

S U S T A I N A B I L I T Y
R E P O R T

2018 OVERVIEW

DēLonghi Group

2018 Main Results

The people of the De'Longhi Group : 8.409 Employees

Valuing our people, the Everyday Makers

49%

of employees
are **women**

4.16

injury rate

153,100

training hours

Our products: Quality, Innovation, Sustainability

Integrating sustainability in product design and innovation

€ 51 M

investments in
research and
development
activities

761 t CO₂

prevented thanks
to packaging
optimization

100%

of fully automatic
coffee machines at
least in E.C. A

Sustainability: all production phases

Running sustainable supply chain and operation

6.0

energy intensity
(KWh/ pieces
produced)

**1 mln
kWh**

of self-generated
electricity from
renewable sources

2.8

emission intensity
(kg CO₂/number of
pieces produced)

The De'Longhi Group

The Group has its origins at the beginning of the 20th century when the De 'Longhi family founded an industrial component production laboratory; over the years, it has become a manufacturer of finished products for third-parties; the first De'Longhi branded appliance was launched in 1974 thus marking the start of the Group.

Known initially as a manufacturer of portable electric radiators and air conditioners, the company has expanded its product range over time.

Today, the Group offers a range of small household appliances for coffee preparation, food preparation and cooking, air conditioning and home care, and operates in the market via 4 brands.

KENWOOD

Havant, UK.

BRAUN

Francoforte, Germany.

DeLonghi

Treviso, Italy.

Ariete

Florence, Italy.

The path to a sustainability strategy

The Group decided to further integrate sustainability into its business model and define a medium-long term strategy. The main activities carried out during 2018 were as follows:

- The Control, Risks and Corporate Governance Committee included Sustainability issues among its responsibilities becoming the **Control, Risks, Corporate Governance and Sustainability Committee**.
- The **Sustainability Steering Committee**, which is the corporate body, made up of top management with the aim of defining the Group's strategic line

with regards to sustainability issues, refers to the above-mentioned Committee.

- **Sustainability Ambassadors**, which act as the point of contact for the **Sustainability Steering Committee**, were appointed and entrusted with the task of translating the Sustainability Strategy into Practice.
- With the collaboration of the Committee and the ambassadors, **3 pillars of sustainability** on which the Group's sustainability strategy will be based have been identified: "**Valuing our people, the everyday makers**", "**Integrating sustainability in product design and innovation**" and "**Running sustainable supply chain and operation**".

The people of the De'Longhi Group

Valuing our people, the Everyday Makers

Our commitment

To create a stimulating workplace to attract, motivate, and foster the growth of our people; a safe and healthy place whose underlying values are ambition, courage, passion, competence, heritage, teamwork and respect, open to diversity and based on trust, where every individual can feel valued and develop his or her potential.

2018 initiatives



Additional **modules** of the **SuccessFactors management system** of SAP have been implemented. The new modules are functional to the mapping of information and the management of the «compensation», «performance management» and «learning and development» processes.



Action plans were defined for the involvement of employees at corporate and local level following the results of the second edition of the **Employee Engagement Survey - «Your Voice: Make the Difference»**, a survey targeting all Group personnel, carried out in 2017.



In 2018, the De'Longhi Group **distributed € 1.2 million to the community**. Of these, more than € 650 thousand are related to sports, approximately € 280 thousand to territorial development activities, and around € 250 thousand to initiatives to support health, research and wellness.



Two **«Welcome on Board»** editions were organized, i.e. the international induction event focused on all employees hired in Italy during 2018 and colleagues from the newly hired sales and marketing departments in our companies abroad.



The development of the people in the group continued in 2018 through the implementation of the **salary review practice** which led to the definition of increasingly formalized and homogeneous methodologies at Group level, and the adoption of a dedicated policy.

Information and key numbers

-10%

reduction of the
injury rate with
respect to 2017

+3%

of employees
compared to 2017

1,952

employees involved
in the performance
assessment process

**1.2
mln€**

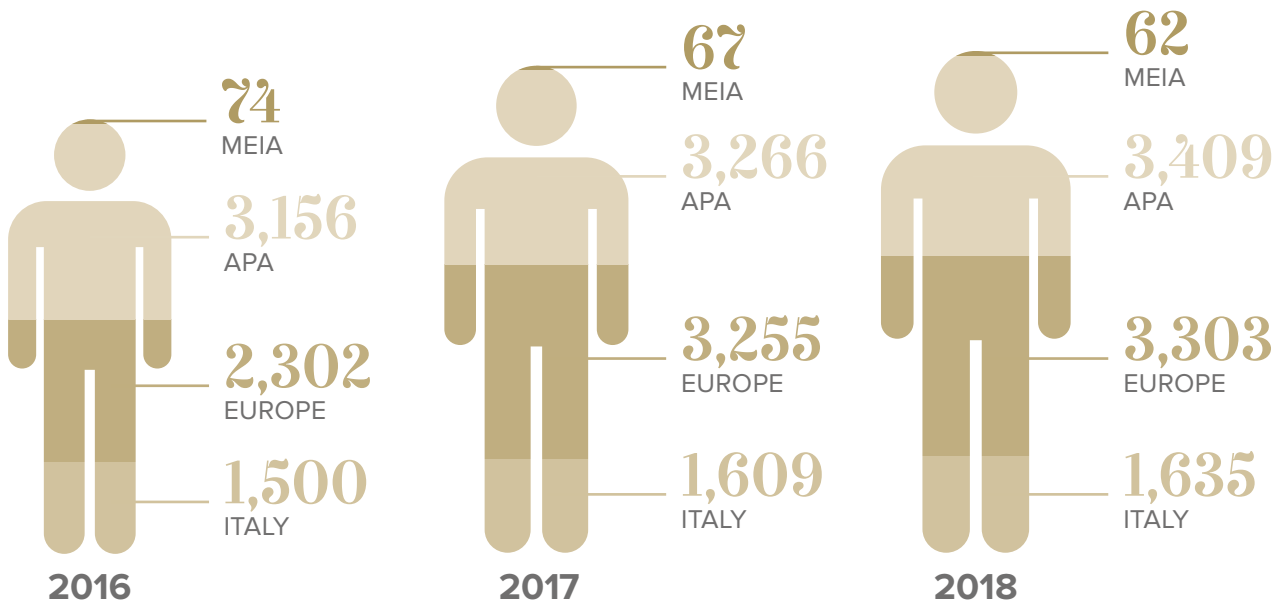
distributed to the
community for
sports, territorial
development,
health, research
and well-being

+15%

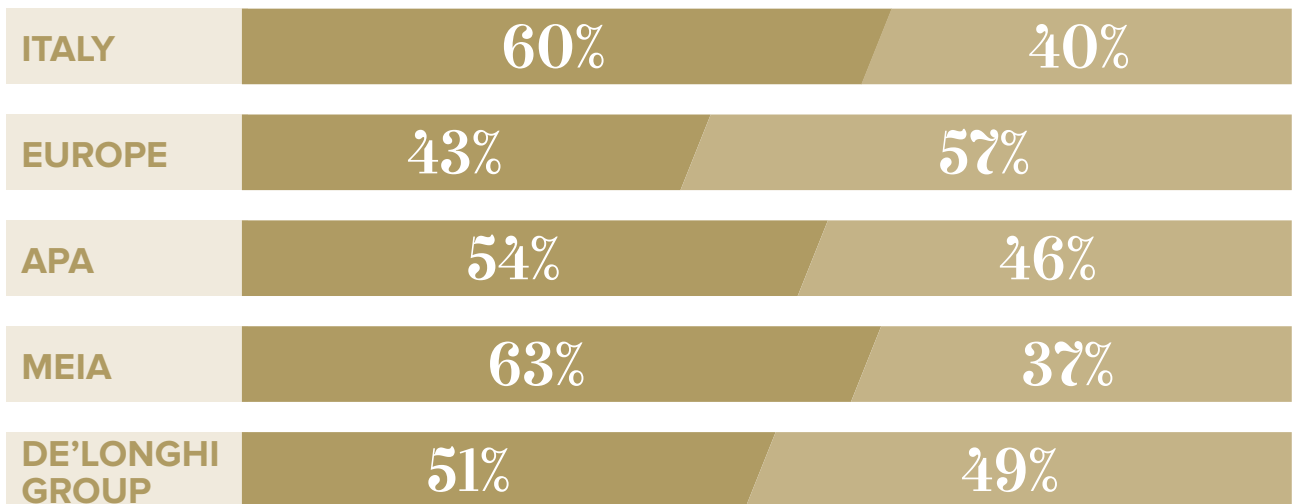
of training hours
provided compared
to 2017



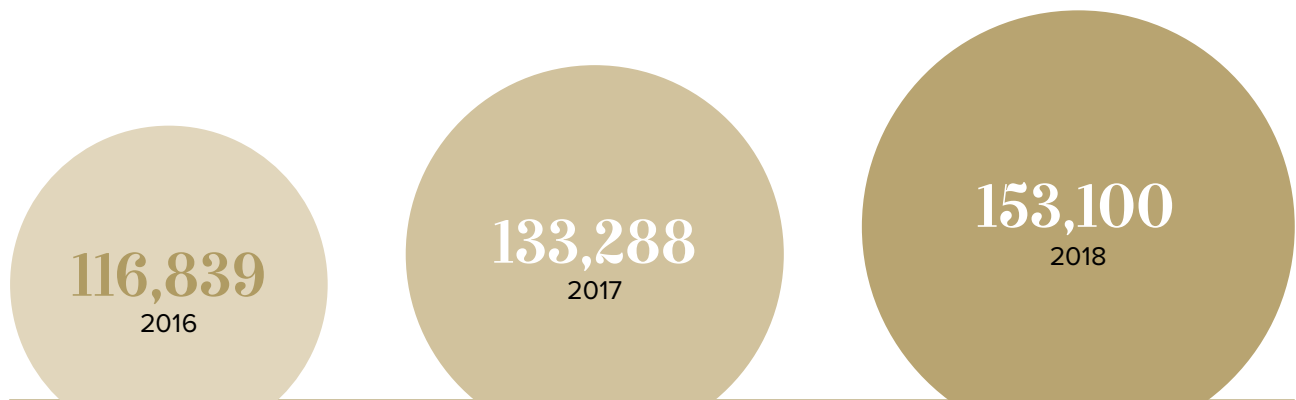
Our people



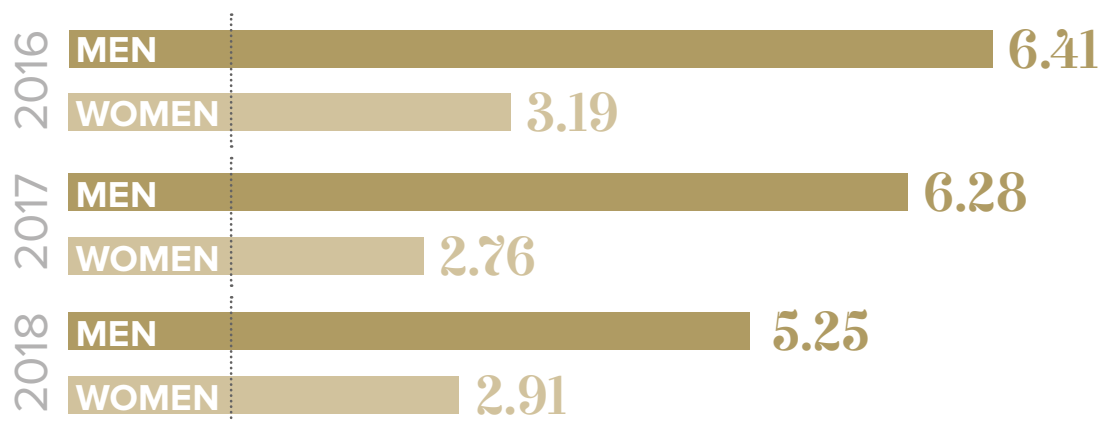
Men  /  Women



Training provided [h]



Injury rate



Our products: Quality, Innovation and Sustainability

Integrating sustainability in product design and innovation

Our commitment

The success of our Group is intrinsically linked to our products and these have always stood out for quality and innovation. Innovation for us goes beyond regulatory compliance to cover also the refinement of materials, product durability and energy efficiency, as well as the development of a technology capable of enabling and promoting healthy eating styles for our consumers.

2018 initiatives



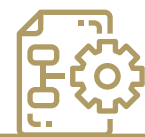
The **2018 BraunPrize** edition took place - an initiative aimed at collecting innovative and creative design ideas, bringing together students and young talents from all over the world in competition. The event involved 3,087 candidates from 107 countries who competed for the \$ 75,000 cash prize. There are four prizes dedicated to sustainability among the winners of the 2018 edition.



A **collaboration with the Design Department of Politecnico di Milano** was launched to develop new product concepts to be applied to radiators with clear reference to sustainability, consumer well-being, and consumer experience.



With the support of a specialized external company and Politecnico di Milano, **the R&D team of Braun conducted a Life Cycle Assessment (LCA)** on its own hand blender in order to develop a design with a lower environmental impact.



A **new CRM management system**, extensive in SAP, which allows an integrated and efficient management of consumer data was implemented for all the companies of the Group.

Information and key numbers

100%

of products evaluated with respect to electrical safety and food contact

2.5%

of revenue invested in research and development activities

Packaging optimization made it possible to prevent CO₂ for whose absorption

3.3
Km² of forest

would have been necessary, i.e. an area approximately equal to Central Park.

ISO 9001:2015

the new edition of the certification at all plants was obtained

An ever more sustainable packaging

At the plant in Cluj (Romania), new designs have been developed starting from 2017, which have allowed to optimize the packaging of finished products for Dolcegusto coffee machines, reduced by approximately **20%**, along with the related logistic costs. In addition, in 2018, the site focused on a new project for the standardization of cardboard packaging with the aim of reducing consumption of materials.

The initiatives put in place have already led to a saving of approximately 630 tons of wood and a decrease in the number of trucks used, which allowed to avoid the emission of approximately 693 tons of CO₂.

At the **Dongguan** and **Zhongshan plants** (China), in 2018, for the internal handling of goods, the packaging products used were created with waste material deriving from manufacturing, and a software was implemented that allows to optimize the loading of the containers, thus reducing the environmental costs associated with the transport of individual products. In addition, project to reduce the cartonboard used to package finished products is currently being tested on two product categories.

Sustainability during all production phases

Running sustainable supply chain and operation

Our commitment

We pay specific attention to environmental and social impacts along our value chain. We are committed to managing energy resources responsibly and efficiently, thus contributing actively to the fight against climate change. Our objective is to guarantee respect for human rights and working conditions throughout our production chain, and to contribute to the growth of the communities in which we operate.

2018 initiatives



The activation of the second hub was completed, which, in turn, recorded the centralization of the logistics distribution activities of the Benelux, France and Germany areas under a single operations centre, with the aim of creating synergies in the management of the stock for joint codes and obtaining **greater efficiency** in terms of logistics operations.



A cross-functional initiative termed «**Assembly To Order**» or «**Assembly To Track**» has been analyzed, which allows the products to be sent directly from the production site to the customer effecting savings in terms of hydrocarbon costs and delivery times.



Several **initiatives to reduce environmental impacts** of the De'Longhi Group were launched at the production sites:

- Replacing the traditional lighting system of the factory with LED lamps at all production sites;
- Equipping the production lines with electrical molding machines that allow a considerable reduction of energy consumption (Production Sites: Cluj, Dongguan, Zhongshan);
- Implementation of an energy saving plan that allows the identification of the most energy-intensive areas and tasks (Production site: Dongguan);
- Implementation of circular economy projects for the recovery of by-products of the production process (Production sites: Mignagola, Dongguan);
- Recovery of Nespresso capsules used for testing of De 'Longhi machines (Production site: Mignagola).

Information And key numbers

-1.7%

reduction of energy consumption per piece produced

100%

of new suppliers of finished products assessed according to social criteria

-6.6%

reduction of CO₂ emissions Scope 2 per piece produced

93%

of the waste produced at the plants sent for recovery activities

66%

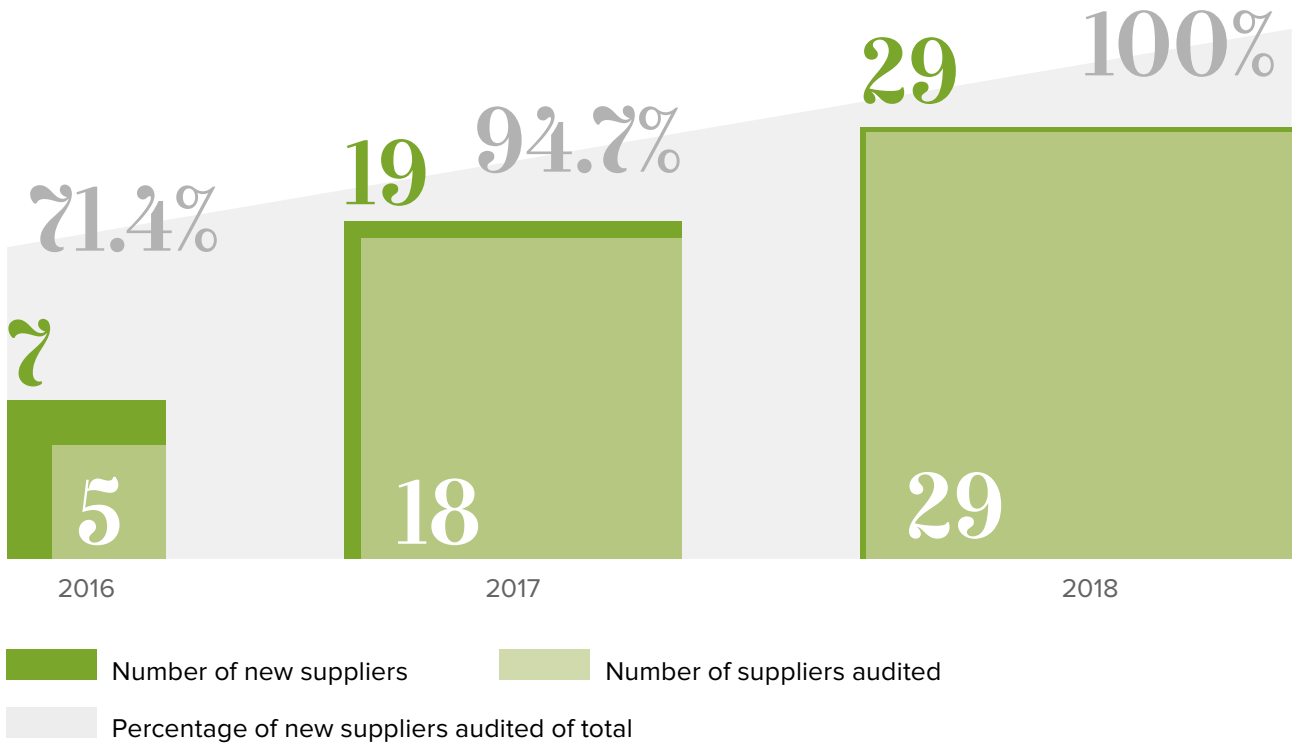
operations audited with respect to work practices

156 tCO₂

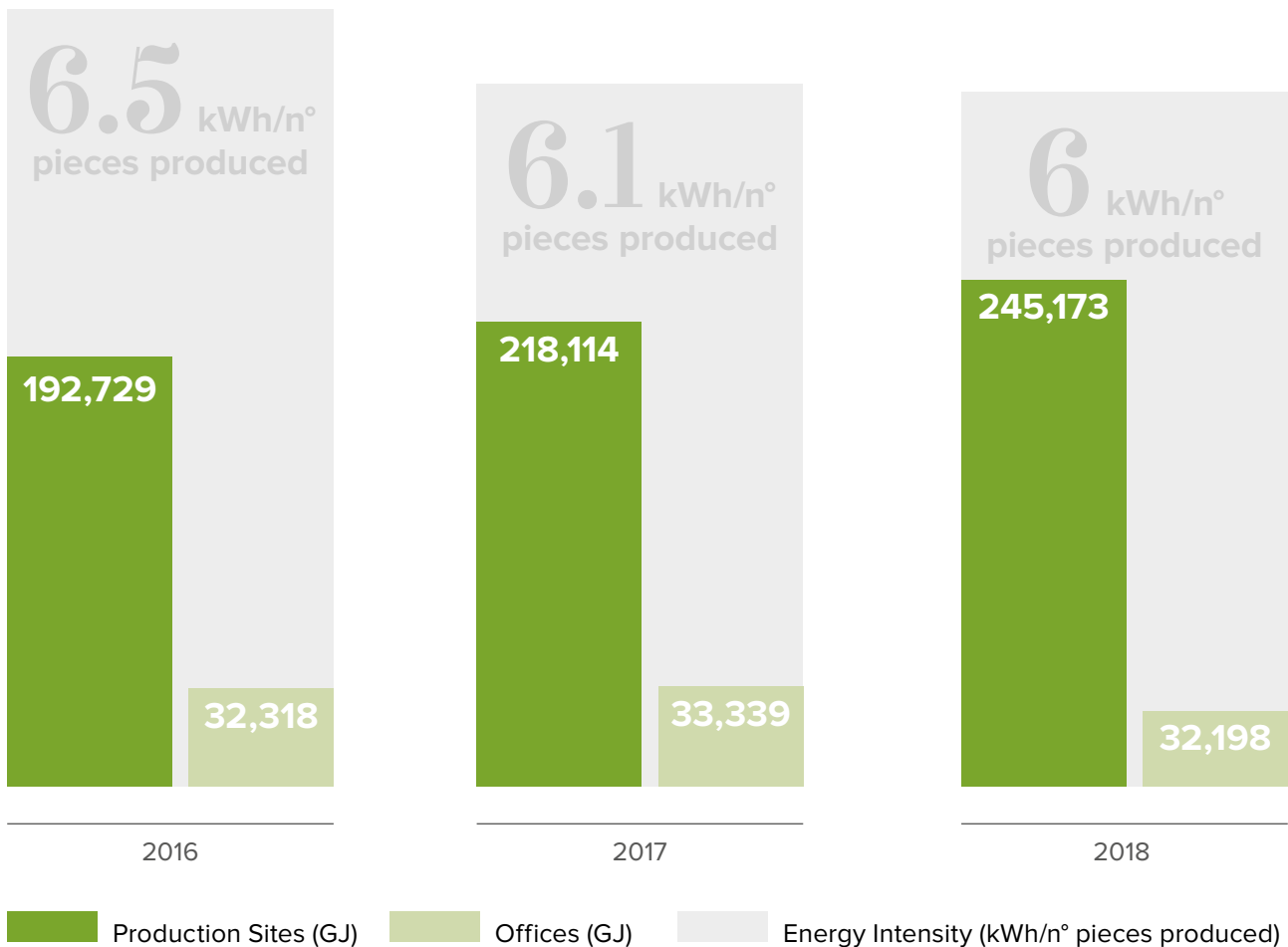
prevented at production sites in China through energy efficiency initiatives



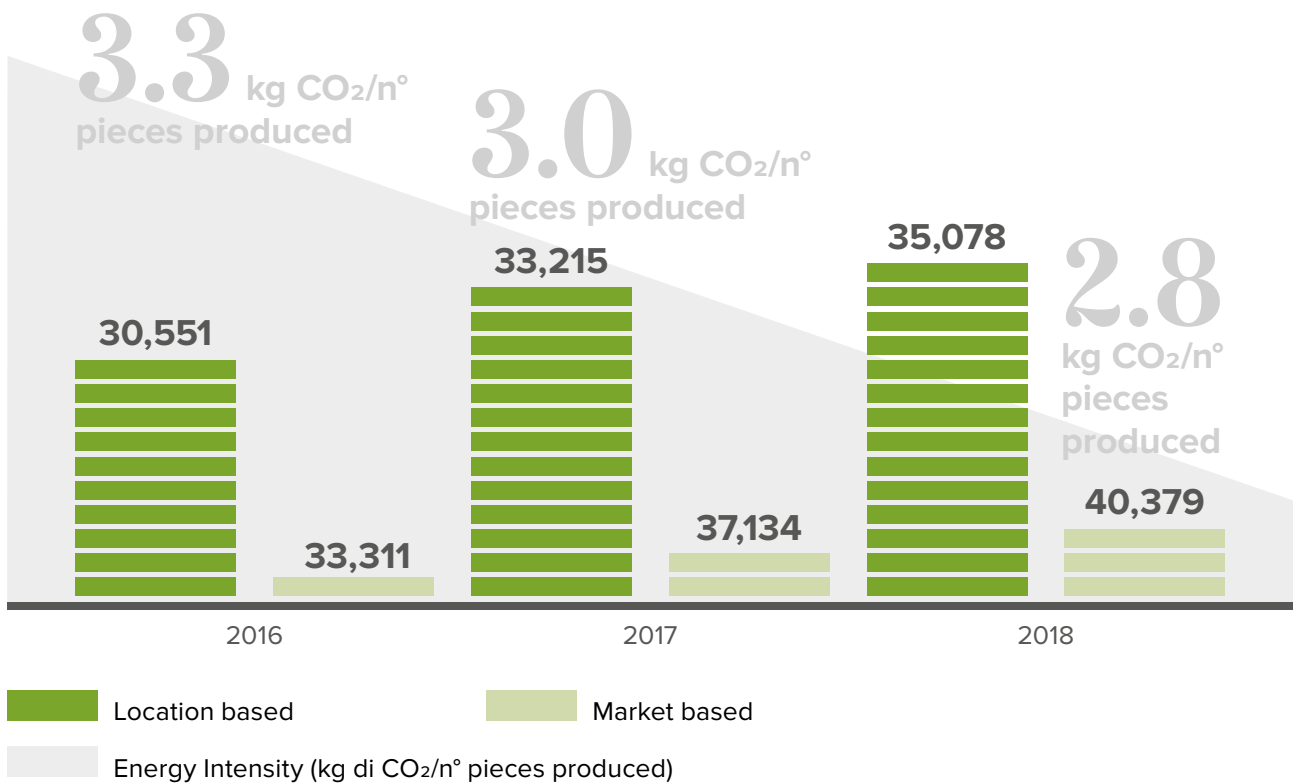
New suppliers assessed according to social criteria [n° e %]



Indirect consumption [GJ]



Indirect emissions Objective 2 [tCO₂]



Waste generated at the production sites [t]





Photo by Gerard Klerk on Unsplash
Project design: associati.it



KENWOOD

BRAUN

Ariete