SUSTAINABILITY REPORT



DēLonghi Group

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Our Journey to Strategy

[GRI 102-14]

Dear Readers,

It is with great pleasure that I introduce to you the 2019 Sustainability Report of the De' Longhi Group, a great company, a symbol of Italian spirit in the world, which I had the honour of joining in May of this year.

Now in its third edition, this document aims to represent a direct and solid testimony of the Group's commitment to sustainability.

Over the past year, the Group has defined a sustainability Governance model based on three Pillars: these pillars represent a fundamental compass that guides all corporate decisions in the area of sustainability and guide us in going through this document together.

Valuing our people, the everyday makers - it is thanks to the commitment, passion, perseverance and foresight of our people that the Group can offer its products to the world and disseminate its values. In 2019, training hours increased considerably and accidents in the workplace decreased, demonstrating the dedication and constant attention that the Company pays to the enhancement and support of its people;

Integrating sustainability in product design and innovation - our products, our Brands, are the best vehicle with which we communicate to the world what we believe in: quality, innovation and design are inherent in every solution offered by the De' Longhi Group and families worldwide can only accompany us in leading healthy lifestyles that are increasingly attentive to sustainability, in order to build a better tomorrow for all of us and our children;

Running sustainable supply chain and operation - our factories and the system that supports them are engine through which the Group operates every day to offer consistently excellent solutions. With a global presence, we are committed to making our processes increasingly efficient, with a view to reducing the environmental impacts of packaging, the logistics system and the generated waste, working to contribute to the fight against climate change and waste reduction. Since the beginning of my commitment with De' Longhi, I have had the opportunity to experience the founding principles of the Company in the people I have met and with whom I have had the pleasure of collaborating every day: teamwork, passion and integrity are virtues that I fully agree with and which, for me, are a great stimulus.

In the context of great economic uncertainty and health crisis that are influencing the beginning of 2020, by signing this letter, I intend to renew the commitment already undertaken in recent years, taking the lead on a path that will undoubtedly continue in the future with confidence, courage, union and determination.

Enjoy reading the report. Massimo Garavaglia

1_ The De' Longhi Group

1.1_ Who we are and where we operate

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.

Initially known as a manufacturer of electric radiators and portable air conditions, the Company has expanded its range over the years: product after product, the success and recognition of the brand grow, making the Group's solutions immediately recognisable 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.

The Group, the headquarters of which are in Treviso (Veneto, Italy) [GRI 102-3], is present worldwide through numerous direct commercial branches and a network of distributors in 120 markets around the world; it also has 4 factories and some stores in Italy, France, China, Japan and Korea.

Fig. 1 - Our brands and the Group worldwide





1.2 Guaranteeing the value of our company

In order for the company to successfully pursue its business objectives, it is essential to maintain a constant, constructive dialogue with its stakeholders, focused on listening to the needs and requirements of all stakeholders and which represents the foundations for a lasting relationship. Specific company functions are responsible for overseeing and maintaining communication with stakeholders, in accordance with the principles of transparency, correctness, clarity and completeness of information, in order to facilitate the making of informed decisions. [GRI 103-2, GRI 103-3] The list of the Group's main stakeholders, along with the listening channels dedicated to each of them, is provided below.

Fig. 2 - The De' Longhi Group stakeholders [GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44]

STAKEHOLDER	LISTENING/COMMUNICATION CHANNEL	PRINCIPAL TOPICS THAT EMERGED
Agents	Periodic meetings	Customer management
Trade associations	Stakeholders' meetings, periodic meetings	Consumers' rights, workers' rights, environmental performance
Shareholders	Company documents/Shareholders' meetings/Events	Economic and financial performance
Assistance centres	Training courses	Knowledge of product specifications, new products
Customers	Sales meetings	Innovation, product safety and quality, efficiency of distribution network
Local communities and beneficiaries of sponsorship	Periodic meetings	Sponsorship, social impact, contribution to the territory
Consumers	Satisfaction questionnaires, panel tests, Skype (technical assistance), advertising campaigns, culinary events, "How to" YouTube channel	Customer assistance, product safety and quality, product availability, feedback on ease of use and product satisfaction, privacy
Employees	Employee Engagement Survey, annual performance assessment interviews, periodic meetings to share results, company Intranet for access to Group information, Group house organ, new HRMS	Clear organization, improved management of resources by managers, development of individual contribution for the company, improved internal communication and access to information
Suppliers	Contracts, qualifications and assessment, periodic meetings	Method of management of supplier relations
Future generations/ environment	-	Reduction of emissions and fight against climate change
Investors, financial analysts, media	Interviews, meetings, road shows, press conferences	Economic performance, new products/ services/organisational models
Non-profit organizations	Sponsorship of specific initiatives	Raise awareness of specific issues
Business partners	Sales meetings, audits	Product safety and quality, flexibility and ability to adapt to demands
E-commerce portals	Sales meetings	Innovation, product safety and quality, efficiency of distribution network
Universities/Research centres/Workshops	Dedicated meetings, collaboration on various research projects	Search for and acquisition of talent, support for research

With specific reference to trade associations, the De' Longhi Group is a member of Confindustria APPLIA Italia, APPLIA Europa and the Association of Home Appliance Manufacturers – USA (AHAM), the associations that group together the leading companies operating in the home and professional appliances sector, respectively in Italy, Europe and the USA. The Group is also a member of Assoclima, the association of air conditioning system manufacturers, the Comitato Termotecnico Italiano (CTI), the European Committee for Electrotechnical Standardization (CENELEC) and the International Electrotechnical Commission (IEC). [GRI 102-13]

The value produced and distributed by the De' Longhi Group

The value produced by the Group in 2019 amounted to $\leq 2,109,026$ thousand, of which 88% distributed to stakeholders. The distributed value (amounting to over $\leq 1,864$ million) was distributed as follows: in the form of remuneration of suppliers of goods and services ($\leq 1,468,971$ thousand), payment of employees ($\leq 266,388$ thousand), value distributed to capital providers ($\leq 85,104$ thousand), taxes to the public administration ($\leq 41,820$ thousand) and charitable contributions to the community ($\leq 1,831$ thousand). However, there were no dividends to shareholders, unlike in 2018 ($\leq 55,315$ thousand). The reason for this choice is due to the extraordinary commitment to which the Group is called at this historic time: the possible impacts of the Covid-19 epidemic on the global economy have suggested to the Shareholders' Meeting not to distribute dividends for 2019, increasing the Group's availability of cash face the uncertainty caused by the evolution of the health crisis. Lastly, the economic value retained in 2019 amounts to $\leq 244,912$ thousand.

Fig. 3 - Value generated, thousands of € [GRI 201-1]



Fig. 4 - Value distributed, thousands of €, 2019 [GRI 201-1]

Operating costs
Value distributed to the community
Value distributed to capital providers
Value distributed to shareholders
Value distributed to Public Amministration
Value distributed to employees

Ethics and governance system

[GRI 103-3]

The Group adheres to the Corporate Governance Code for listed companies, with which the adopted governance system complies. The corporate bodies of the De' Longhi S.p.A. parent company are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. In addition, within the administrative body, there are also two committees: is the Control, Risks and Corporate Governance Committee - which includes investigation activities in the related assessments and decisions, also in non-financial areas - and the Remuneration and Appointments Committee.

The activities involving the monitoring and implementation of the rules on corporate governance are therefore conducted by the Board of Directors in collaboration with the aforementioned Control, Risks and Corporate Governance Committee and with the Legal and Corporate Affairs Office. [GRI 102-18]

Fig. 5 - Composition of the Board of Directors of De' Longhi SpA in 2019 by gender and age [GRI 405-1]





In 2019, the De' Longhi Group Board of Directors comprised 7 men and 4 women; of these, 82% were over the age of 50. Furthermore, as stated in the Report on Corporate Governance and Corporate Structure, for 2019, the Group undertook to ensure that the less represented gender accounted for at least one third (rounded up) of the members of the Board of Directors and of the regular members of the Board of Statutory Auditors: the new composition of the corporate bodies, renewed by the Shareholders' Meeting of 30 April 2019, therefore reflects the presence of the less represented (female) gender in the portion set by the Articles of Association.

The Group **Code of Ethics**, updated in July 2018, governs the conduct of people of the De' Longhi Group; in addition, this document also governs all relations that the company undertakes with third parties, such as suppliers, customers and the Public Administration, which must necessarily be characterised by transparency, fairness, honesty, integrity, equality, professionalism and loyalty. [GRI 102-16] In this regard, in continuity with previous years, during the year, part of the training activities also concerned the Code of Ethics via e-learning and/or in-person classes. In accordance with the provisions of Legislative Decree 231/2001, the Italian companies of the De' Longhi Group adopt the "Organization, control and management model", which provides for a Supervisory Board in charge of independently monitoring the correct functioning of and compliance with said Model. The Model provides, *inter alia*, for the adoption of a reporting tool for identifying illegal conduct (in line with the ISO 37001:2016 standard), known as the - Whistleblowing: De' Longhi Group Integrity Platform System (for further information, please see the "Whistleblowing" section of the Group website). During 2018, this Model was updated and adapted, whilst during 2019, the Group adopted an ad hoc internal management system to facilitate the automatic monitoring of flows and processes overseen within the crime prevention system provided for by Legislative Decree 231/2001. In addition to this, the Parent Company has a procedure that identifies transactions subject to specific instructions and approval rules with related parties: it enables the regulation of relations between the latter and the Group itself, monitoring the related risk in accordance with the principles set out by the Supervisory Authority with Consob Regulation no. 17221 dated 12nd March 2010.

As of 2018, the "**Corporate Governance Guidelines**" were prepared and adopted, with the aim of standardising governance practices amongst all Group companies. These guidelines provide, *inter alia*, for the adoption of the Code of Ethics and define the system of proxies for spending powers. Their application was entrusted to the local administrative managers through an internal document, which can be freely consulted by all employees.

Compliance is managed and overseen by the Legal Office and by the Internal Audit Department, assisted by the Financial Reporting Officer of preparing the accounting and corporate documents on a Group level (insofar as he is responsible) and by the Quality Department (as regards product compliance and supplier qualification and assessment).

It is also the Group's firm intention to ensure that, in addition to compliance with the rules of transparency and compliance, a series of behavioural models are defined and implemented, aimed at minimising the risks associated with any events that can be sanctioned according to the applicable regulations. By way of example, in 2018, De' Longhi concluded the process of analysing the ways in which companies operate in areas such as the administrative liability of entities, compliance with regulations on privacy, antitrust, consumer protection in e-commerce, compliance with internal legal, anti-money laundering and anti-corruption policies. This project envisaged an assessment for a sample of companies belonging to the Group, selected according to criteria of economic relevance and regulatory proximity, enabling the identification of the main areas of possible intervention; for each of these, an implementation priority level was subsequently formulated, based on the related importance and specific weight thereof with respect to the level of effectiveness of the Compliance Programme.

Risk management and internal control

The Group's attention to the assessment and monitoring of corporate risks is a constant commitment that has persisted over the years: in this regard, the Enterprise Risk Management (ERM) system, developed during previous year, is overseen by the Internal Audit Department, which also ensures its constant updating, assisted by the Financial Reporting Manager. As part of the aforementioned programme, various activities were carried out during the reporting year, including numerous interviews (up by approximately 40% compared with 2018) addressed to local and international management: the purpose of these interviews was to supplement the ERM matrix with the perceived risks with respect to the area of competence and the country of operation of the Group's people, using a bottom-up approach.

Also in 2019, the Group carried out the preparatory activities for the creation of a platform that will enable all selected figures, as of future years, to autonomously and promptly update their risk identification. The same system shall also make possible to change the risk mapping based on the role of the users themselves, ensuring both maximum oversight and the necessary separation of roles.

Furthermore, as part of the traditional audits of the operations of the Group companies, the Internal Audit Department, in collaboration with the Financial Reporting Manager, annually updated the mapping of the main risks for the Group's foreign companies considered "significant companies" for the purposes of corporate governance as part of a "risk assessment" project launched in 2017.

The main risks identified and associated with the material topics of this report are in the figure below:



Fig. 6 - The main risks associated with material issues

Product innovation, quality, and responsibility

- research and development activities by filing patents and trademarks risks related to compliance with product quality
- use, defective products, the minimum warranty period, recyclability and environmental compatibility

Human Resources Management

- risks related to the ability to attract, develop, motivate, retain and empower people
 in relation to the Chinese platform, there are some risks associated with the high turnover of Chinese manufacturing personnel, along with the increase in the hemover.

Environment

- risks related to the evolutio of different regulatory
- risks related to possible deriving from faults or serious damage to production plants

Compliance

- risks related to financial reporting
- risks related to the administrative liability of
- legal persons • risks related to commercial
- relations with related parties reputational risk

Computer systems

Supply chain and logistics system

ERM

Over the last few years, in order to minimise the possibility of possible errors and/or fraud, various initiatives have been introduced: amongst the most important is the development of the anti-fraud programme and the launch of a project to verify the emergence of possible cases of abuse of office and corruption.

Lastly, the Internal Audit Department and the Financial Reporting Manager, as part of the checks on the Group's operations, annually carry out various activities at all branches, including the monitoring and assessment in terms of control, audits on processes, accounting procedures and compliance with Law 262, relating to the financial information process. The objective of these audits is to verify and ensure the reliability, completeness, correctness and timeliness of all documentation, in line with the recommendations of the Group's administrative and accounting operating procedures. Overall, the audit programme intends to progressively cover all the companies of the De' Longhi Group, focusing, at the same time, on the most significant companies through an audit programme agreed both with the Director in Charge and with the Control and Risks and Corporate Governance Committee.

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



Over the course of 2019, 5,622 employees were trained on anticorruption, totalling 2,954 of training hours provided, a significant increase compared with previous years. 54% of the Group's blue collar, 10% of white-collar workers and 28% of executives were trained on this subject.



Fig. 8 - Employees trained on anti-corruption in 2019 by category [GRI 205-2]

Fig. 9 - Hours of anti-corruption training provided in 2019 by category [GRI 205-2]



No violations of anti-corruption laws have been recorded in the last three years. [GRI 205-3]

However, as regards compliance with the law on marketing and communication, it should be noted that, in 2019, two cases were recorded and resolved, which did not lead to penalties but merely a warning. In 2018, four disputes were recorded and settled; specifically, two reports were related to trademark applications and the remainder were instead attributable to promotional communication. In 2017, two disputes were recorded in context of promotional communication which ended with the modification or removal of the message. [GRI 417-3]

In relation to environmental compliance, no report or penalty has been recorded during the three-year period 2017-19. [GRI 307-1]

Lastly, it is noted that the Group does not make any kind of contributions (directly or indirectly) to political parties or movements, political and trade union organisations, nor to their representatives or candidates, in Italy or abroad.

1.3_ Our sustainability strategy

The De' Longhi Group sustainability reporting process, launched in 2017 with the Consolidated Non-Financial Statement (NFS) and the Sustainability Report and continued with the non-financial reporting activity during the previous and current year, enabled the Company to measure and understand its sustainability performance and made it aware of the need to undertake a structured path of gradual and significant integration of sustainability into its business model with the aim of defining specific actions aimed at the control and mitigation of impacts, aiming to generate shared value for the company and its stakeholders in the long term.

In this context, in the first few months of 2019 the Monitoring, Risks and Corporate Governance Committee included among its responsibilities also the issues of Sustainability, thus becoming the Monitoring and Risks, Corporate Governance and Sustainability Committee, within the Board of Directors of the Parent Company; to this committee report the Sustainability Steering Committee, the corporate governance body, established by the top management with the aim of defining the strategic line of the Group regarding sustainability issues. The Sustainability Steering Committee met three times throughout the year, obtaining an attendance of 80% or more at each meeting. Lastly, during 2019, the "Sustainability Ambassadors" were identified, direct reports of members of the Sustainability Steering Committee, who have the task of translating the strategy and the directions defined by the latter into practice.

Thanks to the collaboration and commitment of the Sustainability Steering Committee and of the Sustainability Ambassadors, three Sustainability Pillars have been identified, according to which the chapters of this Report are also structured and on which the Group intends to structure its sustainability strategy: **"Valuing our people, the Everyday makers"**, **"Integrating sustainability in product design and innovation"**, **"Running sustainable supply chain and operation**".

As part of its ongoing activities, the Group is working on the definition of its own **Sustainability Policy** which outlines, via the three pillars already identified, the Company's long-term strategy, declaring the Group's authentic commitment in terms of Sustainability. The planning activity is proceeding with the identification of initiatives and objectives, in line with the priorities outlined by said long-term strategy, with the aim of improving the Group's non-financial performance, as well as of contributing positively to society and the environment.



Fig. 10 - The sustainability pillars and material issues of the De' Longhi Group

CHAPTER 1:

"The De'Longhi Group"

COMPLIANCE AND BUSINESS ASPECTS

HONEST COMMUNICATION, TRUE AND BASED ON FACTS

In a context characterized by the use of communication to reach an ever wider audience, particular attention is paid to the correctness of communication

COMPLIANCE

The Group's actions are based on compliance with the laws and regulations of the markets in which it operates

USE OF CONSUMER DATA

The use of data of its consumers and customers is understood as protection of the rights of the interested parties and the basis for maintaining the relationship of trust with the Group

BRAND REPUTATION

Upholding and strengthening the reputation of its brands towards all major stakeholders, primarily customers, investors and employees, supports the Group's leadership in the reference sector

BUSINESS PARTNERSHIPS

Upholding and consolidating commercial partnerships allow to create value along the entire value chain of the Group and to offer increasingly innovative, competitive products able to respond to consumer needs on the market

AFTERSALES SERVICES

An assistance service able to listen to the needs of consumers and to respond quickly and comprehensively to their requests is a key factor for consolidating relationships with consumers and strengthening the reputation of the Group's brands

CHAPTER 2:

"The people of De'Longhi Group"

VALUING OUR PEOPLE, THE EVERYDAY MAKERS

HEALTH AND SAFETY OF WORKERS

The health and safety of workers represent the foundation of the Group's responsibility towards its employees

RECRUITMENT AND RETENTION OF TALENT

Attracting and retaining talents within the Group and maintaining high customer satisfaction are key elements to achieve business objectives

CHAPTER 3:

"Our products, to improve everyday life"

INTEGRATING SUSTAINABILITY IN PRODUCT DESIGN AND INNOVATION

PRODUCT SAFETY

Product safety, including food safety, is the essential to guarantee consumers' trust in products and brands

INVESTMENTS IN NEW TECHNOLOGIES (product-related)

Investments in new technologies are the basis for continuous product innovation

ECO-FRIENDLY DESIGN

Attention to environmental issues in product development is expressed in the design of products, for specific categories, with a reduced environmental impact in their use by the consumer

DIGITAL TRANSFORMATION

In an increasingly digital world, product innovation is becoming ever more linked to the ability to propose new technological and digital solutions (Internet of Things, Applications, Home Automation)

PRODUCT INNOVATION

In an unrestrained evolving technological context, the ability to offer innovative products capable to address new customer needs is the basis of company competitiveness and represents a way of implementing the De' Longhi Group's mission

PRODUCT LABELING

Correct and clear product information is essential not only to meet regulatory requirements, but also to maintain a lasting and trusting relationship with consumers

CAPACITY TO INSPIRE

As an international leader in many of its markets, the Group intends to position itself as a company capable to inspire new behaviors and habits along its value chain, primarily with respect to end consumers and suppliers

CHAPTER 4:

"Sustainability during all production phases"

RUNNING SUSTAINABLE SUPPLY CHAIN AND OPERATIONS

HUMAN RIGHTS

Safeguarding working conditions that respect fundamental human rights is part of the Group's responsibility towards its employees and suppliers

MANAGEMENT OF EMISSIONS AND FIGHT AGAINST CLIMATE CHANGE

Climate change and its consequences call upon companies to pay careful attention to responsible management of climate-changing emissions

RISK MANAGEMENT ALONG THE SUPPLY CHAIN

Prevention and management of risks linked to the supply chain are a necessary conditions to ensure the continuity of the Group's business

INVESTMENTS IN NEW TECHNOLOGIES (process-related)

Investing in new technologies is the basis for innovation and for increasing the sustainability and efficiency of production processes

NETWORK DISTRIBUTION EFFICIENCY

The ability to make the Group's distribution system ever more efficient and effective is fundamental to offering a quality service to its customers and to being able to react promptly to market demands.

For more information on material issues and the individual thereof, refer to the Methodological Note.

2_ The people of the De' Longhi Group

Valuing our People, the Everyday Makers

We care about the well-being and growth of our people. For this reason, since 2015, we have been welcoming the voice of our community of employees worldwide, thanks to active listening tools that enable us to build global and local improvement plans in line with the real needs of people. We place people at the centre of all of our initiatives, thus creating the context and conditions in which they can give their best and actively contribute, with their talent, to the Group's results.

Highlights 2019













OF FEMALE EMPLOYEES

2.1_ The Everyday Makers

Entering the homes of millions of households every day, our people represent an essential pillar: the energy and passion shown in their work, combined with their daily commitment, contribute significantly to the Company's success, the philosophy and values of which ensure that relations between people are managed with care and attention. This distinctive feature is the necessary foundation for the enhancement of human and professional growth paths and enables employees to be motivated and retained and, at the same time, to attract new talents.

Furthermore, the De' Longhi Group undertakes to promote the professional growth of its employees, ensuring a stimulating environment. A key element is also the commitment to promote a workplace marked by corporate values, such as passion, courage, teamwork, ambition, competence, respect and heritage, which encourage employees to be loyal and fair with their colleagues, demonstrating mutual trust, leveraging the value of diversity whilst avoiding any kind of discrimination.

The management of human resources is entrusted, at Group level, to the Human Resources and Organisation Office, coordinated by the Chief Corporate Services Officer; on a local level, it is overseen by the dedicated Human Resources structures present both in main geographical areas and in more structured branches of the Group. These organisations deal with aspects relating to both the administrative management of the employment contract and, above all, with the management and development of internal resources, talent acquisition, development and retention, internal communication, the development of important initiatives associated with both the engagement of staff and oversight of health and safety in the workplace, organisational issues and trade union relations.

During 2019, the Corporate HR structure was rethought and redesigned to ensure greater consistency with the organisational changes made by the Group in recent times. The new organisational structure provides for:

- a breakdown of managerial roles into macroclusters focused on overseeing functional areas as well as specific skills;
- the strengthening of the Group's central structure with regard to Talent Acquisition, Training and Development of Human Resources and Internal Communication activities, responsible for the development and implementation of major projects and initiatives aimed at enhancing the full potential and talent of employees and their retention within the Group.

In order to ensure a growing harmony and uniformity in the management of people on an international level, also 2019, the De' Longhi Group used the models of the SAP SuccessFactors management systems (known as PULSE in De' Longhi), functional to the mapping of information and the management of compensation, performance management, learning and development processes. Specifically, the PULSE learning modules enables employees to define their own learning path according to their needs, by independently accessing an online training catalogue and taking courses in e-learning mode. The module also enables the corporate function to automatically track attendance on the courses offered, thus enabling analysis to be carried out and the identification of the training priorities of the Group's people. [GRI 102-16, GRI 103-2, 103-3]

In October 2019, the Human Resources and Organisation Department launched the third edition of the *Employee Engagement Survey* – "Your Voice: to Make the Difference", which is a true gauge of the level of motivation and satisfaction of the Group's people. Over 90% of the Group's employees participated in the Survey, a trend in line with previous editions that also reflects employees' attachment to their company. The results of the 2019 edition will, in 2020, enable the creation of new cross-departmental working groups that will focus on the ideas for improvement that emerged from the Survey.



Value Makers – strengthening corporate identity through play Said that the strength of the De' Longhi Group lies in the values and mission that guide many companies, in 2019, an innovative training course was launched dedicated to the Group's 7 Global Values, in which participants were involved in team-building activities. Specifically, teams of employees in multiple countries worldwide have shared the experience of an escape room based on the 7 Global Values, created for De' Longhi, on the company and its history. The initiative also involved facilitators, employees who are not part of the Human Resources Office, who supported their teams during the activities, facilitating their dynamics and managing the debriefing, also monitoring the level of engagement of the participants. In this way, a playful activity such as an escape room stimulates people to act, in their daily lives, in the awareness of being part of a single Group, sharing the same values that go beyond their nationality and role. Our vision Worldwide, Every day, By your side A desirable 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, and our way of being and working. They are ideals that guide the Group's operations through the day-to-day work of its people and their projects. Ambition, Courage, Teamwork, Passion, Competence, Heritage, Respect. We are a community of over 7,000 people in more than 30 countries; everyday around the world our people give it their all studying

world, our people give it their all, studying innovative solutions and creating products with the goal of making our consumers experience special and authentic moments: we are the Everyday Makers. As at 31st December 2019, the Group consisted of over 7,850 employees, recording a decrease of 7% compared with the workforce of the previous year. However, it should be noted that, considering the average number of employees in 2019, the difference is less significant (-4%) compared with 2018. Women account for 49% of the Group's workforce. 93% of employees have a permanent contract, a slight increase compared with the previous year (90%).

The De' Longhi Group People:

Fig. 11 - Number of employees by geographical area [GRI 102-8]



Fig. 12 – Percentage of employees by gender, 2019 [GRI 102-8] Men Woman 61% 39% **ITALY** 57% 43% **EUROPE 53**% 47% **APA 58**% 42% **MEIA**



Fig. 13 - Percentage of employees by contract type [GRI 102-8]

Fig. 14 - Number of employees by contract type and gender, 2019 [GRI 102-8]



New recruits of the De' Longhi Group "Onboardays"

For new entrants into the De' Longhi at the beginning of the year, the welcome format was rethought in line with the "Welcome on Board" format organised in 2018. As of this year, the welcome into the De' Longhi world has become more interactive, involving new entrants in collaborative and engaging activities: Onboardays, organised every six months, involve new employees in Italy and colleagues from abroad in two original days organised *ad hoc*.

The new welcome format for De' Longhi colleagues enables them to anticipate the contents relating to the organisation of the various departments via *e-learning* mode, through the module included in PULSE "Get to know De' Longhi Group", thus ensuring an interactive participation through teambuilding activities over the two days, enabling participants to get to know each other and immediately stimulate the sense of belonging to the Group, a single international reality.

University talent

In its constant search for new talent and specialist profiles to include in the Company's growth path, in continuity with previous year, the Group has consolidated and strengthened its relations with the academic world through numerous collaborations with the best universities in Italy and abroad, including Ca' Foscari University of Venice, the University of Padua, Strate Ecole University of Paris, HfG University of Offenbach and Musashino University of Tokyo. In addition, partnerships continued with the Polytechnic University of Milan, the Polytechnic University of Turin, Bocconi University and the Donghua University of Shanghai, which enable the creation of a network of synergistic contacts and an exchange of knowledge between the Company and the academic world. In addition, in 2019, an Academy was launched in Italy dedicated to recent IT graduates who, after following a specialist training course, were directly placed in the company.



Fig. 15 – The De' Longhi Group's people, breakdown by qualification and gender, percentage [GRI 405-1]



Fig. 16 – The De' Longhi Group people, breakdown by qualification and age, percentage [GRI 405-1]



In 2019, the Group's workforce comprised 61.2% of workers, 34.9% of employees and the remaining 3.9% of managers. Most of the company population is aged between 30 and 50 (64.2%); also significant is the percentage of people over the age of 50, which amounts to approximately 18.9% of the total Group employees. Additional detailed figures are reported in the appendices to this document.

All employees in Italy, Romania, France, Portugal, Spain, Austria, Ukraine, Brazil and the United States are covered by **collective bargaining agreements**. These agreements, on the other hand, cover employees in the following countries to varying degrees: Benelux (98.5%), Germany (for De' Longhi Braun Household, 79%) and Australia (14%). For the remaining countries, there is no mandatory collective bargaining agreement and, consequently, no employee is covered. For this reason, 53% of the De' Longhi Group's employees are covered by collective bargaining agreements. [GRI 102-41]

In 2019, the De' Longhi Group recorded 2,845 permanent employee hires and 3,167 terminations. In the APA (Asia, Pacific, Americas) area, there are higher hiring and termination rates, mainly due to the high turnover rate that generally characterises the labour markets in Asian countries.

Fig. 17 - Total number and rate of new permanent employees hired by gender and geographical area, 2019

GEOGRAPHICAL AREA	WOI	WOMEN		MEN		TOTAL	
GEOGRAPHICAL AREA	Tot. (no.)	Tot. (%)	Tot. (no.)	Tot. (%)	Tot. (no.)	Tot. (%)	
ITALY	29	5%	66	7%	95	6%	
EUROPE	372	21%	390	30%	762	25%	
АРА	831	69%	1,146	85%	1,977	77%	
MEIA	7	28%	4	11%	11	44%	
GRUPPO	1,239	34%	1,606	44%	2,845	39%	

Fig. 18 - Total number and rate of permanent employees terminated by gender and geographical area, 2019

GEOGRAPHICAL AREA	WOMEN		MEN		TOTAL	
	Tot. (no.)	Tot. (%)	Tot. (no.)	Tot. (%)	Tot. (no.)	Tot. (%)
ITALY	20	3%	49	5%	69	6%
EUROPE	465	26%	483	37%	948	31%
APA	892	74%	1.246	93%	2,138	84%
MEIA	5	20%	7	19%	12	20%
GRUPPO	1,382	38%	1,785	49 %	3,167	44%

In terms of human resource management, the De' Longhi Group is also committed to protecting the human rights of its people. These aspects are also checked during the audits carried out by customers, during which conduct regarding work practices such as, for example, child labour and overtime work is checked.

During 2018 and 2019, no reports were received regarding cases of discrimination. In 2017, a complaint was received at the UK office with reference to discriminatory practices associated with an employee's sexual orientation. These reports were handled in accordance with internal rules, which provide for an investigation by the managers of other departments, the results of which are reported in a special report. In addition, in 2018, a case of child labour was recorded at the OnShiu plant in China, which emerged following an audit conducted by a customer. The case was specifically linked to the presence of a worker under the age of 18, the son of employees, who, during the recruitment stage, had submitted forged documents showing that he was of legal age. Following the appropriate checks, the Group proceeded to terminate the employment relationship with the minor and the parents and further checks were carried out to ensure the eligibility of employees at the plant. Following this incident, various initiatives and checks were implemented during the recruitment stage, also in agreement with the local authorities, to avoid the repetition of this event. In confirmation of the oversight of the issue, in 2019, there were no cases of non-compliance in terms of Human Rights within the Group.



Towards a shared approach to social commitment

The De' Longhi Group is constantly committed to enhancing and supporting the communities and territories in which it operates through the development and promotion of numerous specific initiatives and projects that have lasted for years, which respond to local needs and which include three main strands: the territory, health and research, well-being and sport. Being aware of the importance of structured and meaningful action, the Group shall define and implement common *ad hoc* guidelines in the coming years to promote and consolidate charitable and voluntary initiatives, to increase awareness within the Group and to promote best practices with a view to virtuous and synergistic social impact.

In 2019, the De' Longhi Group distributed approximately €1.8 million to the community, up 50% compared with 2018. Of this amount, over one 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.

Fig. 19 – The value distributed to the community, percentage*





"Giving something back" in Romania

In 2019, the Cluj-Napoca plant in Romania, which has over two thousand employees in service in the area, saw numerous activities involving employees in voluntary activities and more, with the aim of "returning" to the community what had been received. The various initiatives include: participation, for the second consecutive year, in World Cleanup Day, which, on 21st September 2019, saw employees and their families clean up waste in the Maguri area, near the city of Cluj Napoca; the planting of over 700 trees at Donath Park in Cluj-Napoca was part of a project in support of a local NGO. Lastly, there were several collaborations with the local government and non-profit organisations in Romania, such as the research activity launched with the Institute for Research in Circular Economy and Environment "Ernest Lupan" (IRCEM) in the field of circular economy.

The various initiatives and collaborations active in the area contribute daily, not only to the image and recognition of the Company in the local area, but also to creating an authentic sense of belonging and synergy between De' Longhi employees, the business of the Group to which they belong and the community within which said Group operates on a daily basis.

MAAM project – parenting as a life-skill

In 2019, De' Longhi joined the MAAM project in Italy, aimed at enhancing human capital through the caregiver life experience, which develops through the role of parents. In fact, numerous scientific studies show that the skills most sought after by companies, such as relational and organisational skills, are naturally developed during life experiences such as parenting. The MAAM project therefore involves men and women who have experienced the birth and/or growth of a child, promoting educational and multimedia involvement activities to enable skills but also to stimulate networking between people, enhancing their experiences.

The pilot project in Italy involved numerous parents during the year (43 parents and 126 webinar participants), stimulating skills such as empathy, negotiation skills and the organisation of resources and people. For the future, the ambition is to extend it to more international companies within the Group, further stimulating the sharing and overcoming of cultural and linguistic barriers.





2.2_ Support and growth of people

With constant commitment, the Group pursues the objective of supporting its employees in their professional development, for example, by guaranteeing *ad hoc* training courses to increase skills and enhance people's careers: demonstrating the efforts made, 2019 saw a 13% increase in per capita training hours and a total of over 160 thousand hours of training, marking an increase of approximately 6% compared with the previous year.

In this context of continuous growth, De' Longhi has renewed its "U-Connect" managerial support programme. The programme, founded from the 2015 survey, has involved hundreds of managers over the years, with over forty editions worldwide: at the Headquarters, at the branches, in the factories. The new managerial development path, founded in 2019, is entitled "*WeMake*" and aims to represent the continuation of *"U-Connect*", proposing innovative formulas and workshops on the trend of the previous path (for more information, please see the box *"WeMake – Shaping together our future"*).

During 2019, continuity was also given to the various training courses associated with leadership, at basic and advanced level. The development of collaborators is essential, which is why the Group also invests in specialist/technical training, as in the case of regulatory updates regarding management systems.

In this regard, in 2019, employees in Italy had the opportunity to join various classroom "training nuggets" offered within a catalogue that can be accessed from the PULSE learning module: each nugget focuses on different aspects, including leadership, public speaking and project management and can be freely chosen based on the employee's interests.

Fig. 20 - Training for people, hours [GRI 404-1]



The enhancement of our people, an integrated system

The Human Resources Office organises assessment and coaching activities aimed at key figures at the Italian offices and worldwide branches, to map and develop the skills and potential of the people involved. In 2018, the enhancement of people within the Group involved the implementation of the salary review practice, which led to the definition of increasingly formalised and standardised methodologies on a Group level and the adoption of a dedicated policy. In line with the process initiated, in 2019, the new Group MBO Policy was also adopted, which manages the variable remuneration applied to employees of Group companies with a string propensity towards Group Identity.

Fig. 21 – Personnel training 2019, average hours per employee [GRI 404-1]

Fig. 22 – Personnel training 2019, average hours per employee [GRI 404-1]



In 2019, the average hours of training provided to male employees amounted to 23.1, whilst those provided to female employees amounted to 18.1. The breakdown of average training hours by job title amounts to 19.2 for blue collar, 23.2 hours for white collar and 19.9 hours for managers.

To ensure the growth and professional development of its people globally, the Group uses a **performance assessment** system, which, in 2019, recorded the involvement of 2,039 employees, 40% of whom were women; also, during the year, out of the people subject to performance assessment, approximately 87% were white collar, 10% were managers and the remaining 3% were blue collar. The current systems enable the identification of the strengths and areas of development of each employee and the definition of the various training areas on which an improvement plan is to be set up, including an interview between the employee and his or her line manager. The assessment model, compulsorily applied to all management figures and those who have managerial roles in Italy and abroad, is obviously in line with the Group's corporate values. An update and review of the underlying mechanism is expected in 2020. [GRI 404-3]





Fig. 23 – eople who underwent a performance assessment by gender in 2019, number [GRI 404-3]

Fig. 24 – People who underwent a performance assessment by qualification in 2019, number [GRI 404-3]





WeMake – Shaping together our future

In continuity with the U-Connect project, during 2019, a three-day training course dedicated to Group managers was offered, with the aim of supporting them in the development of people management skills. The initiative aims to help managers in managing their team, through experiential workshops in which they can experiment with new conduct. To date, the course has involved approximately 600 Group managers and is a pillar of the Group's training offer, which will continue in the years to come.

2.3_ Health and safety in the workplace

Strict compliance with the health and safety standards of the workplace are an imperative for the De' Longhi Group, implemented, not only in compliance with the legislative provisions, but also through continuous prevention and improvement actions in terms of the well-being of employees. The issue is overseen by the Human Resources Department and by delegated representatives on the fulfilment of health and safety obligations on a local level, such as, for example, the Head of the Prevention and Protection Department for Italy and the plant managers in China and Romania.

In addition to the reference legislation of the countries in which it operates, the Group has developed an organisational model in line with the requirements of the OHSAS 18001 standard, aimed at overseeing the health and safety of people at the Group's plants. Specifically, the production plant in Italy achieved the UNI-INAIL validation following specific audits.

In the past year, in continuity with previous years, the Group has also invested in the improvement of health and safety within all production plants. [GRI 103-2, 103-3]
Employee well-being

The De' Longhi Group is constantly committed to improving the working conditions of its workers, specifically at the four production plants worldwide. In its awareness of the multiple needs and different conditions that characterise working environments on a local level, the Group implements numerous specific actions and projects dedicated to the various plants, aimed at responding to specific needs. Therefore, numerous improvement actions have been implemented over the years, specifically dedicated to: optimising the ergonomics of workstations, mitigating and resolving the main health risks associated with the manual handling of loads, repetitive movements and the use of force.

For example, the "Well-Being" project, which has been active since 2018 at the Mignagola and Gorgo al Monticano plants, in collaboration with the University of Padua, provides information and training initiatives, such as, for example, physical education courses in the presence of experts originating directly from the University and informative videos on the correct posture to be maintained during certain activities, thus enabling the spread of a culture of health and prevention of the related risks.

In 2019, the Group continued its investments to improve the ergonomics of workstations, carrying out, not only an assessment of all workstations, but also the replacement of various machines with the aim of reducing the use of force and automating certain tasks. In addition, a pilot project was launched at the Mignagola plant for mapping and categorising the risk classes of the workstations inside the production lines present on site, which have been recorded and computerised on an *ad hoc* platform: this tool enables the provision of systematised information on the health and safety of staff available and the organisation of the daily reallocation of people and their duties, also based on physical conditions and the level of exposure to risk. The pilot project is expected to be extended to other Group plants in the future. Lastly, at the two plants of Mignagola and Gorgo al Monticano, thermograph analyses of the electrical systems were carried out in order to prevent accidents and to keep the oversight of the matter monitored.

At the Cluj Napoca plant, investments continued during the year to improve the health safety conditions of workers and the replacement of obsolete machinery was completed, which involved the renewal of the machinery present on site for a total of 72 injection and moulding machinery. In addition, during the year, the process began of implementing the plant certification based on the ISO 45001 standard, which is expected to be obtained in 2020.

Lastly, as regards Chinese production sites, investments in 2019 concerned works to improve the infrastructures at the canteen inside the plans and the provision of safety and prevention devices at all workstations. Furthermore, at the ZhongShan site, all training updates on health and safety planned for the year were carried out, completing the annual training plan prepared internally. In addition to this, several improvements have been implemented inside the plant to reduce risks, such as, for example, the provision of guardrails in certain handling areas and the installation of fire doors. At the Dongguan site, on the other hand, investments continued to improve the safety of workstations, through voluntary external audits on health and safety, in continuity with 2018, as well as the renewal and replacement of obsolete equipment and monitoring of the systems in workplace.

During 2019, there was a 39% reduction in the number of accidents, with 49 accidents recorded compared with 80 in 2018. The global injury rate decreased by approximately 35%, with a value of 2.79 in 2019, compared with 4.2 in 2018, indicating that, for the same working hours, the risk of incurring an accident is lower. The lost day rate in 2019 also decreased for both the male and female population, resulting in an overall value of 0.07 compared with 0.13 recorded in 2018.

The occupational disease rate index, although the number of cases is extremely low (four cases recorded in 2017 and 3 in 2018 and in 2019), is in line with the figure relating to 2018, amounting to 0.16 in both years. For male employees it is zero, whilst for female employees it shows values up be approximately 5%.

As regards the rate of absenteeism, a slight decrease can be noted for both the male and female population, with a total value of 2.67 in 2019 compared with 3.03 recorded in 2018.

For further information regarding the methodology for calculating the accident rates, please refer to the Methodological Note.

Fig. 25 – Injury rate [GRI 403-2]

	MEN		6.28
2017	WOMAN	2.76	
00	MEN	5.25	
2018	WOMAN		
10	MEN	3.8	
2019	WOMAN	1.4	
Fig.	26 – Occupatio	onal disease rate [GRI 403-2]	
17	MEN	0.10	
2017	WOMAN		0.35
00	MEN	0	
2018	WOMAN		0.34
0	MEN	0	
2019	WOMAN		0.4
Fig.	27 – Lost day r	ate [GRI 403-2]	
1	MEN		0.17
2017	WOMAN	0.05	
00	MEN		0.18
20	WOMAN	0.08	
0	MEN	0.08	
2019	WOMAN		
Fig.	28 – Absentee	rate [GRI 403-2]	
17	MEN	1.57	
2017	WOMAN		2.48
00	MEN		2.28
2018	WOMAN		3.89
0	MEN		.7
2019	WOMAN		3.7

3_Our products, to improve everyday life

Integrating sustainability in product design and innovation

Style, design, quality and functionality are the common elements that characterise the Group's brands. Over time, they have led our brands to be recognised worldwide by consumers, thus becoming leaders in the coffee, food preparation and comfort segments.

Highlights 2019



3.1 The highest design standards: style, design, quality and functionality

The De' Longhi Group, as a leader in most of the markets in which it operates, intends to use its skills and passions consolidated over the course of its long history in such a way as to anticipate and meet the needs of its customers and end consumers.

A distinctive feature of the Group is undoubtedly innovation: an integral part of the Group's strategy, it is protected by special patents managed at Corporate level; in this regard, at the Hong Kong office, there is a technical department responsible for the research projects developed in collaboration with local suppliers. The Group also adopts specific guidelines for the design of new products, or NPD (New Project Development) procedures: this process involves various corporate departments, starting from the technical departments to the Marketing and Design departments. The former, present in the offices of Treviso (Italy), Frankfurt (Germany), Havant (United Kingdom) and Dongguan (China), employ a total of over 350 people, engaged in the design of new solutions and the identification of materials compliant with the current legislation of each country; therefore, in carrying out the activities, the Marketing and Design departments collaborate with the Regulatory team of the Quality Office to ensure the constant oversight of the regulatory updates for the sector. In addition, the local for global approach adopted by the Group requires the development of products that comply with the strictest standards in force in the more than one hundred countries in which the Group markets its solutions. The close collaboration of the Operation and Technology department with certain commercial partners, for which the Group designs and manufactures coffee products and with certain prestigious Italian and foreign universities, supports the development of innovative products, which offer the best solutions in terms of design and experience of using the product.

Innovation is not limited only to issues of compliance with the regulations and standards in force on energy efficiency, food safety and noise pollution; in fact, it is divided into various aspects, such as the search for maximum multifunctionality and ease of use, design, ergonomics, silence, energy efficiency, carefully chosen materials and product durability, as well as the development of a technology that promotes healthy eating habits and increased **home comfort**. Out of all the aspects mentioned, the development of products that guarantee optimal performance whilst guaranteeing durability is particularly relevant: in a sector in which the practice of planned obsolescence is a significant obstacle to the creation of a virtuous model of circular economy, eco-design and the assemble of products made from components that are easy to disassemble and clean are now a consolidated practice within the Group (please see paragraph *"Integrating sustainability in product design and innovation"*).

A further particularly relevant aspect is the continuous drive towards the digitalisation of markets and consumers: for this reason, the Group invests in the development of innovative solutions linked, for example, to the so-called Internet of Things and connectivity, two digital technologies that enable the remote control of products. In a historical era and context in which the concepts of smart city and smart home are becoming increasingly central in daily life, these technologies are an integral part of people's habits and enable, amongst other things, the remote management and activation of appliances, with a consequent benefit in terms of reducing energy consumption (please see the box The main De' Longhi Group's products). The development of innovative products is also supported and promoted by the collaboration that the Group has consolidated with certain commercial partners: with some of them, for example, such as Nestlé Nespresso and Nescafé Dolce Gusto, the Group designs and produces a series of coffee products. Customer satisfaction is assessed through dedicated panel tests, both before and after launch on the market, enabling an assessment of the level of satisfaction with De' Longhi products.

The Group is also committed to promoting the sustainability of the production chain, from the conception of products to their use. The daily mission of ensuring quality, unique designs, ergonomics and reliability cannot overlook attention to environmental and social issues related to the production and use of our products. It is from this responsible perspective that, also during 2019, there were numerous initiatives in favour of the environment, integrating sustainability into product design and into the research and development of innovative products, with a view to increasing commitment also in the fight against climate change, an issue of primary importance in today's world more than ever (please see the paragraph Energy efficient products, for maximum performance with less impact).

In continuity with the previous year, the Group continued with its **investment plan** dedicated to human resources and equipment in the plants in Italy, China and Romania, with the dual purpose of supporting the research and development of products and the production capacity of the sites. Overall, investments in research and development activities amounted to **€52.3 million** (approximately 2.5% of revenues) during 2019, substantially in line with the figure for 2018. Out of the investments in research and development in research and development activities spent in 2019, **€11.2 million** were capitalised under intangible fixed assets.

Young designers in research:

Partnerships with the best Italian universities

For several years, the Group has been promoting lasting relationships with the best Italian universities and research centres, constantly seeking the best talents and innovative and functional ideas for the wide range of products offered.

Amongst the Italian universities with which projects and collaborations are still active, are, for example, the University of Padua, the Polytechnic University of Milan, the Polytechnic University of Turin and the LIUC University of Castellanza.

With the latter, throughout 2019, a project was promoted as part of a course dedicated to innovation, with approximately 70 students who, divided into groups, took part in a challenge, the purpose of which was to improve the sustainability parameters of the iconic Pinguino De' Longhi, adopting a 360-degree perspective that includes, not only the product's energy efficiency, but also packaging, the supply chain and end-of-life disposal. The activity, in addition to actively involving numerous students, enabled the company to grasp valuable insights from the new generations. Furthermore, also in terms of home comfort and care, in 2019, collaboration project was launched with the best Italian Universities (Polytechnic University of Milan – Design and Engineering and Polytechnic University of Turin) to produce Degree Theses on innovation topics, such as miniaturisation, noise reduction and ergonomics of ironing systems and cleaning systems.

In addition, during 2019, the Home area became an active part of UniSmart - University of Padua Foundation, the university foundation created to promote Technology Transfer and Postgraduate Training. With the University of Padua, however, two projects are active in the field of coffee machine design, which aim to optimise the dispensing of beverages, guaranteeing the highest quality performance for consumers, in addition to the in-depth study of vibro-chemical systems, designed *ad hoc* to guarantee a homogeneous arrangement of the coffee inside super-automatic machines.

During 2019, the collaboration with the Department of Design of the Polytechnic University of Milan (POLI.Design) continued, with which a severalweek-long workshop entitled "*Smart Design*" was promoted, which involved numerous students. The aim of the events was to define a more sustainable life in the kitchen, in collaboration with the Braun and De' Longhi brands, in order to create a visionary concept of daily life that includes less food and energy waste, healthier cooking and more consumer awareness.

With POLI.Design, an innovative research project was also launched that studies the interaction between the characteristics of buildings (including: architecture, the modulation of internal spaces and the progress in energy technologies for heating and cooling) and the cultural and habitual aspects that characterise consumers in different areas of the world: the ultimate objective of the study is to define a new aesthetic format for portable domestic radiators, to adapt them to current lifestyles, thus transforming them into objects capable of integrating in harmony in the home environment.

Universities and De' Longhi worldwide

There are numerous projects and partnership activities with universities worldwide, including DHU Donghua Shanghai, with which three days of workshops entitled "Importance of Consistency" were organised which covered the themes of design and innovation for the coffee business, with a global and local perspective on consumer habits.

In Germany, at the Design University Bauhaus Weimar, two days of workshops dedicated to the centenary of the famous design school were organised, which also involved the Braun brand. During the sharing and Q&A sessions, pupils and professors were involved.



The main De' Longhi Group products

Coffee

Fully automatic coffee makers

Maestosa is the new "class" of De' Longhi brand range, equipped with the new Adaptive Grinding Technology, which guarantees an optimal coffee grinding process, thanks to the electronic control. Equipped with an innovative touch screen and Bluetooth connection, thanks to an app, it also offers the option of customising beverages. Maestosa, "a masterpiece of quality and innovation", found success in the market and was awarded at "La Foire de Paris" during the "Grand Prix de l'Innovation" event held in 2019.

Dinamica Plus, with its touch display and an integrated and automatic cleaning function, was awarded in 2019 as the best product in its category by the German ETM Test Magazine due to the results obtained in the testing phase. DēLonghi



DēLonghi



Capsule coffee machines

The new Gran Lattissima is the latest model of Lattissima capsule coffee machines and offers the option of preparing milk-based beverages paired with Nespresso coffee. Gran Lattissima is equipped with a stylish touch interface, which makes it easy and convenient to use; the autooff function also enables the reduction of energy consumption. In 2019, Gran Lattissima was awarded by the English magazine Which? as the Best Buy in its category.

(DēLonghi)



Manual and filter coffee machines

La Specialista is the new De' Longhi manual machine, on the market since the beginning of 2019. With its unique and elegant style, it is positioned in the new premium segment of the manual espresso machines category, offering consumers the opportunity to experience a sophisticated coffee-preparation experience, equivalent to that of the barmen. It is also energy efficient, thanks to an electronic temperature control which, in addition to ensuring excellent coffee extraction, significantly reduces energy consumption. La Specialista was awarded by English magazine Which? as Best Buy and by the German Haus und Garten Test Magazine as Best Product in the conducted test category.

DēLonghi



The new Braun MultiServe coffee machine, thanks to the new ExactBrew brewing system, guarantees an optimal and constant result for every cup. The exclusive heating technique results in SCA (Speciality Coffee Association) certified coffees, keeping them at the perfect temperature for the first to the last drop. The MultiServe enables the amount of coffee to be dispensed to be selected quickly and practically, ranging from the single cup to the entire pot. Thanks to its innovative features, the Braun MultiServe coffee machine was awarded by the iF Design Award 2020.

brAun



Home comfort and cure

Pinguino and Tasciugo AriaDry Range

Thanks to the use of R290 refrigerant gas, the entire range of Pinguino Air Conditions and Tasciugo AriaDry Dehumidifiers is equipped with a green core. This gas has an environmental impact up to 700 times lower than that of traditional refrigerant gases, enabling a significant reduction in the impact on global warming. This result is made possible by the decades-long experience of the company which, anticipating the standards currently in force, developed and patented this technology over twenty years ago.

In addition, the Pinguino PAC N82 ECO was awarded as Best Product in its category by the German ETM Test Magazine due to the results obtained during the testing phase.



Sensor Air

The Braun Sensor Air purifier features a smart technology that continuously monitors the VOC and particulate content in the air, whilst the silent 4-level filtration system removes up to 99.9% of PM2.5 and fine dust measuring as little as 0.3 microns. Sensor Air, after obtaining the Plus X Award in 2018 as both the best product and in the quality, design, ease of use and functionality categories, in 2019, it was also awarded the German Design Award.

brAun



CareStyle 5 & CareStyle 5 Pro Steam generator iron series

The new generation of Braun CareStyle 5 ironing systems achieve very high performance for the category thanks to the excellent levels of continuous steam and the Eloxal soleplate which, aided by the 3D BackGli technology, provide excellent smoothness. Everything is mad even easier and more intuitive thanks to the lcare technology, which enables all garments to be ironed without the risk of producing halos or damaging the garments. The Braun CareStyle ironing systems have been awarded German Design Award 2020 and the Plus X Award 2019, obtained as both best product of 2019 and in the quality, design and ease of use categories.

brAun



CareStyle Compact

The new CareStyle compact produces more than double the steam compares with normal irons, a feature that helps to halve ironing time. The exclusive vertical design also enables it to occupy 50% less space than traditional irons, making it extremely handy and practical: these innovative feature, which earned it the Red Dot award in 2018, have enabled it to win the iF Design Award 2019, the German Design Award 2019 and the German Innovation Award 2019.

BRAUN



Food preparation and cooking

Icona Capitals

Icona Capitals is a kettle v characteristic 1950s style With a capacity of 1.7 litre: a customisable-colour sta steel body, Icona Capitals a base that can rotate 36(degrees, a convenient wa indicator positioned in the removable and washable slag filter and a safety sys guarantees self-shutdowr boiling point is reached. T to its features, Icona Capi has been awarded by Eng magazine Which? as Best its category.



Mesmerine Breakfast collection: Toaster & Kettle Mesmerine

The Kenwood brand Mesmerine kettle, with its modern design and wide range of colours available, is made with materials that are soft to the touch and easy to clean. The internal water level indicator and the removable and easy-to-wash id, together with the generous 1.6-litre capacity, make the Mesmerine kettle a versatile and comfortable-to-use product, awarded by English magazine Which? as Best Buy in its category and as an energy efficient product, as well as winner of the prestigious Red Dot Award 2019. To complete the Mesmerine range, also winners of the Red Dot Award 2019, are also 2- and 4-slot toasters, also characterised by a bright 3D pattern, soft to the touch and easy to wash.

KENWOOD



Multipro Compact+

The Multipro Compact+ food processor enables, thanks to a wide range of accessories, the quick and easy cutting, grating, grinding and blending of any type of food. Its motor enables two different processing speeds to be set, but the main feature is its intuitive interface, which enables ingredients to be weighed directly in the bowl, one of the properties that contributed to its award by Altroconsumo.

KENWOOD



Kenwood Kitchen machine

The Kenwood Chef and Cooking Chef line mixers are equipped with a planetary movement that enables the easy kneading, beating and blending of any ingredient. In addition, the kitchen machine Cooking Chef Gourmet, with induction cooking, is the only mixer that enables cooking of up to 180°C.

Furthermore, in 2019, the Kenwood Chef Elite mixer was awarded by German magazine ETM as best product in its category due to the results obtained in the testing phase.

KENWOOD



Kmix Stand Mixer

Kmix multifunction machines are equipped with a planetary movement than ensures high, yet silent, performance. Thanks to the electronic processing speed adjustment, they enable joltfree processing, guaranteeing professional results. Powerful, versatile, robust and easy to clean, Kenwood Kmix kitchen machines were recognised as one of the best in their category by English magazine Which? in 2019.

KENWOOD



PowerBlend 3

The new PowerBlend 3 blender, thanks to TriAction technology, has a triangular-shaped container which enables easy blending of any type of food. Its specific profiles also enable blind spots to be avoided, where food accumulates without being chopped. Designed to work efficiently and quietly, PowerBlend 3 obtained the Plus X Award 2019 in the quality, design and ease of use categories.

brAun



MultiQuick MQ5 Vario Fit

The new MultiQuick MQ5 Vario Fit reaches 21 different speeds to guarantee even more precise results. These speeds are easily set, whilst the powerful 1,000 watt motor provides the necessary power to quickly grind a wide range of products. During 2019, the MultiQuick MQ5 Vario Fit was awarded the German Design Award 2019.

brAun



MultiQuick MQ 7X

The now even more powerful and faster new Minipimer Braun MultiQuick 7 has been designed to prepare meals quickly and easily. The innovative ACTIVEBlade system reduces effort by swinging the blades vertically when they encounter an obstacle. Designed to provide high performance, increasing the workable surface area for even better results, it has been awarded numerous awards, including the Red Dot Award 2020, the iF Design Award 2020 and the German Design Award 2020, as well as the Plus X Award in the quality, design and ease of use categories.

brAun



ID Collection

The new Breakfast ID collection, comprising a toaster, a drip coffee machine and a kettle, adapts to any type of use thanks to its specific functions: the toaster enables bread to be toasted in 13 different shades, the OptiBrew coffee machine system enables the temperature and preparation time to be optimised to ensure the aroma of the beverage and the kettle has a function that enables the water temperature to be kept warm even after it has boiled. The ID collection, designed for types of breakfasts, was awarded the Plus X Award in 2019 and the Best Product of 2019, in the quality, design and ease of use categories.

brAun



RoboMix

RoboMix is a compact and multifunctional food processor. The set of blades supplied allows to chop, shred and knead any ingredient. The RoboMix Metal model was voted best product by Altroconsumo research in 2018.



Taking care of our consumers, ensuring support, transparency and data protection De' Longhi considers essential not only the high quality of products, but also the range of related services offered, capable of responding to the needs of consumers and ensuring a *consumer journey* that is adequate to the expectations of *end-user*. These practices are an integral part of the corporate strategy aimed at protecting the image and good reputation of the company, as defined in the Group's Code of Ethics.

In order to constantly monitor overall consumer satisfaction, the Group adopts various KPIs, including the **Net Promoter Score (NPS)**, which is defined according to the response – based on a scale from 0 to 10 – of consumers to the following question *"To what extent would you recommend the product purchase to a family member or friend?"*: the NPS is therefore an indicator designed to measure customer loyalty and to determine the likelihood that a customer will recommend the product or service to other people.

The Marketing function also conducts timely surveys, on a Corporate and brand level, in order to analyse the level with satisfaction the Group's range compared with products on the market or to test the potential appreciation of a product during the launch phase. All market surveys are also essential to keep monitoring the level of the brand reputation on the part of end consumers.



Amongst the various initiatives, below are some surveys conducted over the 2017-2019 three-year period:

Kenwood food processor Survey sample approximately 2,000 people in each identified market Markets United Kingdom, United States, France, Egypt, South Korea, Russia Start and end August – September 2019 of the survey Main results 63% of participants bought the product to make life easier and save time. The main advantages of the food processor recognised by the interviewed public lie in its functionality and versatility, suitable for even the most experienced and demanding consumers.

kCook Multi Smart food processor



Survey sample Markets Start and end

of the survey

Main results

569 customers with a kCook Multi Smart

France

2018-19

96% of the participants in the survey declared that they would recommend the product to friends and relatives, on a scale of 1 to 5, with an average grade of 4.3. 81% of the sample also said that the kCook Multi allows a significant time saving and 66% declared that they use it several times a week.

Braun Jug blender



Survey sample	40 customers using the Jug blender
Markets	USA
Start and end of the survey	April 2019 Phase 2 (first phase: December 2018)
Main results	The survey enabled the improvement, through the use of mock-ups, of the understanding of the key elements of the design of a high-end product that guide consumer choice and the testing of different interfaces in order to improve usability for the American market.

Braun Steam station



Survey sample

Markets

Start and end of the survey

Main results

50 customers using the Steam station for each market

Germany, Italy and Russia

September/October 2019

The survey enabled the understanding, through the use of mock-ups, of the key elements of the design of a high-end product that guide consumer choice and the identification of future functions that would add value to the products.

Esge/Bamix hand blender



hand blender					
-	Phase	1			
Î	Survey sample	30 customers using the Esge/Bamix hand blender			
T	Markets	Germany			
æ	Start and end of the survey	December 2018			
11/	Phase	2			
Щ.	Survey sample	30 customers using Esge/Bamix products after one month using the Braun MQ9			
ar du	Markets	Germany			
	Start and end of the survey	February 2019			
	Main results	the led to the understanding that the product's versatility is a key feature. In fact, 68% of the sample would buy the Braun MQ9 instead of their own hand blender and 83% would recommend it.			

Coffee sector



Aim of the survey	both qualitative (phase 1) and quantitative (phase 2) research was conducted to verify the opportunities and barriers in world of espresso, with specific focus on fully automatic machines
Survey sample	focus group (qualitative phase) and online questionnaire (quantitative phase)
Markets	Germany, France, Poland, China, Japan
Start and end of the survey	2018
Main results	the survey confirmed the strong interest in the world of espresso and the presence of different interpretations of the concept of "espresso" in different geographical regions. The product promise of fully automatic machines is significant, even in different markets: excellent result in the cup thanks to the genuineness of the coffee beans and smart technology, fast and easy to use. De 'Longhi is considered a credible brand for coffee and the survey has allowed us to identify a high potential for increasing customer awareness of fully automatic machines, a still relatively young product

Braun filter coffee



Survey sample

Markets

Start and end of the survey

Main results

48 customers using premium coffee machines for each market

USA, Germany and Sweden

December 2019

category.

the led to an understanding, through the use of mock-ups, of the key elements of the design and the potential of innovative features to be introduced in the filter coffee market. For all marketed products, the De' Longhi Group offers a support service to end consumers through a network of contact centres and technical support centres managed by the Customer Care Department. In fact, during 2019, the Department, which was already dealing with management of pre- and after-sales end consumer requests, enriched its skills with the desire to reflect the increasingly integrated support service to consumers throughout the entire purchasing and after-sales process. For this reason, contact centres and technical support centres remain essential tools for relations with consumers for the function, which defines the valid reference standards for the entire Group.

The network of contact centres, which operates in outsourcing mode, covering almost all the Group's branches, takes charges of the support requests of end consumers, providing product information and continuously providing the necessary support for an optimal customer journey. The dedicated Customer Relation Management system monitors the related activities, guaranteeing the best standards.

In continuity with previous years, the technical support services consist of approximately 1,800 centres contracted directly by the Group, of which approximately 300 in Italy and 12,000 centres served by partner distributors. In order to ensure a high level of monitoring for these activities, over the years, the Group has internalised a set of repair activities, previously managed by third-party suppliers in Germany, England, Switzerland, Benelux and Japan. In addition to sharing common lines and standards of intervention, the Customer Care Department constantly monitors the quality of the service provided by the technical support teams and by the contact centres, through inspections and specific indicators, and periodically provides dedicated training: to this end, as of 2018, the "Certificate of Excellence" was established in Italy to award the partners offering the best services in terms of quality, a recognition that is given to facilities that obtain a score of over 85% during surprise visits carried out during the year. The Group's support partners are in fact subjected annually to a mystery visit by the Group's delegates and, in the event of a score higher than 85%, they are awarded an "Excellence Award" which states the score obtained and can be exhibited at the De' Longhi technical support shops.

Training for employees and external partners specialising in technical support and is provided throughout the year, through classroom courses or via the e-learning platform, as are final qualification tests. Specific training courses are also organised at the time of new product launches. During 2019, over 600 people were trained with a total of 6,000 training hours, either in person of via web training. There are over 1,400 active users of the e-learning platform, with a growth of approximately 100 units compared with 2018. The content of the training courses was enriched by improving the standard of the structure and adding presentations of all the main products launched during the year, for all brands. Training dedicated to contact centre and monitoring operators was intensified through qualitative analyses of interactions. During the year, a new tool was introduced for managing the Knowledge Base, i.e., the coded information that makes up the FAQ structure, as well as additional procedural or product information, which operators can use, ensuring accuracy and compliance in communication. Customer feedback, recorded in the CRM, is processed quarterly in reports shared with the marketing, R&D and Quality departments.

During 2019, the Group also introduced new management tools for reviews and Q&As (questions and answers) for certain key customers. The quality of the customer support service is also monitored through a set of indicators, including the average support time which, in the 2018-2019 two-year period, was less than 5 days for approximately 94% of products.

The quality of repairs carried out by technical support is instead monitored through the **First Time Fix (FTF)** which indicates the percentage of repaired products that did not need new assistance in the subsequent six months. In continuity with previous years, the values of the FTF in 2019 is higher than 95%, indicating that almost all of the products received adequate and quality repairs, amongst the best performances on the market.

Support technology, to improve every day

An extensive SAP Customer Relation Management (CRM) management system has been implemented in all Group companies, enabling an integrated and efficient management of consumer data. This system enables the tracking of interactions between the company and consumer base that reaches approximately 80% of the Group's revenues and is capable of generating feedback and performing analyses of the information gathered.

Furthermore, since 2017, the use of Business Intelligence has been integrated, which is current an essential tool for De' Longhi's Digital Marketing Department. In fact, thanks to BI, analysts are able to capture the so-called *"weak signals"* and carry out immediate and timely market analyses to respond effectively and promptly to the needs of consumers worldwide, such as, for example, by following the launch of a new product.

Lastly, throughout 2019, a centralised system of "quality control" of the customer care service was introduced, with the aim of monitoring the adequacy and effectiveness of communication between the company and the consumer, noting, amongst other things, ideas for improvement than can support any type of interaction with the end consumer. The project was first developed for four main markets: The United States, Great Britain, Germany and certain countries in Central-Southern Europe; in the coming year, it will be extended to other Group companies.



Use of consumer data

In line with the principle of confidentiality contained in the Code of Ethics and reference regulations, the De' Longhi Group is committed to protecting the confidentiality of information and data in its possession relating to customers and consumers. This information is gathered and stored in two data centres, located in Italy and China, the security of which is guaranteed through both physical and computer security systems, with the support of the centralised IT department.

In relation to institutional sites, the information provided by consumers is contained within the *webserver* located in the Google Cloud Platform, the security of which is guaranteed by exploiting the modern technologies of Google services, as well as thanks to the commitment on compliance issues that Google itself ensures in compliance with the current legislation on data protection and in relation to the main international standards on information security (ISO 27001) and cloud services (ISO 27017, ISO 27018), as well as the regulatory requirements resulting from the recent General Data Protection Regulation (GDPR 2016/679).

Lastly, in relation to data management and protection, in 2019, there was a case of non-compliance at a Group company in Germany, due to a potential data breach risk that was promptly reported to the competent authorities, in compliance with the current legislation and, therefore, resolved with the critical issue arose. In 2018, there was a case of information loss limited to just three consumers. In 2017, however, there were no cases of non-compliance in terms of privacy management. [GRI 418-1]



Ensuring the highest quality of our products, our hallmark

The quality of products and services offered is fundamental importance for the De' Longhi Group: in fact, said quality is overseen by the Quality Department through the Regulatory Affairs team, which is responsible for overseeing all aspects associated with compliance with the laws and regulations in force in terms of both product and food safety. The centrally defined provisions are implemented locally by dedicated teams, each of which is structured on two levels. The teams specifically operating at the factories are responsible for the quality control of products manufactured internally and of those received from suppliers of finished products; other teams, on the other hand, operate on a brand level, monitoring the quality during the development phase and at the time of any reports received from the market. In both cases, the oversight is guaranteed as early as during the design phase, in order to prevent any causes for anomalies or malfunctions of the products and to guarantee the best qualitative standards: to this end, an additional dedicated team contributes to making product quality management more efficient, with specific attention both during the design phases and in the event of reports from the market.

As of 2018, product quality has also been monitored through the ISO 9001 certified organisational model, adopted both in the Group's European plants and in Chinese production sites: the implementation of this management model enables the introduction of an integrated, more orientated approach to sustainability.

For the monitoring of the qualitative efficiency of the process, the Quality department has been long equipped with certain indicators, including the **First Time Quality Indicator (FTQ)**: it enables the verification of certain types of functional or aesthetic defects associated with individual products. The FTQ specifically expresses the quantity of products characterised by perfect quality in relation to the total production: to this end, in the three-year period 2017-2019, the overall values assumed by the indicator showed a stable trend, confirming an excellent performance on a Group level.

First Time Quality is the main indicator used amongst the various quality control tools: each of them is supported by external audits, performed by both certain customers and commercial partner, for which the Group produces products related to the world of coffee and air conditioning. Although the main purpose of these external audits is the assessment of product quality, they are also aimed at monitoring aspects related to ethics and employee working conditions, training and the hygienic conditions of production lines.

These indicators, through which the quality of the Group's products is assessed, are as follows:

• **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. Since 2019, a section dedicated to environmental aspects has been added to the checklist used for this type of audit, in addition to those already present.

• **Quality Evaluation (QE)**: measures the quality of the product, through a sampling on a statistical basis of each single lot before the shipment of OEM finished product suppliers based in China (Pre-Shipment Inspection).

• **On Time Delivery (OTD)**: measures the shipping time used by the supplier and, in particular, the difference between the established delivery date 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.

To have a measurement of the defects of products that have malfunctioned or broken within the first years of their purchase, the Group uses an additional indicator, known as **Service Call Rate (SCR)**: it monitors, in percentage terms, the number of machines repaired in the first year covered by warranty. As with the FTQ, the overall value of the SCR recorded in 2019 (and its constant improvement during the threeyear reporting period) also testifies to the constant commitment and consequent success of the De' Longhi Group is producing products of undisputed quality. [GRI 103-3]

Protecting consumer safety, complying with the highest standards

The possible use of substances affected by regulatory changes in terms of safety is ruled out thanks to a proactive approach throughout the entire development phase. The monitoring of these regulations is the task of a team belonging to the Quality department, the aforementioned Regulatory Affairs team. In fact, this team has the task of overseeing all aspects relating to current legislation on product safety, including food safety, defining a series of guidelines and product control criteria that are valid for all De' Longhi Group companies. [GRI 102-11]

As regards food safety, the Group's voluntary commitment to adopt a specific organisational model has been continuing for some time: it takes inspiration from both Good Hygienic Practices (GHP) and from ISO 22000 and ISO 1672-2 food safety standards, which specify the requirements for the health and hygiene of foods and the products with which they come into contact. Specifically, the 22000 standard is based on HACCP principle and on the Codex Alimentarius: its adoption enables the company to assess, monitor and manage all possible risks to which it may be subject, as well as to prevent the occurrence of possible accidents along the entire production chain and to assess the compliance of its products with the legislation in force. In addition, the organisational model was developed in line with the principles and requirements of product traceability expressed by ISO 22005. In this way, for each component and product marketed, it is possible to provide all information relating to both the supplier and the end customer, the recipient of said product.

Scenario BOX: HACCP and the Codex Alimentarius

Scenario BOX: 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 said food must comply.

The system breaks down into 7 fundamental 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 minimise a food safety hazard.
- 3.Definition of critical limits, i.e., the reference values 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 recording procedures.

The Codex Alimentarius is a set of rules and regulations developed by the Codex Alimentarius Commission established by the FAO and WHO with the aim of protecting the health of consumers, ensuring the fairness of international food trade and preserving the correct production and storage of food.



Furthermore, during the pre-production phase, all Group products are qualified by a third party in order to guarantee their food safety and to confirm their alignment with the standards in force in terms of electrical safety (tested on all products once their production has started) and compliance with food contact (analyses that are carried out periodically on a sample basis). [GRI 416-1]

In relation to product safety, in 2019, an Italian company recorded a case of non-compliance with European Directive 2014/35/EU, entitled the "Low-Voltage Directive", due to an inaccurate communication in the instruction booklet of a small kitchen appliance, which was promptly corrected. However, in the two-year period 2017-2018, there were no significant cases of non-compliance associated with product health and safety. [GRI 416-2] [GRI 417-2]

In relation to information and product labelling, the Regulatory Affairs team supports the Research and Development Department and the Marketing Department in the creation of specific booklets and labels: in fact, it is necessary that these are continuously monitored and consistent with the provisions of the regulatory framework of the country in which the finished product is distributed. Specifically, there are some requirements for the due fulfilment of regulatory obligations regarding product information and labelling: one of these requires that each appliance marketed by the Group reports the country of origin and any refrigerant gas content. Instructions on how to use the product and on its disposal once it has reached the end of its life cycle are provided inside said manual. [GRI 417-1]

Still, with regard to information and product labelling, during 2018, a case of non-compliance with European Directive 2014/35/EU, also known as the "Low-Voltage Directive", was recorded, whilst in 2019 there were two cases of non-compliance with this Directive (one of which concerns the same non-compliance described above). In 2018, there was also one report concerning a dehumidifier model, received from the Hong Kong Customs and Excise Department in relation to the "Commercial Order". [GRI 417-2]

Partnership for the future

Throughout 2019, the Group collaborated with FluidSolids, a German company specialising in the search for innovative solutions and technologies that aim to enhance production waste and scraps with a view to "Waste to Value" and circular economy. Specifically, the Group collaborated with Fluidsolids to find a solution for used coffee pods, which can be reused by creating a bioplastic material that therefore reduces the generation of waste.



3.2_Integrating sustainability into product design and innovation

The De' Longhi Group's commitment to guaranteeing respect for and protection of the environment and society extends along the entire value chain, starting, therefore, from the procurement of raw materials and the design of products that have the least possible impact on the environment and that ensure respect for the people and for the communities in which the Group operates.

The following are amongst the various priority objectives for the Group: the use of alternative packaging materials to plastic or, in any case, materials with a lower environmental impact; the use of alternative, recyclable or recoverable materials within the production chain once the end of life has been reached; the energy efficiency of products during the usage phase; the promotion of sustainable lifestyles by consumers.

In its awareness of the objectives undertaken and the strategy in place, the Group has undertaken a series of timely and integrated initiatives, which testify to the direct and genuine commitment to a more sustainable future.

Increasingly greener innovation

Amongst the various initiatives implemented by the Group to offer increasingly sustainable products, throughout 2018, Braun's research and development team, assisted by a specialist external company and by the Polytechnic University of Milan, conducted a *Life Cycle Assessment* (LCA) on one of its hand blenders to understand its impacts throughout the life cycle and to identify useful solutions to mitigate them. The result of the LCA led to the identification various eco-design activities in order to further contribute to the mitigation of environmental impacts.

In addition, throughout 2019, the LCA study was also extended to product packaging, taking into consideration the standard small, medium and large sizes, with the aim of also mapping their relative impacts and developing re-design activities, as well as further improving the environmental footprint of the Group's products.

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Increasingly more sustainable packaging

For several years, the De' Longhi Group has been activating various initiative to analyse, optimise and reduce the materials used for product packaging, enabling the mitigation of environmental impacts and the optimisation of the costs for procuring the material used.

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. For example, Kenwood food processors and planetary mixers achieved a reduction of approximately 8% of the packaging volume. At the Cluj plant in Romania, the new packaging for the Dolce Gusto coffee machines was reduced by approximately 20%, thus enabling an increase from 24 to 36 boxes per pallet, consequently optimising transportation.

The activities to improve the efficiency of packaging subsequently also involved the search for alternative materials to polystyrene (EPS), commonly used as protective primary packaging for some of the Group's products. Throughout the two-year period 2018-2019, activities were initiated to replace EPS, for some models, with recycled cardboard which enables the maintenance of the same quality and protection standards of the products sold, representing, amongst other things, an excellent replacement material for the polymer previously used. For example, 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 for 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.

The Group also invested in research and the efficiency of the packaging used with the operations and for logistical movements within the company scope: for example, at the Chinese plants, pallets made of plastic material recovered from production waste were used, replacing traditionally used virgin wood pallets: the replacement initiatives already implemented in previous years have resulted in a saving of approximately 630 tonnes of wood thanks to the reduced number of pallets used for transport and a decrease in the number of lorries used, resulting in avoiding approximately 693 tonnes of CO₂. On the other hand, at the Cluj plant, a project involving the regeneration of wooden pallets, which were traditionally discarded if they deteriorated, was launched: from January to October 2019, 5,867 wooden pallets were repaired, helping the recovery of over 146 tonnes of wood, thus resulting in a saving of approximately 42 tonnes of CO₂ equivalent. Also, within the plant in Romania, incoming packaging, notoriously in cardboard and plastic, is recovered and recycled for use within the site to extend its life and usefulness.

Lastly, in 2019, analysis and testing activities continued on two product categories to reduce the cardboard used for the packaging of finished products, which began in 2018; the result, also for the current year, have highlighted significant reductions in terms of both unused containers (78 containers per year) and consequently avoided ship trips, and in terms of cardboard saved, amounting to approximately 265 tonnes. The pilot phase is expected to be finalised in 2020 and optimisations are expected to be extended across multiple product lines and categories at Chinese plants.

Connected products, in line with digital transformation

In continuity with previous years, also in 2019, the Group invested in the development of digital technologies that enable the connectivity and ease of use of products, such as, for example, Wi-Fi systems and touch screens. These functions improve both the customisation of the products offered and the monitoring and prevention of any operating anomalies, resulting in the increased effectiveness and timeliness in the event if any support interventions. For example, since 2015, De' Longhi's fully automatic machines have been presenting innovative functional elements: connected with Bluetooth technology, they can be controlled remotely by a mobile device, thus enabling a maximum degree of beverage customisation. Following the example of these products, the development of a line of coffee machines that enables connection via Wi-Fi was recently completed, highlighting the Group's commitment to the development of machines connected via various networks and systems, such as Wi-Fi or Bluetooth.

Similarly, the Group's research and development activity has focused on the study of new user interfaces and products enables for network connection also in the sector of cooking and comfort products. In addition to the range already available for the Japanese market of Apple Homekit heating products, during 2019, an oil-free radiator capable of providing better quality sleep was marketed on the same Japanese market: thanks to its synergy with the Apple Watch, it enables the operating temperature to be set according to the various phases of sleep, which are constantly measured using biometric parameters; all this is enabled by the connection between the various devices using Wi-Fi technology. Furthermore, also during 2019, the first products associated with the Kenwood brand were launched, developed in synergy with the International Design&Research Centre at Cardiff Metropolitan University, with which the Group has been collaborating for six years in studying the influence of connectivity on kitchen products.

Energy efficient products, for maximum performance and minimum impact

The research and development of De' Longhi products also passes through the energy efficiency driver, the backbone in which the Group invests on a daily basis, offering products that guarantee optimal performance and limited energy consumption, also contributing to the fight against climate change, an issue of primary importance for the Group and consumers worldwide.

Since 2009, the FEA (Swiss Association of the Appliance Industry), in accordance with the Swiss authorities, introduced the energy mark for espresso coffee makers, which became mandatory in 2014 for all machines marketed in the Swiss market. In this context, the De' Longhi Group decided to extend the certification in accordance with the EN 60661/2014 standard "Methods for measuring the performance of electric household coffee makers" to all coffee machines, regardless of the sales market. The energy mark proposed in the Swiss agreement classifies espresso coffee machines based on their energy performance on a scale ranging from class D to class A+++. At present, almost all De' Longhi fully automatic coffee machines are at least in class A, as well as all Lattissima models and manual coffee makers with electronical control such as Dedica and La Specialista models. In addition, all manual coffee machines, notoriously more energyintensive than super-automatic machines, are fitted with a patented system that enables them to be disconnected from the mains network or automatically switched off after a period of inactivity, with consequent energy savings. The "Eco-mode" also saves energy during the heating phase of super-automatic machines. Lastly, the stand-by function is currently implemented in all product ranges, thus enabling lower energy consumption levels than regulatory requirements. The range of ironing products for the comfort area will also soon be fitted with plate temperature controls than will reduce energy waste.

In recent years, the European regulations have prepared various regulations on energy efficiency. Specifically, EU Regulation No. 666 of 2013 regulates the compliance of vacuum cleaners in terms of energy consumption, product information and durability. As regards comfort products, in terms of electric heating, EU Regulation No. 1188 of 2015 establishes the level of energy efficiency for all products of this type. De' Longhi products have obviously been adapted to the legislation and meet all the requirements, demonstrating superior performance compared with the market average. In the United States, De' Longhi has adapted the portable air conditioners segment to the guidelines in terms of energy efficiency set by the national "Appliance & Equipment Standards" of the Department of Energy (DOE). Furthermore, as of 2020, a new California State Standards provides for further energy efficiency requirements for energy-intensive products, such as small household appliances marketed by the Group. In line with the company's high standards in terms of quality and energy efficiency, which go beyond the most stringent regulatory provisions, these provisions will be applied to the entire range within the US market and beyond.

In addition, throughout 2019, for products with refrigeration circuits for the European market, the initiative was completed to replace refrigerant gases with a high global warming potential with propane gas (R290) with a lower impact in terms of persistence and Global Warming Potential (GWP) in accordance with EU Regulation No. 517/2014 of the European Parliament and Council dated 16th April 2014 on fluorinated greenhouse gases. The entire range of Pinguino Air Conditions and Tasciugo Ariadry Dehumidifiers is current equipped with R290, which results in an impact on global warming up to 700 times less than traditional refrigerant gases, without sacrificing the efficiency of the products.

For Kenwood kitchen machines, investments are focused on implementing certain functions that rationalise cooking times and temperatures during the heating of foods. In addition, within the new food processor models, motors have been implemented that, even with a 1,400 watt motor instead of a 1,700 watt motor, guarantee the same performance, also thanks to the redesign of the blades, which are made sharper and more resistant. Lastly, the new stand-by functions implemented lead to an average energy saving of approximately 40%, a performance once again superior to the most stringent regulatory requirements and national standards.



Tested, durable and removable products for maximum functionality and for the environment De' Longhi products are designed and renewed, day by day, to withstand time and wear, constantly guaranteeing maximum quality and functionality.

Also for this reason, during the coffee machine development phase, numerous life tests are carried out, on both the components, subassemblies and, of course, on the finished product. The machines are specifically subjected to several thousand dispensing of beverages in standard conditions of use to ensure their reliability over time. For example, for every 10 Maestosa super-automatic machines, statistical quality controls are planned that provide for up to 45 thousand total beverage dispensing cycles (coffee, milk, hot water, steam and chocolate). These life tests are designed to test the average lifespan of the machines and assess solutions to extend it.

In addition to the ability to ensure a significant number of cycles, the design and investment activities are oriented towards the development of products that can be easily disassembled and that are, above all, repairable, in order to ensure maximum length of life and functionality. The ease of disassembly of Braun super-automatic coffee machines and hand blenders, combined with the "Dishwasher safe" feature that ensures that they can be washed in a dishwasher, also results in a reduction of water consumption and the use of chemical pollutants associated with cleaning.

Super-automatic coffee machines are also equipped with certain patented systems that result in minimal maintenance and the reduction of detergents and water during the washing phase; specifically, the coffee assembly can be disassembled and washed with running water, without the need for detergents and lubricants, whilst the milk system is cleaned with steam and hot water, at the end of each dispense, so that the remaining milk can be placed back in the refrigerator and used later. Lastly, the milk jug is also fully removable and dishwasher safe. The Lattissima machine is specifically equipped with a patented innovative system that enables its easy disassembly into just five dishwasher-safe pieces. Lastly, the machine is able to work with various types of milk, including plant-based milk, offering De' Longhi solutions for consumers with multiple dietary needs.

De' Longhi coffee machines do not generally require any particular routine maintenance, apart from the normal descaling cycles for limestone removal, the notorious enemy of the longevity of products, for which the Group has developed a specific product based on lactic acid, "Ecodecalc", which is a useful, safe and environmentally-friendly natural remedy. The quality and durability of De' Longhi products is also achieved thanks to sustainable innovation, specifically aimed at increasing the repairability of products, avoiding the production of waste caused by end-of-life scrap. During financial year 2019, the types of whisks used were reduced for all Kenwood Chef machines (from thirteen to just two types), eliminating plastic and aluminium parts in favour of more resistant and sustainable stainless steel. In order to monitor performance with a view to continuous improvement, a "repairability index" is also being designed, which will soon be implemented. Throughout the year, the Kenwood brand also chose to make software updates available in its connected kitchen machines, which can be accessed free of charge, enabling consumers to update Kenwood applications and use them on all devices, regardless of the year of purchase and model bought, avoiding additional costs and the premature obsolescence of products.

Lastly, the synergies created between the Group's brands are significant, such as between the Kenwood and Braun brands, which share information and storage of internal components for some small kitchen appliances: during the year, a rationalisation activity was carried out to improve availability in warehouses, thus speeding up times for repairing and replacing internal components when necessary.

Products that promote healthy lifestyles, for daily wellbeing

In the context of research and development, in addition to what has already been discussed in the preceding paragraphs, the De' Longhi Group is constantly active in guaranteeing its consumers safety in terms of food contact, making use, amongst other things, of collaborations with various universities. The increasingly consistent spread of health trends and healthier eating habits has focused the attention of an increasingly large number of consumers on types of kitchen products capable, for example, of maintaining the nutritional properties of foods. The fully automatic coffee machines, for example, thanks to their boiler with electronic temperature control, enable the extraction temperature to be kept within the limits set by the sector's international standards, thus keeping the organoleptic properties of coffee intact and, at the same time, enhancing its taste and aroma. As previously mentioned, the Group has launched partnerships with major universities in Italy and abroad, in order to respond to the new dietary needs of consumers, by developing, for example, innovative systems operating through the principles of "vibro-chemistry" to make the dispensing phase more efficient and, consequently, to achieve an optimal infusion in both taste and aroma.

The recent development of Kenwood products has also been driven by an attempt to respond to the growing consumer demand for healthy food. The Pure Juice extract line, for example, using "Scrolling" technology, which enables the extractor to work at slow rotation (48 revolutions per minute), reduces, at the same time, the overheating and oxidation of the ingredients, enabling fruit and vegetables to be juiced without losing their nutritional properties. In this way, beverages retain the natural flavour and colour of their ingredients for longer. An important role in the development of products in this sector was played by the University of Reading, with which the Group has started a productive collaboration centred on research activities relating to nutritional aspects. This activity has enabled an analysis of the better understand the effects that heat, oxygen, the speed of the blades and mixing actions of blenders have on the nutritional properties of food.

Amongst the many initiatives already in place since 2018 and relating to this topic, the new Multifry range of fryers is relevant, capable of cooking food using hot air and significantly reducing its fat content. In fact, according to tests carried out in the laboratory, the De' Longhi Multifry enables the cooking, for example, of a kilogram of fresh potatoes, using just one tablespoon of vegetable oil, without the finished product losing its crunchiness and flavour. A no less important aspect of this cooking technique is related to the problem of the disposal of vegetable oils: it guarantees a reduced use of these oils, contributing to the reduction of the related environmental impact and limiting their home management.

The results of the consumer satisfaction with the product are reported in the paragraph *"Taking care of our consumers, ensuring support, transparency and data protection"*.

As regards comfort products, the productive collaboration between the Research and Development team and the Polytechnic University of Turin enabled the development of a 3 in 1 appliance: a fan heater and air purifier capable of purifying, heating and cooling the air, characterised by a patented aerodynamic design and an innovative "3D ComfortAir" technology which, combined, provide a uniform ventilation and a constantly clean environment. The controlled air flow exploits the so-called "Coanda effect", a principle of the physics of fluids used in aerodynamic studies for the design of aircraft wings: its specific characteristics enable the creation of a real "comfort zone", a three-dimensional zone of enveloping and warm-cool comfort that guarantees a pleasant sensation of well-being according comfort to the needs of consumers.



4_ Sustainability during all production phases

Running sustainable supply chains and operations

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 fair working conditions throughout our production chain and contribute to the growth of the communities in which we operate.

Highlights 2019





kWh

of self-generated electricity from renewable sources

ENERGY INTENSITY

INDEX

(kWh/ pieces produced)



Audits of new suppliers according to social, environmental and human rights criteria


4.1 Our production facilities

The De' Longhi Group's production model develops from the four factories located in Italy, Romania and China for the production and assembly of the finished product, the activity covers over 60% of sales and on a set of qualified partners, known as "Original Equipment Manufacturer" (OEM), which are also entrusted with the development, production and marketing of some products - mainly coffee makers.

The "local for global" approach adopted by the De' Longhi Group provides for the presence of dedicated centres of expertise, so that the production of a given product is allocated in a single plant. [GRI 102-10]

Once the production process is concluded, a test is carried out on the machines produced: this activity, aimed at verifying product safety, is managed on a factory level by dedicated teams. The process of verifying the quality requirements is subsequently carried out through specific audits by the Quality department, which is also responsible for verifying the quality of the production of finished product suppliers (OEM). Lastly, the new products are transferred and stored inside the warehouses at sourcing centres and logistics hubs, from which they are then distributed through the Group's commercial network.

As previously discussed in the preceding chapter, the technical support and information service for end consumers are managed by the Customer Care department, during both the purchase and postsales phase.

Dongguan (China) Joined the Group in 2001, with the acquisition of Kenwood, it is located in Qinxi Town, in Dongguan prefecture in southern China.

- Product category: Kenwood brand food preparation
- De' Longhi brand cooking Traditional coffee machines
- Home care brand Braun
- Manual built-in machines

Certifications • ISO 9001

Cluj (Romania)

Fig. 29 - Production in our factories

Converted in 2007 for the production of fully automatic coffee machines, it is located in Mignagola di Carbonera, not far from Treviso.

De' Longhi fully automatic coffee machines

Mignagola (Treviso, Italy)

Capsule coffee machines

Product category:

Certifications • ISO 14001 • ISO 9001

|||||||| > 400

> Acquired in 2013 and located near the city of Cluj, in Romania, it is the youngest and most modern plant of the Group.

Product category

- De' Longhi fully automatic coffee machines
- Braun brand kitchen products Capsule coffee machines
- Certifications
- ISO 14001
- ISO 9001

 $\sim 4 M$ ||||| < 400

IIIII NUMBER OF ITEM CODES (SKU) **IIIII NUMBER OF PIECES**

Zhongshan (China) Located near the city of Dongsheng Town, a southern Chinese city in Zhongshan prefecture.

Product category: Cooking Comfort

Certifications ISO 9001

||||||| < 400

The synergic management of the supply chain, carried out by the Supply Chain Department, the Quality function and the Purchasing Department, guarantees business continuity by ensuring the highest quality standards and compliance with environmental and social requirements linked to work practice.

To respond to the needs and specific features of the markets quickly and effectively, the assessment of finished products (which includes their purchase and the monitoring of suppliers) is conduced by three dedicated facilities, with offices in Italy and abroad and the skills of which are divided according to the product category and geographical proximity of production. In Italy, for example, there are offices dedicated to the coffee and ironing areas. In the United Kingdom, "motor-driven" products are managed and the comfort area is concentrated on in Hong Kong.

In Europe, the Supply Chain Department teams in Italy and Romania deal with the management of functional materials for components dedicated to production. However, in relation to Chinese Operations, the management of materials is overseen directly by the managers of the local plants, supported by three Procurement Officers divided by product category.



Increasingly efficient logistics

The efficient and integrated management of the production systems and of the flows into and out of the Group's hubs is an essential element to be taken into consideration in a market characterised by strong volatility of demand: the cornerstone of the De' Longhi Group's logistics system are the warehouses, located worldwide.

After the implementation of the second European hub in 2018, the activities for increasing the efficiency of internal flows and logistics activities continued throughout 2019, with a focus on the consolidation of the existing organisation and on the contingent needs arising from the market. [GRI 102-10] In continuity with previous years, efforts have focused on consolidating outbound logistics activities, providing for an integrated organisation of the hubs that enables the allocation of products and components as efficiently as possible, enabling a better allocation of product availability with respect to the volatility of individual markets and, guaranteeing, amongst other things, synergies also in terms of cost. The Dutch hub currently supplies Benelux, France, the Scandinavian countries and Germany. Following the logistical organisation that took place in 2018, the US hub, on the other hand, continues to manage significant volumes of products intended for the North American market, in line with the unstable geopolitical landscape that characterises relations between the United States and China.

Lastly, as the main activity to improve efficiency and reduce the impacts related to logistics activities, it is noted that, since 2018, the cross-functional initiative known as **"Assembly to order**" or **"Assembly To Track**", which provides for the shipping of products directly from the production site to the customer, without necessarily having to go through the regional hub, has been implemented and is currently in place. This practice is enabled by the final labelling of certain machines, previously carried out exclusively within each hub, which is carried out directly in the production plant. From the past year, this practice has optimised the transport system and has also improved the Group's performance in terms of *time-to-market*.

4.2_ Responsible supply chain management

Suppliers are a key element for the De' Longhi Group's activities and, therefore, the management of the supply chain is aimed at promoting best practices in terms of product quality, respect for human rights (including the condemnation of the use of child labour, forced labour and compensations that do not meet the minimum wage conditions of each country and, in any case, the dignity of workers) and work conditions, health and safety and environmental responsibility. In this regard, the Quality office conducts periodic audits on suppliers of finished products aimed at ensuring compliance with human rights, the values and guiding principles contained in the Group's Code of Ethics and, as of 2019, the main environmental standards. The latter, together with the social audits, are mainly conducted at the premises of the finished product suppliers of the Chinese plants, in line with international standard SA 8000 (Social Accountability). In addition, as of 2019, suppliers operating in China are required to sign, not only the Code of Ethics, but also the Code of Conduct of the De' Longhi Group, provided in both English and Chinese, in further proof of the commitment undertaken. Of no less importance is the requirement demanded of first-level suppliers that are required to also share the Group's Code of Ethics with the subcontractors with which they collaborate.

Specifically, the audits carried out enable an investigation into various aspects of a social nature, such as freedom of association and collective bargaining, working hours and conditions, health and safety, child labour and forced labour, discrimination and staff training. Furthermore, as previously mentioned, as of 2019, the Social Accountability audits have been supplemented with specific environmental audits, including compliance with the applicable regulations and standards (such as, for example, REACH, RoHS, etc.), the management and disposal of waste produced and the commitment to environmental protection.

During 2019, almost all (90.9%) of new finished product suppliers were subjected to an assessment according to social criteria, in line with the provisions of the SA 8000 standard [GRI 414-1]. The deviation from 2018, which presented an indicator value of 100%, is due to the presence of two audits carried out on around 31st December 2019, for which, at the end of the year, only the part relating to quality was finalised (the SCOC - Social Code of Conduct - qualification was duly completed at the beginning of 2020). During the year, a total of 50 audits were also conducted to verify compliance with human rights at the premises of 47 finished product suppliers and three Group sites, almost half of the Group's Operations, a figure slightly down on the previous year (approximately 66%) [GRI 412-1]. As regards environmental aspects, audits were carried out at the premises of 18 new finished product suppliers, amounting to 81.8% of the total; the difference in this value compared with the social audits is due to the fact that the environmental audits were initiated in the second half of the year and, as a result, are lower in absolute terms compared with those carried out on social issues.

The results of the product quality assessments comprise a **vendor rate**, used to classify partners into four categories (*preferred*, *approved*, *probation* and *exit plan*) and to monitor relations with a view to continuous improvement in the long term.



Social Accountability

The Standard Social Accountability (SA) 8000 is an international standard, developed in 1997 by the American organization SAI (Social Accountability International). Based on the ILO (International Labor Organization) conventions, the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child, it is the first international standard that offers a measure of the ethical level and responsibility of a company with respect to social aspects, identified below:

- 1. Child labour
- 2. Forced labour
- 3. Workers' health and safety
- 4. Freedom of association and collective bargaining
- 5. Discrimination
- 6. Disciplinary measures
- 7. Work hours
- 8. Compensation
- 9. Management system

Fig. 30 - New suppliers evaluated according to social criteria, number and percentage [GRI 103-3, GRI 414-1]



Fig. 31 - Operations subject to human rights assessment, number and percentage [GRI 103-3, GRI 412-1]



Percentage of Operations assessed out of the total

4.3_ Reducing our environmental footprint

In a constantly evolving context, the De' Longhi Group operates on a daily basis, paying specific attention to the proper management of its production sites, undertaking to reduce its environmental impacts; as well as the reality in which the Group operates, the environmental legislation continues to evolve, constantly being updated: it is a fundamental element to be taken into consideration in the context of proper management of the activities and impacts that these may have on the Group's business. Environmental aspects are managed by the Operation & Technology Department and by the Quality Department; specifically, for the Mignagola and Cluj production sites, an ISO 14001 certified environmental management system is operation, which requires, amongst other things, the performance of an integrated environmental analysis over the entire value chain, in order to define improvement measures to mitigate environmental impacts.

Specifically, at the Mignagola plant, photovoltaic panels are currently operating, enabling the selfgeneration of electricity from renewable sources that accounts for 7% of the total amount consumed, reducing the environmental impacts associated with production. During 2019, the renovation of the lighting systems at the Italian plants and at the Cluj plant continued: the traditional systems were renovated using LED lamps, which, with the same performance, result in a significant reduction in energy consumption. Also in terms of energy recovery, at the Cluj plant, an innovative warehouse heating system has been installed: it uses the heat generated by the plant's drying areas, reducing the amount of natural gas used to power the traditional boiler. Lastly, also during 2019, investments continued along the production lines to increase the energy efficiency of machinery and the reuse of waste materials throughout the production process.

The production asset efficiency activities initiated in 2018, aimed at improving energy efficiency and productivity, have also continued at the Chinese plants. Here, in fact, in 2018, the renewal of the machinery for plastic moulding had already been carried out, prioritising machinery powered by electricity over pneumatic machinery and ensuring an average reduction in energy consumption of 25%.



As during 2018, 2019 saw the further extension of the projects already implemented for the recovery of by-products of production processes, in line with the prospect of a circular economy. In fact, since 2018, at the Mignagola and Dongguan plants, part of the production waste resulting from plastic moulding has been reintroduced into the production cycle, guaranteeing savings in terms of incoming raw materials and reduced waste. This activity, which has already led to excellent results in terms of process, has also been promoted at the Cluj plant. However, as regards scraps resulting from the processing of ferrous materials, these are resold as raw material, whilst scraps of paper, cardboard and nylon are sent for recovery activities.

Lastly, at the Cluj and Mignagola plants, which are mainly dedicated to the assembly and quality control of coffee machines, initiatives are underway to recover the coffee used for on-site tests: at Mignagola, since 2018, the Nespresso capsules used to test the De' Longhi machines have been recovered to promote the recycling of the aluminium contained in them: the agreement with the municipal waste treatment company in Mignagola, which collects the capsules on a monthly basis, has enabled the collection of approximately 8 tonnes of aluminium and organic content over the two-year period, thus contributing to the reduction of waste that is otherwise difficult to dispose of. On the other hand, at the Cluj plant, the coffee used to calibrate the machines produced on site is reused several times for various testing phases and, once it reached the state of dust, it is used to produce compost.



Energy consumption and GHG emissions

At the Dongguan plant, the energy-saving plan continued during 2019: thanks to the installation of consumption metres, electricity consumption can be monitored in a timely and continuous manner and the most energy-intensive areas and tasks can be identified. During the year, the mapping of consumption in the production areas was therefore completed, which will enable the mitigation and energy efficiency measures to be planned in collaboration with the local government. It is also worth noting the promotion of various specific initiatives on a corporate and local level by the R&D departments, with the aim of reducing the environmental impact of the Group's products whilst being used by consumers. These initiatives, focused on energy efficiency, durability and product repairability, are consistent with the Group's approach to sustainability.

During 2019, the De' Longhi Group also continued some activities involving the analysis, efficiency and reduction of the materials used for the packaging of products, which led to excellent results both in environmental and economic terms (reduction in the amounts of virgin materials in procurement). For example, during 2018, an activity was launched involved the reduction of the sizes of the cardboard boxes used for the kitchen machines, which led to an average reduction of 8% in volumes for certain product categories. On the other hand, during 2019, the Braun brand implemented plastic material reduction solutions within the packaging used for its hand blenders. These packaging efficiency initiatives also affected the Group's internal logistics and operations: specifically, instead of buying new ones, at the Cluj plants, the use of repaired pallets is prioritised, resulting in a reduction of virgin wood which, during 2019, led to the saving of over 5,500 pallets. Similarly, at the Chinese and Romanian plants, the objective for the internal handling of goods is to reuse the plastic and cardboard packaging of the incoming components, which are otherwise disposed of upon entry.

In relation to energy consumption, amounting to 353,782 GJ in 2019, there was a reduction compared with the previous year, mainly associated with a slight decline in production volumes; the ratio between direct consumption (heating and transport) and indirect consumption (electricity consumption, district heating and cooling) is, instead, almost constant over the 3 years of reporting. Specifically, it is noted that the electricity purchased from the national grid, amounting to 263,907 GJ in 2019, accounts for approximately 75% of the Group's total energy consumption, representing almost all indirect consumption recorded in the year.



Fig. 33 - Direct consumption, GJ [GRI 302-1]



Specifically, in line with what was recorded in the two previous years, in 2019, direct energy consumption amounted to 87,441 GJ. Of this, most relates to production sites, which alone require approximately 57% of primary energy. The graph below shows the energy mix that constitutes direct energy consumption: 47.3% relates to heating which occurs mainly through the use of natural gas, whilst 33.1% and 14.4% are attributable, respectively, to the consumption of diesel and petrol for the company fleet.

Fig. 34 - Breakdown of direct consumption in 2019, percentage [GRI 302-1]



Indirect electricity consumption per piece produced in 2019 shows a trend of slight growth (approximately +3%, with 6.2 kWh in 2019, compared with 6.0 kWh in 2018), mainly attributable to the slight increase in said consumption, simultaneously with a slight decline in production volumes. Furthermore, during the year, part of the electricity consumed (approximately 5,387 GJ, -4.2% compared with 2018) was produced from renewable sources. [GRI 302-3]

During 2019, the Group undertook several initiatives aimed at reducing energy consumption. To this end, an important role was played by LED lighting: in replacement of halogen lamps, this technology has led to a significant reduction in energy consumption to illuminate the "Plastic Injection" area at the Cluj site; in the same way, by replacing less efficient types, LED lights have been used in warehouse lighting. Further initiatives that helped reduce overall energy consumption on a Group level by 390 GJ concerned the energy management centre (for monitoring waste) and the conversion to the use of less polluting vehicles. [GRI 302-4]

Fig. 35 - Indirect consumption, GJ [GRI 302-1]



In 2019, the Group's total CO₂ emissions amounted to 39,679 tonnes, down by 4.5% compared with 2018 (a trend in line with the reduction of energy consumption). It can be seen that CO₂ emissions are mainly due to electricity consumption, accounting for 86% of the total on a Group level.





Direct emissions Indirect emissions



Fig. 37 - Scope 1 direct emissions, tonnes of CO₂ [GRI 305-1]

Fig. 38- Scope 2 indirect emissions, tonnes of CO₂ [GRI 305-2]



In relation to direct CO_2 emissions, in 2019, a value of 5,439 t was recorded, equally distributed between the energy consumption of the offices and that of the production sites (49.5% and 50.5%, respectively).

As regards indirect CO_2 emissions, in 2019, a total value of 34,240 t was recorded, of which approximately 89% was linked to the production sites (and, specifically, to the two Chinese plants, which, with 20,013 t of CO_2 produced, significantly contribute to the Group's total indirect CO_2 emissions).

Fig. 39 - Scope 2 indirect emissions, tonnes of CO₂ [GRI 305-2]



In 2019, CO₂ Scope 2 emissions calculated according to the market-based methodology were approximately 4 thousand tonnes greater than those calculated according to the location-based methodology. By comparing CO₂ Scope 2 emissions (location-based) per piece produced, an increase of approximately 6.6% compared with the previous year (from 2.8 kg of CO₂ per piece produced in 2018 to 3.0 kg of CO₂ per piece produced in 2019) is also noted. The increase in emission intensity in 2019 is mainly due to the reduction in production volumes recorded in the year. Specifically, this is partly due to the fact that the Group's production plants have some structural energy consumption, regardless of the production volumes of said plants, which remain constant over the years. [GRI 305-4]

Lastly, the most significant emissions of pollutants in terms of the Group's production plants concern volatile organic compounds (VOC): during 2019, approximately 7 t of VOC were emitted, a value in line with 2018. Other polluting emissions concern NOx and so-called HAP (Hazardous Air Pollutants): also in this case, for both categories, the quantities emitted are substantially in line with what was recorded during the two-year period 2017-18. Less significant are the quantities of SOx emitted into the atmosphere, whilst POPs (Persistent Organic Pollutants) and particulates (PM) are negligible and zero, respectively. [GRI 305-7]

Fig. 40 – Other pollutant emissions into the atmosphere, tonnes [GRI 305-7]



Waste management

Landfill

During 2019, the Group's production plants generated 5,979 tonnes of waste, of which 97% of non-hazardous waste and the remaining 3% of hazardous waste. Out of the total waste produced, approximately 95% (96.9% of non-hazardous waste and 15.6% of hazardous waste) was sent to recovery activities, such as: reuse, recovery, recycling and composting.





As regards non-hazardous waste produced in 2019, the majority was sent to recycling (61.7%) and recovery (33.1%) activities, including energy recovery activities. As regards hazardous waste, however, the majority was destined for landfills (37.1%) or storage (46.4%).

Fig. 42 – Hazardous waste produced in 2019 by type of disposal, percentage

Recycling



Composting

5_ Methodological note

The principles for defining the content and quality of the report

De' Longhi Group's Sustainability Report is meant to report the relevant issues for the Group and its main stakeholders. It is prepared in accordance with the "GRI Sustainability Reporting Standards", the most recent and widespread non-financial reporting standards defined in 2016 by the Global Reporting Initiative (GRI), according to the "In accordance -Core" option which provides for the reporting of at least one GRI indicator for each relevant topic. [GRI 102-54]

This document has been prepared according to the principles on defining the contents of the report suggested by the GRI:

- **Completeness:** the material issues discussed in the report are covered in their entirety and represent the most relevant environmental, social and economic aspects for the Group's activities, thus allowing a complete assessment of the Company's performance in the reporting year.
- **Sustainability context:** the performances of the De' Longhi Group presented in this Report are included in the broader context of the company's business sustainability.
- Inclusion of stakeholders: this document shows the stakeholders of the Group and the ways in which their interests were considered in defining the contents of the report.
- **Materiality:** the issues reported were identified based on their relevance to the Group's business and to its stakeholders.

To ensure the quality of the information reported, the report's quality principles were followed in the drafting of the report as suggested by the GRI.

- Accuracy: the level of detail of the contents reported in the Report is adequate for understanding and assessing De' Longhi Group's sustainability performance in the reporting period.
- **Reliability:** the data presented in the document were collected, processed and validated by the managers of each department with the collaboration of a consulting company. The economic data are consistent with those reported in the Group's annual financial report.
- **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 reported for the 2017-2018-2019 three-year period and are accompanied by a comment relating to their performance in order to allow comparison and comparability of the Group's performance over time.
- **Equilibrium:** the contents of this document report in a balanced way De' Longhi Group's performance in the reporting period.
- **Timeliness:** the Report takes into consideration events occurring after 31st December 2019 that may be significant for the assessment of the Group's performance by stakeholders. [GRI 102-46]

Events occurring after the reporting period – Covid-19

With reference to the spread, in Italy and worldwide, of the Coronavirus (Covid-19) epidemic, which occurred during the first few months of 2020, it should be noted that this document was drawn up in tandem with said health crisis and the macroeconomic uncertainty it has caused, which, however, is still in constant evolution.

Since the beginning of the crisis, faced with a constantly evolving situation, the Group has implemented plans in order to safeguard the health and safety of its staff, firstly and, at the same time, has taken steps to ascertain possible critical issues in the production and marketing of its products in relation to their availability and the supply chain for supplies in the main markets.

This situation is mentioned in the various chapters of this document; the implications for the De' Longhi Group and for its stakeholders will be subsequently discussed and comprehensively analysed within the Sustainability Report, which will be drawn up for 2020, once the global economic framework is better defined.



Relevant topics: materiality analyses

The identification of the relevant topics was carried out starting from a documentary analysis of the main expectations and pressures of the Group's stakeholders identified on the basis of a media analysis and a benchmark analysis of the main companies operating in the sector. Specifically, those issues that express the expectations of stakeholders with a significant degree of dependence towards the Group and highly able to influence corporate strategies have been enhanced. The issues thus identified were subsequently evaluated and integrated by the company management according to the priorities and strategic objectives.



In addition to the material topics mentioned above, the following issues have been reported in this document: Local Communities, Waste Reduction and Gender Equality. These, in fact, emerged as significant in light of the planning and strategy process initiated by the De' Longhi Group over the years.

The reporting scope

This document represents the third edition of De' Longhi Group's Sustainability Report and contains the description of the initiatives and activities related to the 2019 financial year, as well as the performance trends of the 2017-2019 three-year period. The collection of performance indicators and the reporting frequency occur on a yearly basis.

The reporting scope coincides with that of the Consolidated Financial Statements, i.e. it includes fully consolidated companies for financial reporting with reference to Continuing Operations, unless otherwise stated. The reporting year to which the information and data included in this section refers is 2019. Any exceptions are indicated in the individual sections below of this methodological note. [GRI 102-50, GRI 102-52]

In line with the Consolidated Financial Statements, the data reported have been aggregated into the following areas:

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

For each topic subject to reporting, the description and perimeter of the impact of the issue along the value creation chain of the De' Longhi Group is shown, explaining whether this is internal or external.

Fig 45 - The relevant topics: framework [GRI 103-1]

тнеме	GRI DISCLOSURE	sc	OPE		E LIMITATIONS IE SCOPE
		Internal	External	Internal	External
Compliance					
Honest, truthful and fact- based communication	Marketing and labeling	Group	OEM Suppliers	-	-
Compliance	Anti-corruption Anti-competitive behavior, Environmental compliance, Socioeconomic compliance Customer privacy	Group	-	-	-
Use of consumer data	Customer privacy	Group	Contact Center	-	-
Business					
Reputation and brand value	Economic performance	Group	-	-	-
Business partnerships	-	Group	Partner	-	-
After-sales services	-	Group	<i>Contact</i> <i>Center,</i> Partner	-	-
The people of De' Longhi Gro	pup				
Attraction and talent retention	Training and education	Group	-	-	-
Workers' health and safety	Occupational health and safety	Group	Suppliers Contact Center	-	Reporting not extended to Suppliers and Contact Center
Our products, to improve eve	eryday life				
Product safety	Consumer health safety	Group	OEM Suppliers	-	-
Product innovation	-	Group	-	-	-
Investments in new technologies (of product)	-	Group	-	-	-
Product labeling	Marketing and labeling	Group	OEM Suppliers	_	_
Digital transformation	-	Group	-	-	-
Capacity to inspire	-	Group	-	-	-
Eco-friendly design	-	Group	-	-	-

ТНЕМЕ	GRI DISCLOSURE	SCOPE			G LIMITATIONS HE SCOPE
Sustainability during all prod	uction phases				
Human rights	Non-discrimination, Freedom of Association, Child labor, Forced or compulsory labor	Group	Suppliers	-	Reporting not extended to suppliers
Risk management along the supply chain	Supplier environmental assessment, Suppliers social assessment	Group	Suppliers	-	-
Emissions management and fight against climate change	Energy Emissions	Group	Suppliers, Contact Center	-	Reporting not extended to suppliers and Contact Center
Network distribution efficiency	-	Group	Partner	_	-
Investments in new technologies (of process)	-	Group	-	-	-

The calculation methodology

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

The people of De' Longhi Group

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.

The data relating to the breakdown of staff by job title, gender and age, for 2017, are unavailable with the same detail as the data for 2018-2019.

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.

Training provided

The data relating to the training provided for the year 2017 are not available for offices based in the Czech Republic, USA, Scandinavia, Canada.

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;
- **lost day rate** is the ratio between the total number of work days lost due to accident and the total number of working 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 the rates over the three-year period, whilst interns or staff hired under a project contract 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 2017 - 2019, 12.3, 5.5 and 6.5 GJ of electricity generated from renewable sources were produced at the Group's plants, which were subsequently transferred to the national grid. It should be noted that, in relation to the electricity consumption of the Campi Bisenzio offices during 2018, a change in measurement methodology took place.

Greenhouse gas emissions

Greenhouse gas emissions were calculated according to the principles set out in the ISO 14064-1 international standards. Specifically, it should be noted that the only greenhouse gas taken into consideration was carbon dioxide (CO₂). 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 CO₂ 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 2017, 2018 and 2019.

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

- For the calculation of location-based emissions, the factors used, for each country in which the Group operates, were those presented in Table 49 - Main socio-economic and energy indicators published by Terna in the International Comparisons sections, which have Enerdata as their source. These emission factors are updated periodically; therefore, they were used in their most recent version (2017) to calculate indirect emissions in 2019, in the 2016 version for those relating to 2018 and in the 2015 version for those relating to 2017. In the event a country was not listed in the above table, we used the emission factor for the continent. When there were several branches in several countries, the highest of the emissions factors among these countries was used.

- For the calculation of market-based emissions, when available, the residual mixes found in the *"European Residual Mixes"*, published by ABI for the years 2016-2018, were used. An average residual mix per NERC Region, calculated based on the residual mixes shown in the document Green-e Energy Residual Mix Emissions Rates, were used for America and Canada for the years 2017-2018. As for the countries for which no residual mix figures were available, location-based emissions factors found in the above mentioned Terna table were 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 2017-2018-2019.

Avoided emissions associated with packaging

optimisation activities: avoided CO₂ emissions resulting from the packaging optimisation activities are associated with the initiatives launched at the European and Chinese plants. In the first case, the calculation of avoided CO₂ emissions was carried out by estimating the number of trucks avoided and, consequently, the number of kilometres saved and using the emission factor relating to transport by truck reported in the DEFRA tables. In the second case, the calculation was carried out by estimating the total weight transported before and after the application of the optimisation activity for an average route and using the emission factor relating to transport by ship reported in the DEFRA tables.

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. [GRI 102-53]



6_Appendices

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

The De' Longhi Group's People

GRI 102-8: Information on employees and other workers

Employees, by		Italy			Europe			APA			MEIA		De' L	onghi G	roup
contract type	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Number of employees	s <mark>by con</mark>	tract ty	ре												
Permanent	1,469	1,551	1,577	3,203	3,270	3,084	2,692	2,712	2,551	67	62	61	7,431	7,595	7,273
of which women	554	602	611	1,781	1,860	1,767	1,225	1,270	1,209	27	23	25	3,587	3,755	3,612
of which men	915	949	966	1,422	1,410	1,317	1,467	1,442	1,342	40	39	36	3,844	3,840	3,661
Fixed-term	140	84	14	52	33	26	574	697	536	-	-	1	766	814	577
of which women	78	48	11	30	21	16	247	302	241	-	-	1	355	371	269
of which men	62	36	3	22	12	10	327	395	295	-	-	-	411	443	308
Total	1,609	1,635	1,591	3,255	3,303	3,110	3,266	3,409	3,087	67	62	62	8,197	8,409	7,850
Number of employees	s <mark>by con</mark>	tract ty	эе												
Full-time	1,493	1,519	1,472	3,167	3,220	3,028	3,248	3,397	3,074	67	62	61	7,975	8,198	7,635
of which women	520	537	506	1,736	1,811	1,715	1,456	1,562	1,438	27	23	25	3,739	3,933	3,686
of which men	973	982	966	1,431	1,409	1,313	1,792	1,835	1,636	40	39	36	4,236	4,265	3,949
Part-time	116	116	119	88	83	82	18	12	13	-	-	1	222	211	215
of which women	112	113	116	75	70	66	16	10	12	-	-	1	203	193	195
of which men	4	3	3	13	13	16	2	2	1	-	-	-	19	18	20
Total	1,609	1,635	1,591	3,255	3,303	3,110	3,266	3,409	3,087	67	62	62	8,197	8,409	7,850
Number of employees	s by gen	der													
Total women	632	650	622	1,811	1,881	1,781	1,472	1,572	1,450	27	23	26	3,942	4,126	3,879
Total men	977	985	969	1,444	1,422	1,329	1,794	1,837	1,637	40	39	36	4,255	4,283	3,971

GRI 401-1 (a): Total number and rate of new permanent employees hired by gender and geographical area, 2019

GEOGRAPHICAL AREA	wor	MEN	MI	EN	TOTAL		
	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	
ITALY	29	5%	66	7%	95	6%	
EUROPE	372	21%	390	30%	762	25%	
APA	831	69%	1,146	85%	1,977	77%	
MEIA	7	28%	4	11%	11	44%	
GROUP	1,239	34%	1,606	44%	2,845	39%	

GRI 401-1 (b): Total number and rate of permanent employees terminated by gender and geographical area, 2019

GEOGRAPHICAL AREA	wor	MEN	M	EN	TOTAL		
GEOGRAPHICAL AREA	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	
ITALY	20	3%	49	5%	69	6%	
EUROPE	465	26%	483	37%	948	31%	
APA	892	74%	1,246	93%	2,138	84%	
MEIA	5	20%	7	19%	12	20 %	
GROUP	1,382	38%	1,785	49 %	3,167	44%	

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

Composition	of the De' Longhi Group S.p.A.			Italy	
Board of Dire	ectors	Unit of measure	2017	2018	2019
	Less than 30 years	n	-	-	-
Men From 3	From 30 to 50 years	n	1	1	1
	After 50 years	n	6	7	6
Total men		n	7	8	7
	Less than 30 years	n	-	-	-
Women	From 30 to 50 years	n	3	2	1
	After 50 years	n	1	2	3
Total women		n	4	4	4
Total		n	11	12	11

GRI 405-1: Composition by age and gender of employees

Personnel composition	on - Detail to 2019	Unit of measure	De' Longhi Group
Managers			
	Less than 30 years	%	-
Men	From 30 to 50 years	%	1.7%
	After 50 years	%	1.3%
Total men		%	3.0%
	Less than 30 years	%	0.1%
Women	From 30 to 50 years	%	0.7%
	After 50 years	%	0.2%
Total women		%	0.9%
TOTAL		%	3.9%
White collar			
	Less than 30 years	%	2.1%
Men	From 30 to 50 years	%	13.3%
	After 50 years	%	3.8%
Total men		%	19.2%
	Less than 30 years	%	2.6%
Women	From 30 to 50 years	%	10.8%
	After 50 years	%	2.3%
Total women		%	15.6%
TOTAL		%	34.9%
Blue collar			
	Less than 30 years	%	6.4%
Men	From 30 to 50 years	%	15.8%
	After 50 years	%	6.0%
Total men		%	28.3%
	Less than 30 years	%	5.7%
Women	From 30 to 50 years	%	21.9%
	After 50 years	%	5.3%
Total women		%	32.9%
TOTAL		%	61.2%

GRI 403-2 – Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

		De' Longhi Group									
Types of injury and rates of injury	Unit of measure	2	017	2	018	2019					
or injury		Men	Women	Men	Women	Men	Women				
Accidents	n.	67	31	59	31	42	22				
of which related to commuting	n.	4	7	5	5	5	10				
Fatal accidents	n.	-	-	-	-	-	-				
Injury rate	-	6.3	2.8	5.3	2.9	3.8	1.4				
Occupational disease rate	-	0.1	0.3	-	0.3	-	0.4				
Lost day rate	-	0.17	0.05	0.18	0.08	0.08	0.06				
Absentee rate	%	1.6	2.5	2.3	3.9	1.7	3.7				

GRI 403-2 – Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

		2019 – Breakdown by geographical area									
Accidents and accident rate	Unit of measure	It	aly	Eu	rope	А	PA	м	EIA		
	lineasure	Men	Women	Men	Women	Men	Women	Men	Women		
Accidents	n.	12	7	12	8	18	7	-	-		
of which related to commuting	n.	3	4	1	5	1	1	-	-		
Fatal accidents	n.	-	-	-	-	-	-	-	-		
Injury rate	-	5.3	3.1	4.7	1.0	3.0	1.3	-	-		
Occupational disease rate	-	-	2.1	-	0.3	-	-	-	-		
Lost day rate	-	0.15	0.16	0.08	0.03	0.06	0.07	-	-		
Absentee rate	%	3.0	4.0	3.7	7.4	0.1	0.3	0.6	0.6		

GRI 403-2 – Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

		De' Longhi Group									
Contractor accidents and accident rate	Unit of measure	2	017	2	018	2	019				
		Men	Women	Men	Women	Men	Women				
Accidents	n.	5	1	3	1	4	1				
of which related to commuting	n.	-	-	-	-	2	1				
Fatal accidents	n.	-	-	-	-	-	-				
Injury rate	-	2.0	0.4	0.9	0.3	0.6	-				

Reducing our environmental footprint

GRI 302-1: Energy consumption

Energy consumption	um	Pr	oduction sit	es		Offices		De	' Longhi Gro	oup
Energy consumption	um	2017	2018	2019	2017	2018	2019	2017	2018	2019
Direct consumption from non-	enewable	sources								
Petrol	GJ	2,385	2,801	3,017	14,392	14,664	9,605	16,776	17,465	12,623
Diesel	GJ	6,121	6,885	6,170	23,598	23,374	22,847	29,719	30,259	29,112
Natural gas	GJ	39,846	45,230	36,298	4,281	5,498	5,145	44,126	50,728	41,443
LPG	GJ	585	523	568	113	133	-	698	657	568
Fuel oil	GJ	-	-	-	205	205	203	205	205	203
Total	GJ	48,936	55,440	46,053	42,588	43,875	37,801	91,524	99,314	83,949
Direct consumption from renew	wable sour	ces					-			
Electricity produced from renewable sources and consumed	GJ	3,811	3,709	3,548	45	37	39	3,856	3,746	3,587
Total direct consumption	GJ	52,747	59,148	49,601	42,633	43,911	37,840	95,381	103,060	87,536
Indirect consumption										
Electricity	GJ	218,114	245,173	232,701	29,087	29,082	31,206	247,202	274,256	263,887
District heating	GJ	-	-	-	3,698	2,718	2,359	3,698	2,718	2,359
Cooling	GJ	-	-	-	554	398	-	554	398	-
Total indirect consumption	GJ	218,114	245,173	232,701	33,339	32,198	33,565	251,453	277,372	266,246
Total consumption	GJ	270,862	304,322	282,301	75,972	76,110	71,405	346,834	380,431	353,782

GRI 305-1 and GRI 305-2	2: Direct and indirec	t emissions of greenhouse	e dases (GHG) Sco	pe 1 and Scope 2
	Direct and manee	cimpolono or greennouse	, guses (0110) see	

	Production sites		Offices		De' Longhi Group					
Emissions	um	Pr	oduction sit	es		Uffices		De	Longni Gro	oup
		2017	2018	2019	2017	2018	2019	2017	2018	2019
Direct	ton CO ₂	2,891	3,276	2,743	3,054	3,127	2,689	5,944	6,403	5,439
Indirect – Location-Based	ton CO ₂	29,652	31,564	30,549	3,394	3,514	3,692	33,045	35,078	34,240
Indirect – Market-Based	ton CO ₂	32,833	36,057	33,852	4,301	4,322	4,616	37,134	40,379	38,465
Total (Direct + Indirect – Location-Based)	ton CO ₂	32,543	34,840	33,293	6,448	6,642	6,381	38,991	41,482	39,679
Total (Direct + Indirect – Market-Based)	ton CO ₂	35,724	39,333	36,596	7,355	7,449	7,305	43,079	46,783	43,905

GRI 306-2: Waste by type and disposal method

Disposal method	Hazardous waste [tonnes]			Non-hazardous waste [tonnes]				
Disposal method	2018	%	2019	%	2018	%	2019	%
Reuse	27.0	15.2%	2.0	1.2%	60.0	0.9%	57.0	1.0%
Recovery (including energy recovery)	95.3	53.8%	19.7	12.1%	2,265.4	32.3%	1,923.0	33.1%
Incineration	1.3	0.7%	1.3	0.8%	21.0	0.3%	12.0	0.2%
Recycling	29.3	16.6%	3.7	2.3%	4,115.5	58.7%	3,588.4	61.7%
Composting	0	0.0%	0	0.0%	113.1	1.6%	69.0	1.2%
Storage	14.8	8.4%	75.8	46.4%	14.1	0.2%	6.4	0.1%
Landfill	0.2	0.1%	60.6	37.1%	280.8	4.0%	68.9	1.2%
Other	9.2	5.2%	0.2	0.1%	145.6	2.1%	91.4	1.6%
Total waste produced	177.1	100%	163.3	100%	7,015.5	100%	5,816.2	100%

_ GRI Content Index

[GRI 102-55]				
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102-49	Changes in reporting		No significant changes with respect the 2018 Sustainability Report	
102-50	Reporting period		From 1 st January to 31 st December 2019	
102-51	Date of most recent report		August 2020	
102-52	Reporting cycle		Annual	
102-53	Contact point for questions regarding the report		sustainability@ delonghigroup.com	
102-54	Claims of reporting in accordance with the GRI Standards	90		
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102-56	External assurance		This document has not been subject to assurance activities	

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