

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

2019 OVERVIEW

DēLonghi Group

Main results 2019

The people of De' Longhi Group: 7,850 employees

Valuing our people, the Everyday Makers

49%

of employees
are **women**

2.8

Injury rate Index
-35% compared
with 2018

161,977

hours of training
provided
+6% compared with
2018

Our products, to improve everyday life

Integrating sustainability in product design and innovation

2.5%

of the revenues
invested in **Research**
and **Development**
activities

42 t CO₂

avoided thanks
to the **pallet**
regeneration
activity

≈ 100%

of fully automatic
machines at least
in the **E.C. A**

Sustainability during all production phases

Running sustainable supply chain and operation

6.2

energy intensity
index
(kWh/pieces
produced)

1 M
kWh

of electricity self-
generated from
renewable sources

3

emission intensity
index
(kg CO₂/pieces
produced)

The De' Longhi Group

The origins of the Group date to the early twentieth century, when the De' Longhi family opened an industrial component production workshop. Over the years, it became a manufacturer of finished products by third parties and, in 1974, the first De' Longhi electrical household appliance was launched, an oil-filled radiator, contributing to the growth and success of the company and entering the homes of millions of households over the years to come.

The Company has expanded its range over the years: product after product, the success and recognition of the brand grows, making the Group's solutions immediately recognizable for their level of efficiency and innovation, to such an extent that the Pinguino has become a true icon.

Currently, after the acquisition of 3 additional brands over the years (starting in 2001, with Kenwood, Ariete and Braun), the Group offers a range of "major" small appliances that loved worldwide, through solutions to improve the life in coffee, food preparation and cooking, comfort (air conditioning and heating) and home care segments.

KENWOOD
Havant, UK.

BRAUN
Frankfurt, Germany.

De'Longhi
Treviso, Italia.

Ariete
Firenze, Italia.



Our sustainability strategy

The Group has started a structured path of gradual and significant integration of sustainability into its business model, with the aim of defining specific actions aimed at controlling and mitigating impacts, focusing on the generating of shared value for the company and its stakeholders in the long term.

Sustainability Governance is structured as follows:

- **Control and Risks, Corporate Governance and Sustainability Committee**, which oversees the activities and represents Sustainability at Board of Directors level;
- The **Sustainability Steering Committee**, the corporate governance body, comprising the top

management with the aim of defining the Group's strategic line regarding sustainability issues, reports to this committee;

- Lastly, the **Sustainability Ambassadors**, who report directly to the members of the **Sustainability Steering Committee**, have the task of translating the Sustainability strategy into practice.

3 sustainability pillars were therefore identified on which the Group's sustainability strategy is structured:

- **Valuing our people, the Everyday Makers**
- **Integrating sustainability in product design and innovation**
- **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 capable of attracting, motivating and promoting the growth of our people; a safe and healthy place, marked by values such as ambition, courage, passion, competence, tradition, teamwork and respect, open to diversity and based on trust, where every individual can feel valued and develop their potential.

2019 initiatives



The new «**WeMake**», managerial development programme, launched in 2019, in continuity with the concluded «*U-Connect*», offers innovative formulas and collaborative workshops with the aim of providing practical team management tools through the direct involvement of people. To date, the programme has involved approximately 600 Group managers.



In 2019, De' Longhi Group **distributed €1.8 million to the community**, up 50% compared with 2018. Of this amount, over 1 million relates to the sport sector, approximately €135 thousand to territorial development activities and approximately €420 thousand to initiatives in support of health, research and well-being.



The third edition of the **Employee Engagement Survey** – «**Your Voice: Make the Difference**» was launched, which involved a participation of over 90% for the entire Group's staff, a growing trend compared with the surveys carried out in previous years.



Two editions of the renewed «*Welcome on Board*», now known as «**Onboard Days**», were organised, an international induction event aimed at all employees hired in Italy during 2019 and colleagues in the sales and marketing departments newly hired at our branches abroad. The new formula immediately provides for collaborative team-building activities, delivering the theoretical modules via e-learning mode.



The people-enhancement process continued in 2019 through the adoption of the new Group **MBO Policy** which manages the variable remuneration applied to employees of Group companies with a string propensity towards Group Identity.

Information and key numbers

-35%

reduction in the
accident rate index
compared with
2018

93%

of staff with a
permanent contract

2,039

employees involved
in the performance
assessment process

**1.8
mln€**

distributed to the
community for
sport, territory,
health, research
and well-being

+6%

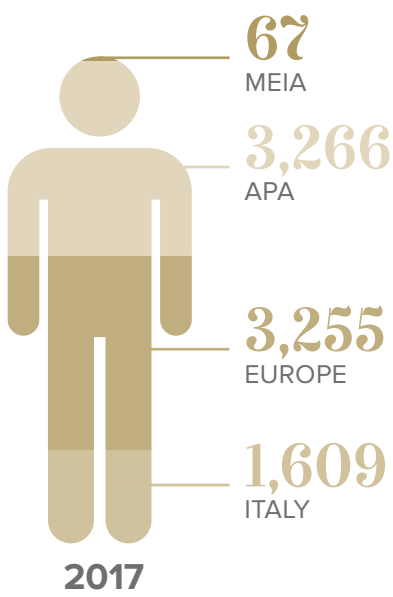
of training hours
provided compared
with 2018



Our people

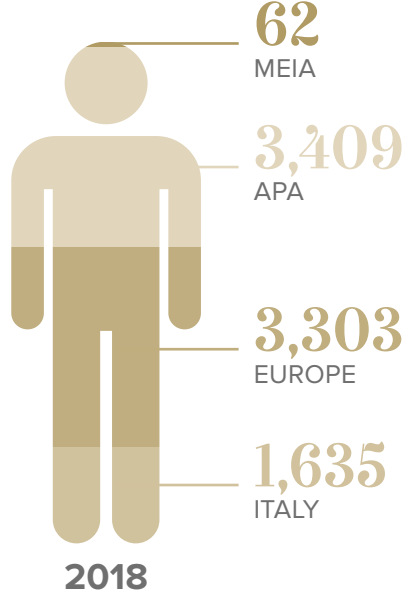
8,197

TOTAL EMPLOYEES



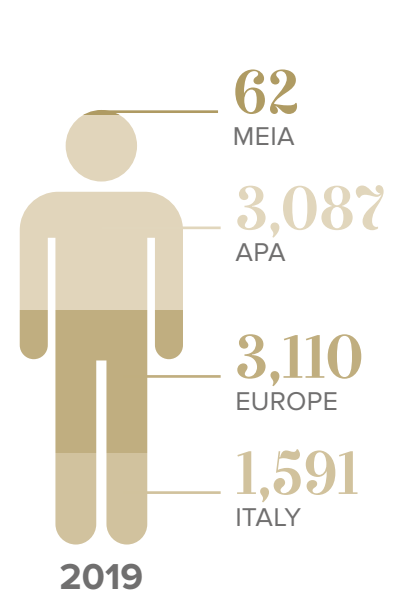
8,409

TOTAL EMPLOYEES

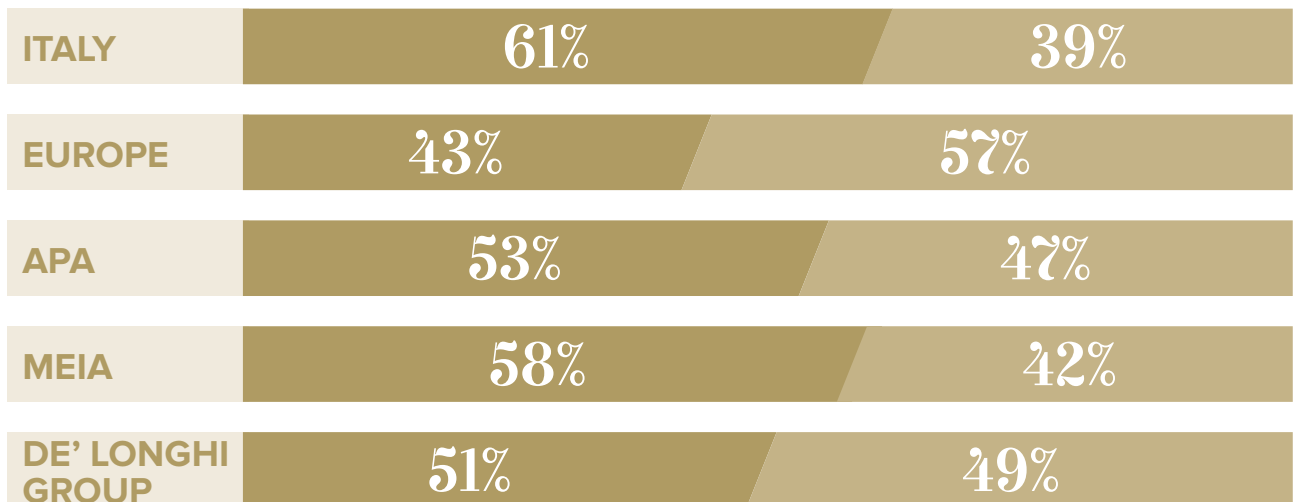


7,850

TOTAL EMPLOYEES



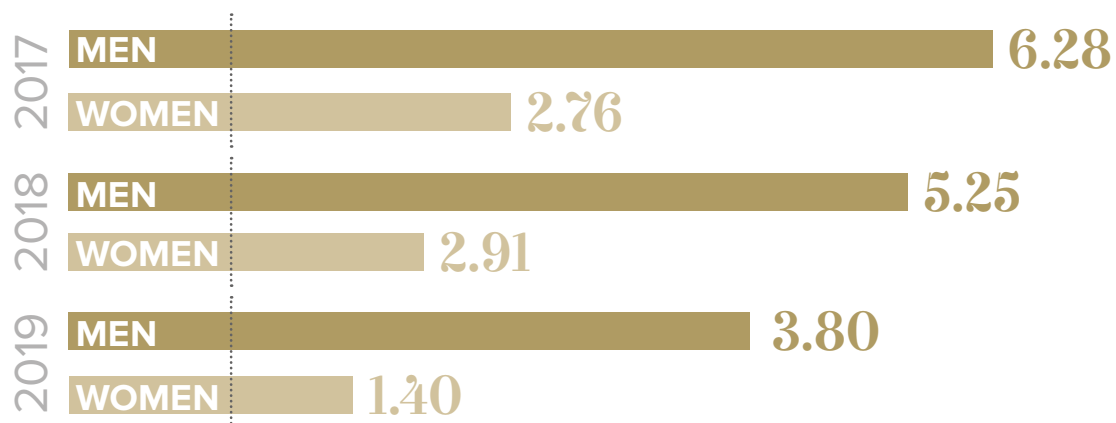
Men  Women 



Training provided [h]



Injury rate



Our products, to improve everyday life

Integrating sustainability in product design and innovation

Our commitment

Our Group's success is intrinsically linked to our products, which have always stood out due to quality and innovation. For us, innovation is intended, not only in terms of regulatory compliance, but also in the refinement of materials, product durability and energy efficiency, as well as in the development of a technology capable of enabling and promoting healthy eating habits for our consumers.

2019 initiatives



The **partnership with the Department of Design at the Polytechnic University of Milan** continued, as did that with other prestigious universities in Italy and abroad, for the research and development of new concepts to be applied to De' Longhi products with clear reference to the sustainability, lifestyle and well-being of consumers.



With the support of a specialist external company, the Group has collaborated in the search for innovative solutions and technologies to enhance the waste of used coffee pods, which can be reused to create bioplastic materials and, therefore, reduce the generation of waste, with a circular view to «waste to value».



At the Cluj (Romania) plant, a project involving the regeneration of wooden pallets was launched, which led to the repair of 5,867 wooden pallets and, subsequently, the recovery of over 146 tonnes of wood, thus resulting in a saving of approximately 42 tonnes of CO₂ equivalent.



The Customer Care Department awarded the best partners that offer repair and support services to end consumers, acknowledging them with an «**Excellence Award**», obtained thanks to an annual mystery visit that verifies the best performance.

Information and key numbers

100%

Of products
evaluated with
respect to electrical
safety and food
contact

2.5%

of the revenues
invested in
Research and
Development
activities

ISO 9001:2015

the new edition of the certification was
achieved at all plants

Increasingly more sustainable packaging

Over the years, as of 2017, at various Group factories, initiatives have been launched to reduce the secondary packaging of certain products, notoriously made from cardboard, which led to improvements in terms of costs for the purchase of materials and a more efficient logistics distribution network, thanks to the increase in shipping capacity.

Throughout 2019, the Braun brand has used recycled and compostable cardboard for the packaging of 18 models sold directly online, launching, amongst other things, an activity to reduce packaging materials: these replacement

and efficiency activities have led to the sale of over 15 thousand products made of 100% plastic-free packaging. Throughout 2020, the study will be extended to additional models and will further increase products made from plastic-free packaging marketed through e-commerce channels.

Even the range of comfort products, specifically two popular ironing system products, are equipped with 100% plastic-free packaging, eliminating the expanded polystyrene components and selecting cardboard.

Sustainability during all production phases

Running sustainable supply chain and operation

Our commitment

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

2019 initiatives



The initiative entitled «**Assembly To Order**» or «**Assembly To Track**» continued, which provides for the shipping of products directly from the production site to the customer, without necessarily having to go through the regional hub, thanks to the end labelling activity carried out directly within the production plant. This practice allows for the optimisation of the transport system and time-to-market.



Throughout the year, as part of the social compliance audits of suppliers (Audit Social Code Of Conduct - SCOC), a **specific checklist to assess environmental aspects was integrated**.



Various **initiatives to reduce the environmental impacts** of the De' Longhi Group are in progress at the production sites:

- replacement of the plant's traditional lighting system with LED lamps, at all production sites;
- implementation of an energy-saving plan, in collaboration with the local government, which enables the monitoring of the energy consumption of the production areas with the aim of identifying energy improvement plans and anticipating breakdowns and inefficiencies due to the use of machines (Production Site: Dongguan);
- installation of a heating system at the plant warehouses using the heat generated by the drying areas, reducing the need for natural gas that is otherwise used to power the traditional boiler (Production Site: Cluj);
- implementation of circular economy projects for the recovery of by-products from the production process (Production Sites: Mignagola, Dongguan, Cluj);
- Recovery of Nespresso capsules used to test De' Longhi machines, equal to approximately 8 tonnes of aluminium per year (Production Site: Mignagola).

Information And key numbers

4.1%

of direct energy consumption resulting from internally-generated renewable electricity

49.5%

of operations subject to audits of work practices

91%

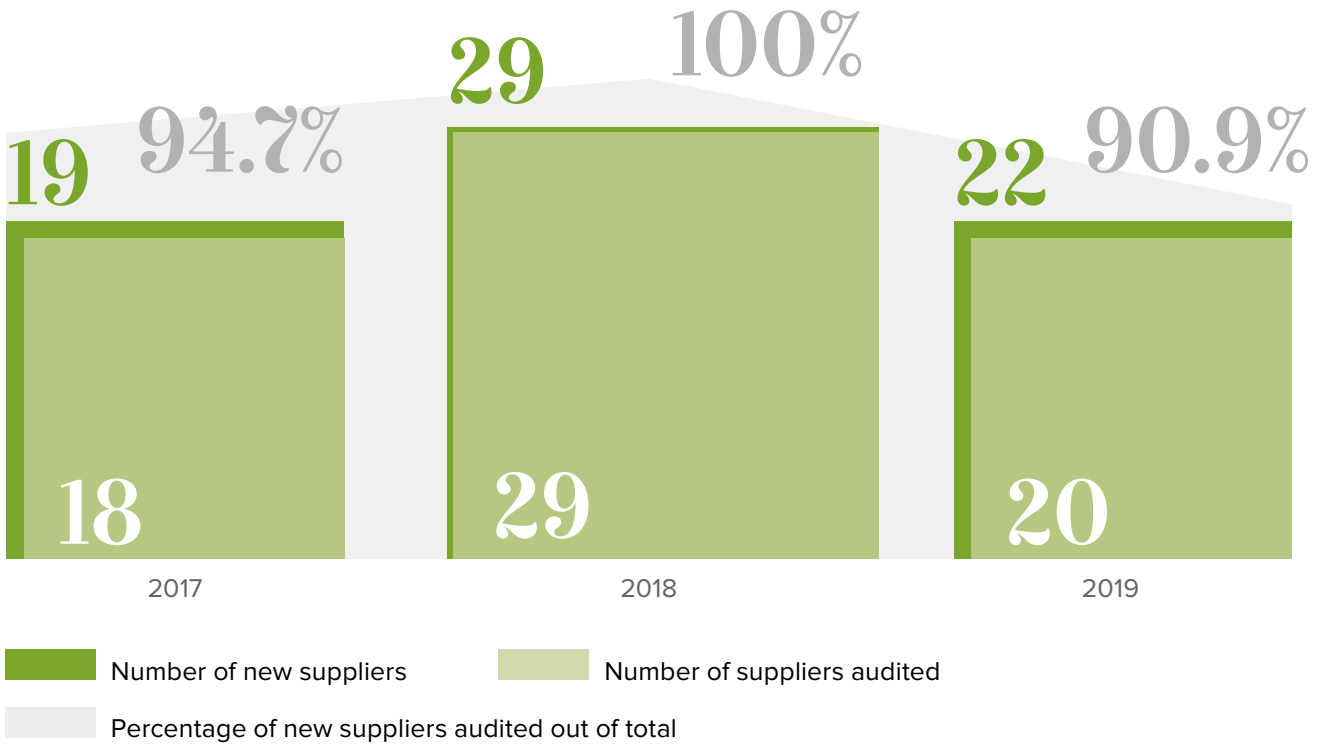
of new finished product suppliers assessed according to social criteria

95%

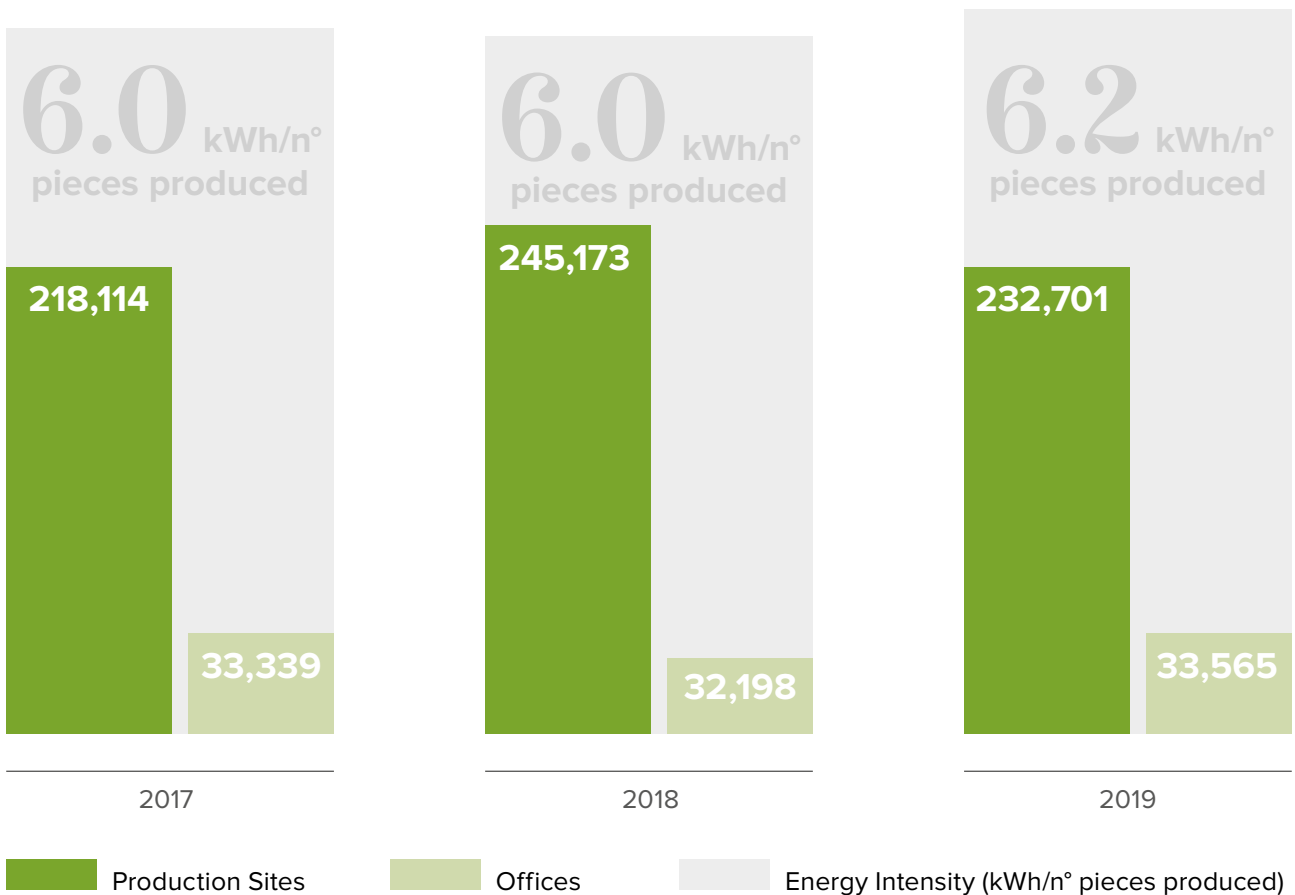
of waste produced at the production sites sent for recovery activities



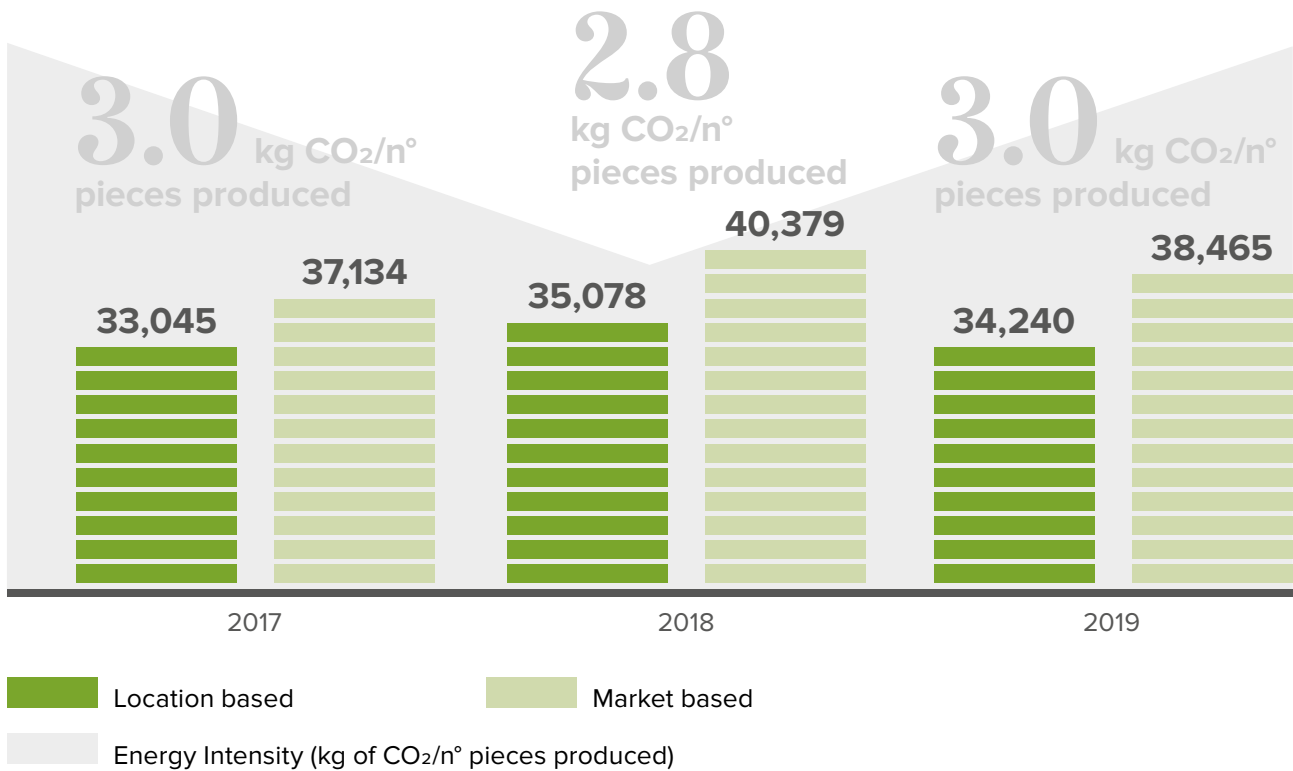
New suppliers evaluated according to social criteria [n° and %]



Indirect consumption [GJ]



Scope 2 indirect emissions [tCO₂]



Waste generated at the production sites [t]





KENWOOD

BRAUN

Ariete