	3.1 Design, quality and functionality in the DNA of every product	Pg. 41		
417-3	Total number (broken down by type) of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	3.1 Design, quality and functionality in the DNA of every product	Pg. 41		
<b>CUSTOMER PRIVACY</b>					
<b>GRI 3: Material topics 2021</b>					
3-3	Management of material topics	5. Methodological note 3.1 Design, quality and functionality in the DNA of every product	Pg. 38-39, 61-64		
<b>GRI 418: Customer privacy 2016</b>					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.1 Design, quality and functionality in the DNA of every product	Pg. 38-39		

GRI Standard	Disclosure	Reference	Page number	Note	Omissions
<b>NON GRI INDICATORS</b>					
<b>INNOVATION AND ECO-DESIGN</b>					
<b>GRI 3: Material topics 2021</b>					
<b>3-3</b>	Management of material topics	5. Methodological note 3.1 Design, quality and functionality in the DNA of every product	Pg. 38, 61-64		
	First time fix (FTF) indicator	3.1 Design, quality and functionality in the DNA of every product	Pg. 38		
	First time quality (FTQ) indicator	3.1 Design, quality and functionality in the DNA of every product	Pg. 38		
<b>CUSTOMER SATISFACTION</b>					
<b>GRI 3: Material topics 2021</b>					
<b>3-3</b>	Management of material topics	5. Methodological note 3.1 Design, quality and functionality in the DNA of every product	Pg. 40, 61-64		
	<i>Service call rate (SCR)</i> indicator	3.1 Design, quality and functionality in the DNA of every product	Pg. 40		
<b>PROMOTION OF SUSTAINABLE LIFESTYLES</b>					
<b>GRI 3: Material topics 2021</b>					
<b>3-3</b>	Management of material topics	5. Methodological note 1.3 Our sustainability path	Pg. 46, 61-64		
<b>NON MATERIALI INDICATORS</b>					
<b>GRI 305: Emissions 2016</b>					
<b>305-7</b>	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.3 Reducing our environmental footprint	Pg. 58		
<b>GRI 415: Public policy</b>					
<b>415-1</b>	Political contributions	1.3 Our sustainability path	Pg. 15		

The Sustainability Report 2023 has been translated from the Italian original solely for the convenience of international readers. The Italian version shall always prevail in case of any discrepancy or inconsistency between Italian version and its English translation.

DēLonghi Group



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