

Introduction

This consolidated Non-Financial Statement (NFS) of the De' Longhi Group was prepared in accordance with Articles 3 and 4 of Legislative Decree n.254/2016, which is the Italian law implementing the provisions of the "Barrier Directive" (Directive 2014/95/EU) based on which large public entities are required to publish a Non-Financial Statement (NFS).

In fulfilling these obligations above, De' Longhi's NFS 2023 identifies and describes a group of topics which are deemed material for both the Group and its stakeholders. The information relative to these topics is included in this report which aims to describe the risks, policies, practices, objectives, the organizational structure, along with the main performance indicators relating to environmental and social topics, as well as human resources, respect for human rights and the fight against corruption and fraud. This reporting method guarantees the company's transparency with respect to its stakeholders and the most relevant non-financial topics. Furthermore, Budget Law n.145/2018, which took effect as of 31 December 2018, introduced paragraph 1073 which amended Legislative Decree 254/2016 and in addition to disclosing the main risks, entities are also required to describe how the risks are managed.

This report, which has reached its seventh edition, refers to the reporting period 1 January 2023

through 31 December 2023; at the same time, the report provides the reader with a comparison of the results reported in 2021 and 2022. The process involved in identifying important impacts and the relative material topics, introduced in the 2021 GRI Standards, is described in the Note on Methodology.

This report also incorporates the recommendations which are provided each year by the *European Securities and Markets Authority* (ESMA), which for this year were published on 25 October 2023. The recommendations included for non-financial reporting focus on three main areas: European taxonomy; the targets, actions and progress made relative to climate change; and information relating to Scope 3 emissions.

With regard to the European Taxonomy, reference should be made to the chapter European Taxonomy which includes the details of the qualitative and quantitative information related to the three KPI and the environmental targets referred to in the Taxonomy. The "Mitigation of environmental impact" chapter provides details of the Group's performance relative to climate change: the report examines the actions taken and the progress made in this regard. Without making any disclosures, the Company does monitor the Scope 3 emissions along the value chain: the possibility of expanding the information provided to include climate change and indirect emissions, consistent with the new reporting direc-

tive, in future reporting periods is being assessed.

On 5 January 2023 the new "*Corporate Sustainability Reporting Directive*" (CSRD) took effect which substitutes the "*Non-Financial Reporting Directive*" (NFRD) implemented in Italy by Legislative Decree in 254/2016 which requires all listed companies, as of the 2024 reporting period, to prepare a renewed sustainability statement. Based on the most relevant changes, the report must be based on the concept of "double materiality" which calls for the identification of environmental and social impacts is generated along the value chain, as well as the Group's risks and opportunities. This new regulatory framework will make it necessary to adopt the new reporting standards, the "*European Sustainability Reporting Standards*" (ESRS), instead of the GRI Standards. In 2023, De' Longhi began working on compliance with the Directive's new requirement in preparation for the next reporting year.

Description of the Business Model

A brief description of the De' Longhi Group's business model is included below in order to provide a general overview which will help the reader to better understand the information provided in the report and the material topics identified under Legislative Decree n.254/2016.

De' Longhi S.p.A. (hereinafter also referred to as the

“Company” or “Group”), was born in 1974 and listed in 2001 on the Borsa Italiana’s Euronext market. The Company is one of the world’s leading players in small domestic appliances associated with the world of coffee, the kitchen, air conditioning, as well as home care, and distributes its products in more than 120 markets worldwide. Lastly, it is the holding of a portfolio of companies which control seven brands: De’ Longhi, Kenwood, Braun, Ariete, Eversys, Nutribullet, Magic Bullet (the last two belong to the American group Capital Brands).

De’ Longhi’s sustainability path

The De’ Longhi Group has built its sustainability path over the years with a view to understanding and analyzing its economic, social and environmental role in an increasingly in-depth manner, generating more value for the company and its stakeholders. This objective is pursued through the implementation of concrete actions, like the adoption of a sustainability strategy which aims to mitigate any impacts generated and improve the sustainability performances, which guarantee transparent, reliable and continuous communication.

2023 was a year of stabilization for the Group in the wake of the changes made in prior years during which the composition and management of its sustainability governance changed. Currently the corporate bodies and individuals charged with pursuing the sustainability goals continue to be:

- 1. the **Control, Risk, Corporate Governance and Sustainability Committee**, already operational in 2019, is a Board committee which provides

preliminary, proactive guidance, as well as advisory, functions in relation to sustainability;

- 2. the **Sustainability Steering Committee**, formed in 2019, comprised of top management and different department managers, endorses and supports the Group’s sustainability strategy;

3. Group Sustainability Director.

2023 marked another and important milestone in the De’ Longhi Group’s sustainable path. During the reporting year the Company worked on updating the prior Sustainability Plan (approved by the Board of Directors in July 2022). This updated Sustainability Plan was included in the Medium Term Plan 2024-2026 (approved by the Board of Directors during the meeting held on 18 January 2024), thus continuing to be one of the key enablers.

The Value Chain

Design, quality, and functionality are the elements which characterize the De’ Longhi Group’s brands and that have led the Group be recognized worldwide as leaders in the coffee, food preparation, and comfort segments. The Company is committed to guaranteeing high standards for its consumers, applying an operational approach which begins with Group-wide research, development and design. Marketing, Design and product line technicians work together with these divisions. More in detail, R&D takes a transversal approach, focusing on the business units rather than the single brands in order to guarantee consistency in the application of knowhow across the Group. In the Hong Kong branch, there is also a technical office responsible for research projects developed in partner-

ship with local providers.

The Group’s operational approach is based on the concept “local for global” which translates into the creation of specialized hubs across the different product lines located inside the six production facilities found in Italy, Switzerland, Romania and China ¹, which focus on specific market segments and supply about 60% of the products sold.

In order to purchase raw materials and semi-finished goods, the Group establishes and maintains relations with qualified partners, selected based on the quality standards defined in its purchasing policies or “Original Equipment Manufacturers” (hereinafter also referred to as “OEM”).

The production phase is followed by product testing during which the Group guarantees that the highest standards for product safety have been applied to every product going to market. This process is managed by specialized technical teams that are part of the Quality division; the latter, through internal audits, carries out specific quality controls of the products and their suppliers. More in detail, the Company uses a vendor rating to audit suppliers which focuses on parameters identified for this purpose. These aspects will be examined further in the chapter “Supply Chain Management”.

Once certified as ready for sale, the product is transferred to specific warehouses, located worldwide, which also act as strategic logistic hubs. These centers are owned by the Group and facilitate the organization of logistics and delivery of products to all the markets served and to all the stakeholders involved in De’ Longhi’s distribution network.

1 In 2023, work began on opening a new Group plant in Satu Mare, Romania. While it is a pre-existing asset, currently no production is carried out there and, therefore, it was not included in the reporting perimeter, but will become relevant as of 2024.

Lastly, the Company is committed to guaranteeing the best service during and after the sale, providing technical assistance to everyone who purchases a Group product. This activity is carried out by a Customer Care team which, in the past few years, has taken steps to improve and has adopted new technologies to respond to market needs.

The Group's Stakeholders

The De' Longhi Group recognizes that the success of a company is based also on its ability to generate value for itself and all its stakeholders. The Group interacts with the latter in accordance with its Code of Ethics, guaranteeing active listening and an exchange of information based on principles of fairness, completeness and transparency. In order to standardize its decision-making processes and embrace changes in the market more effectively, De' Longhi is committed to listening and understanding the needs of its stakeholders, anticipating their expectations. Toward this end, the Group continues to manage and maintain relations with its stakeholders through more effective communication channels and actively involving company management. These mechanisms are the product of an analysis which took into account the aspects which are relevant to the company's structure, the value chain, the business and other activities, but which characterize and are an integral part of the company's mission. The ten categories of stakeholders identified, broken down based on the relation with the Group and the relative types of interests, expectation and needs are reported:

Stakeholders	Communication/listening channel	Main topics that emerged
Trade associations	Annual meetings, periodic meetings	Consumer rights, workers' rights, environmental performance
Shareholders	Corporate documents /Shareholders' meetings/ Events	Economic performance, business strategies
Communities and ONG	Periodic meetings, sponsorships of specific initiatives	Sponsorships, social impact, contribution to the community, raising awareness of specific problems
Consumers	Satisfaction questionnaires, panel test, Contact Centers (voice channels, e-mail, chat and social), advertising campaigns, cultural events, Youtube "How to" channel	Customer assistance, product safety and quality, product availability, feedback about ease of use and product satisfaction, privacy
Employees	Employee Engagement Survey, annual performance reviews, periodic meetings to share results, corporate intranet used to access Group information, Group house organ, new HRMS	Organizational clarity, improved management of resources by managers, appreciation of individual contributions to the company, improvement in internal communications and access to information
Suppliers	Contracts, qualifications, assessments and periodic meetings	Way in which supplier relationships are managed
Future generations	-	Reduce emissions and fight climate change
Financial analysts, media	Interviews, meetings, road shows, press conferences	Economic performance, new products/ services/organizational models, specific social initiatives
Commercial partners	Sales meetings, audit	Product safety and quality, flexibility and adaptability to requests
Universities/research institutions	Dedicated meetings, partnerships on different research projects	Recruiting and talent acquisition, recruiting support

The European Union Taxonomy, introduced with **EU Regulation 2020/852** (hereinafter the "Regulation"), adopted by the European Commission on 12 July 2020, is part of an EU strategy for achieving the European Green Deal targets and making Europe climate neutral by 2050. The EU taxonomy, which is applicable to all companies who are required to prepare a Non-Financial Statement pursuant to Directive 2014/95/EU provides a single classification system based on which it is possible to define the economic activities **that meet certain eco-sustainability criteria**.

More in detail, based on the Regulation economic activities are broken down as follows:

- **Eligible:** an activity is eligible² if it is listed as one of the acts recognized in the Regulation as part of one or more of the six Taxonomy's environmental targets. More specifically: climate change mitigation and adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, the protection and restoration of biodiversity and ecosystems. If eligible, the activity has the potential to make a substantive contribution to the relative target;
- **Aligned** an economic activity is aligned if, in addition to being eligible:
 - is carried out in accordance with **the technical criteria defined by the European Commission**.

More in detail, the economic activity must make a **substantial contribution to one or more of the environmental objectives defined in Article 9 of the Regulation** and do no

significant harm (**Do No Significant Harm – DNSH**) to any of the above environmental targets;

- **is carried out in way which guarantees the minimum safeguards**, namely the controls implemented by the Group to guarantee respect for human rights and international laws governing labor organization along the supply chain.

Since it took effect in 2020, the Regulation has been amended on several occasions which have gradually introduced new sectors and activities.

In 2021, the European Commission approved the Climate Delegated Act³, which governs the first two climate targets: **climate change mitigation and climate change adaptation**. The Climate Delegated Act has already been amended twice. Firstly, the Complementary Delegated Act⁴ included the gas and nuclear sectors. Subsequently, with the publication of Delegated Regulation (EU) 2023/2485 in 2023, other changes were made to the Climate Delegated Act, in terms of both new economic activities and technical screening criteria.

The last change to the perimeter of the Regulation was enacted in the Environmental Delegated Act⁵, approved in June 2023, which lists the activities which contribute to the **environmental activities outside the scope of the climate**: sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems.

2024 marks the third year of Regulation

application: consistent with the prior year, in 2023 the companies subject to an obligation to publish a Non-Financial Statement, like the De' Longhi Group, shall include in this statement the proportion of Turnover, CapEx and OpEx pertaining to the eligible and non-eligible activities referred to in the **first two environmental targets** relating to Climate Change. For the first year of application, the Environmental Delegated Act requires that non-financial companies disclose solely the eligible portion of the three KPIs mentioned above.

The assessment of the Group's compliance with the Regulation and the statement with the required quantitative KPI are provided in the following paragraphs.

As this regulation is updated constantly, all the criteria and assumptions used are based on information and requirements available to date, which could be revised in the future.

The Analyses Conducted

In light of the changes referred to above which relate primarily to the publication of the Environmental Delegated Act, the De' Longhi Group updated the analysis of its revenue-generating activities in order to identify, based on the UE Taxonomy, which could be classified as eligible or potentially capable of contributing substantially to the six environmental targets. Based on this analysis, the economic activity **"1.2 -Manufacture of electrical and electronic equipment"** of the "Transition to a circular economy" target was viewed as consistent with

² Eligible economic activity under the Taxonomy: an economic activity described in the delegated acts adopted pursuant to Article 10, paragraph 3, Article 11, paragraph 3, Article 12, paragraph 2, Article 13, paragraph 2, Article 14, paragraph 2, and Article 15, paragraph 2, of EU Regulation 2020/852, independent of the fact that this economic activity satisfies one or all of the technical criteria established in the delegated acts.

³ Delegated Act (EU) 2021/2139

⁴ Delegated Act (EU) 2022/1214

⁵ Delegated Act (EU) 2023/2486, adopted on 27 June 2023 and effective as from 1 January 2024.

its core business. The description of this activity also makes specific reference to the code NACE (*Nomenclature statistique des activités économiques dans la Communauté européenne*) "C27: *Manufacture of electronic equipment*", which coincides with the De' Longhi Group's NACE code.

Furthermore, based on Annex 1 of the Delegated Act (EU) 2021/2178, paragraphs 1.1.2.2 (c) and 1.1.3.2 (c) ⁶ relating to investments and the purchase of output from eligible economic activities and individual measures which make it possible for the activities to maintain low levels of carbon emissions, the Group identified the economic activity "**6.5 - Transport by motorbikes, passenger cars and light commercial vehicles**" as an eligible activity tied to the "Climate Change Mitigation" target.

The steps taken to **assess the alignment** of these activities are described below.

As reported above, for the reporting year 2023 the alignment analysis refers solely to the activities listed in the Climate Delegated Act and relative to the **climate target**. The analysis of the alignment of the activities included in the Environmental Delegated Act will be carried out as of the next reporting year.

Activity 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles – alignment assessment

With regard to the investments made by the Group in the reporting year 2023, the analysis looked at "**6.5 Transport by motorbikes, passenger cars and light commercial vehicles**" of the Climate Delegated Act:

- **Criteria: substantial contribution to the mitigation of climate change:** the assessment aimed to establish whether or not the single economic activity identified contributes substantially to reaching the climate change mitigation goals based on specific quantitative and/or qualitative parameters defined in a) and b) defined in the Regulation;
- **Do Not Significant Harm (DNSH):** in order to be aligned with DNSH, the regulation requires compliance with the following criteria:
 - *Climate change adaptation:* based on the criteria listed in Annex A, the organization must identify and assess the physical climate change risks that impact the activity using a specific procedure defined in the Delegated Act;
 - *Transition toward a circular economy:* based on the criteria outlined at least 85% of the weight of the vehicles must be reusable or recyclable and measures must be in place for the management of waste during maintenance and at the end of the fleet's life cycle;
 - *Pollution prevention and control:* the criteria outlined require that the vehicles:
 - comply with the requirements in the most recent Euro 6 standards for the emissions of light vehicles established pursuant to regulation (EC) n. 715/2007;
 - respect the emission thresholds for light vehicles referred to in Table 2 of the annex to Directive 2009/33/EC ⁷ of the European Parliament and the Council;
 - are equipped with tires which comply with

the requirements for rolling noise of the highest tire class and the rolling resistance coefficient in the two highest classes as established in Regulation (EU) 2020/740 (for M and N class motor vehicles);

- comply with Regulation (EU) 540/2014 ⁸ of the European Parliament and the Council;

- **Guarantees of the minimum safeguards:** the criteria detailed in the Regulation refer to the organization's practices to ensure compliance with the OECD guidelines for international companies and the United Nations principles relative to companies and human rights, including the principles and rights established in the eight basis conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights.

The analysis made showed that a portion of the investments made by the Group is aligned with the substantial contribution criteria listed in the Climate Delegated Act, as part of the motor vehicles, classified as M1 (Vehicles used to transport people, with 8 seats in addition to the driver's seat) and N1 (Vehicles used to transport merchandise, of not more than 3.5t), have emissions of less than 50 gCO₂/km.

The specificity of the available data, however, is not sufficient to allow for a complete assessment as to the compliance with the criteria outlined above for DNSH. Based on a conservative and prudential approach, the Group finds that that activity is not aligned with the DNSH criteria for the reporting year 2023.

With regard to the guarantees of the minimum

⁶ Related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

⁷ Directive 2009/33/EC of the European Parliament and Council of 23 April 2009, relating to the promotion of clean and energy-efficient road transport vehicles.

⁸ Regulation (EU) 540/2014 of the European Parliament and Council of 16 April 2014, on the sound level of motor vehicles and of replacement silencing system.

safeguards, the De' Longhi Group pays great attention to topics relating to consumer protection, corruption, competition, tax issues and respect of human rights. With regard to the latter, the Group is committed to guaranteeing ethical business practices which comply with the applicable regulations in all the countries in which it operates, carrying out its activities in accordance with the principles of the Group's Code of Ethics which, as of 2022, is applicable also to all its suppliers. In addition to this document, the Group also published "Responsible Sourcing Guidelines" which define the criteria to be used when assessing and monitoring new supplier risks over time. The De' Longhi Group also audits its suppliers of finished products periodically in order to assess different social aspects, like the freedom of association and collective bargaining, hours and work conditions, health and safety, child or forced labor, discrimination and training of personnel. For further information refer to the chapters "Ethics and Compliance" and "Supply Chain Management".

The Group pays particular attention to gender equality, attested to by the launch of specific initiatives relating to DE&I (Diversity Equity and Inclusion). Further information on ongoing initiatives and indications relative to the workforce (refer to the "Breakdown of the workforce" and "Composition of the Parent Company's BoD" tables) can be found in the section "Policies and objectives" of the "Human Resources Management" chapter.

With regard to protection of consumers, competition, anti-corruption and tax, the Group works constantly to prevent and mitigate any potentially negative impact. The Group's Code of Ethics has a key role in this regard, as great attention is paid to consumers and customers, to fair competition, the condemnation of corruption and compliance with the law, regulations and provisions of the

competent tax authorities. For further information refer to the chapter "Ethics and Compliance".

Despite what is described above and in light of the fact that, with regard to the investments made in the activity analyzed which must take into account the practices and procedures of the supplier, based on a conservative and prudent approach, the Group concluded that the current practices are not sufficient to consider the activity aligned with the minimum safeguards criteria.

Contextual information relative to the KPI calculation

The assumptions and methodologies used to calculate the KPI for the activities deemed eligible and possibly aligned, as defined in the Annexes of the Disclosure Delegated Act⁹, are provided below. The methods of calculation, the composition in relation to the different activities provided for in the EU Taxonomy and the quantification process are provided for each of the KPI. In accordance with the Regulation the revenue generated and the costs incurred for intercompany transactions are not taken into account.

Group administrative and accounting divisions, relative to both headquarters and the individual production plants, were involved in the KPI calculations. Based on the indications found in Annex 1 of the Disclosure Delegated Act, they identified the accounting items to be associated with the different KPI (numerator and denominator), beginning with the items found in the consolidated financial statements.

Furthermore, to date no investment plans for CapEx and OpEx which satisfy the requirements

set out in paragraph 1.1.2.2 have been drafted. For this reason, the two KPI do not include any plans for expanding the Taxonomy-aligned economic activities or allowing eligible economic activities to become aligned with the Taxonomy.

Please note that as there are currently no eligible activities under the Complementary Delegated Act, the relative tables are not included in this report.

Turnover

The calculation of the denominator was based on the net sales figure reported in the De' Longhi's Annual Report for 2023 which amounted to €3,043,086 thousands. The items used specifically to determine the denominator include the revenue from the sale of goods and services, net of discounts, VAT or any other direct tax, which reflects the revenue generated by the Group's core business: more specifically, the item included refers to "Revenues from client contracts".

The numerator was calculated based net of the total revenues included in the denominator obtained from the sale of IT services to third parties and the sale of accessories net of discounts, rebates, VAT and additional taxes. The eligible turnover generated by the Group is associated with Activity 1.2 – Manufacture of electrical and electronic equipment.

CapEx

The denominator was determined based on the increases in value of tangible, intangible and right of use of assets (as per IFRS 16) recorded during 2023 which amounted to €136,338 thousands.

The numerator was based on the asset additions reported during the year: investments relative to (a)¹⁰ and (c)¹¹ as defined in item 1.1.2.2 of Annex I of the Disclosure Delegated Act were identified. More in detail, for Activity 1.2 Manufacture of electrical and electronic equipment – summary of the Group's core business– these include investments in plant, property and equipment, intangible assets or right of use assets of the production companies deemed essential to the business activities, which were, therefore, allocated entirely to the numerator, with the exception of the portion of fixed assets classified under (c) of the Regulation.

With reference to (c), the Group identified investments in IFRS 16 "right of use" assets for Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles. This activity reflects the investments made in property, plant and equipment (leasing of motor vehicles), the calculation of which was made using the data provided by the single legal entity included in the scope of consolidation.

In light of the allocation of these items to (c), in order to avoid double counting, the items registered as "Right of use" for this activity was excluded from the calculation of the numerator for (a) which refers to Activity 1.2 Manufacture of electrical and electronic equipment.

OpEx

The denominator was calculated based on the consolidated operating figures which amounted to €90,564 thousands for the categories referred to in the regulations including R&D which was not capitalized, short-term maintenance and leasing, recognized in the income statement.

The OpEx numerator was determined using a method consistent with the one used for the CapEx KPI. More in detail, R&D and Leasing were

considered instrumental to the core business activities, as they refer to product development and the logistics spaces used by the Group companies for distribution. The portion of these categories was allocated entirely to the numerator beginning with the Group's consolidated figures.

Accounting Policy for the KPI

The Group, after having identified its eligible activities and assessed any consistency with the alignment criteria, calculated the three KPI.

The following paragraphs provide the details of the accounting items used to calculate the KPI called for in the Annexes to the Disclosure Delegated Act.

Turnover

The Turnover KPI was calculated as the portion of the net sales deriving from the services associated with activities identified as eligible (numerator) divided by net sales (denominator). Net sales is defined as the amount generated by the rendering of services net discounts and any value added tax directly associated with the turnover. With a view to avoiding any double counting, the intercompany transactions were not included in the KPI calculation. Consequently, the KPI denominator corresponds to "Revenues from customer contracts" found in Note 1 of the Group's consolidated financial statements – and is in line with the provisions of IAS 1, par.82(a), mentioned in item 1.1.1. of Annex I of the Disclosure Delegated Act.

CapEx

The denominator of the CapEx KPI was calculated based on the asset additions made in the reporting period to tangible assets (investments in plant, property and equipment) and intangible assets

(investments in intangible assets) and right-of-use assets (investments in leased assets).

The approach used to extract the data was based on an analysis of the consolidated reports. In accordance with the international accounting standards and the provisions of Annex 1 of the Disclosure Delegated Act, IAS 16 was used to calculate the tangible assets, IAS 38 for the intangible assets – excluding goodwill and IFRS 16 for the right-of-use assets - as was the case in the consolidated annual report.

OpEx

The denominator of the OpEx KPI was calculated based on the Group's consolidated operating results and the costs associated specifically with categories referred to in Annex I of the Disclosure Delegated Act:

- the technical costs, which include the R&D expenses stemming from internal and external projects which were not capitalized;
- rental and leasing costs, which include all the leasing items recognized in the income statement, exempt from IFRS 16 application;
- third party maintenance which includes routine maintenance of assets and building renovations.

10 Capital expenditure included in the denominator relative to assets and processes associated with economic activities included in the taxonomy.

11 Capital expenditure relating to the purchase of products derived from economic activities aligned with the taxonomy and the single measures which consent the target activity to lower carbon emissions or reduce greenhouse gases.

FY 2023	Economic activity (1)	Year		Criteria for the sustainable contribution						Criteria for "does no significant harm"						Portion of turnover aligned (A.1.) or eligible (A.2.) under the taxonomy, 2022 (18)	Category (enabling) (19)	Category (transitional) (20)		
		Code/s (2)	Turnover (3)	Portion of expenses invoiced 2023 (4)	Climate change mitigation of (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)				Biodiversity and ecosystems (16)	Guarantees minimum safeguards (17)
		k €	%	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No				Yes/No	Yes/No
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1 Eco-sustainable activities (taxonomy aligned)																				
Turnover from eco-sustainable activities (taxonomy aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	No	No	No	No	No	No	No	0,00%		
of which enabling			0%	0%	0%	0%	0%	0%	0%	0%	No	No	No	No	No	No	No	0%	A	
of which transitional			0%	0%							No	No	No	No	No	No	No	0%	T	
A.2 Eligible taxonomy activities but not eco-sustainable (not taxonomy aligned)																				
Manufacture of electrical and electronic equipment		CE 1.2	2,957,175.00	97.18%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								0,00%		
Manufacture of devices for energy efficient buildings		CCM 3.5	-	0.00%	N/AM	N/AM	N/AM	N/AM	N/AM	N/AM								4.06%		
Turnover from taxonomy eligible activities but not eco-sustainable (activities not aligned with the taxonomy) (A.2)			2,957,175.00	97.18%	0%	0%	0%	97.18%	0%	0%								4.06%		
Total (A.1 + A.2)			2,957,175.00	97.18%	0%	0%	0%	97.18%	0%	0%								4.06%		
B. INELIGIBLE TAXONOMY ACTIVITIES																				
Turnover from ineligible taxonomy activities (B)			85,911.00	2.82%																
Total (A + B)			3,043,086.00	100.00%																

Portion of turnover/Total turnover

	Taxonomy alignment by objective	Taxonomy eligibility by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	97.18%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Portion of CapEx/Total CapEx

	Taxonomy alignment by objective	Taxonomy alignment by objective
CCM	0.00%	0.48%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	62.80%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Economic activity (1)	Code/s (2)	Turnover (3)	Portion of expenses invoiced 2023 (4)	Criteria for the sustainable contribution						Criteria for "does no significant harm"						Guarantees minimum safeguards (17)	Aligned portion of capital expenditure (A.1.) or taxonomy eligible (A.2.) 2022 (18)	Category (enabling) (19)	Category (transitional) (20)
				Climate change mitigation of (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
				Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No				
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Eco-sustainable activities (taxonomy aligned)																			
Operating expenses for eco-sustainable activities (taxonomy aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	Si	Si	Si	Si	Si	Si	Si	0%	
of which enabling			0%	0%	0%	0%	0%	0%	0%	0%	Si	Si	Si	Si	Si	Si	Si	0%	A
of which transitional			0%	0%							Si	Si	Si	Si	Si	Si	Si	0%	T
A.2 Eligible taxonomy activities but not eco-sustainable (not taxonomy aligned)																			
Manufacture of electrical and electronic equipment		CE 1.2	85,418.00	94.32%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								0.00%	
Manufacture of devices for energy efficient buildings		CCM 3.5	-	0.00%	N/AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.81%	
Installation, maintenance and repair of energy efficiency devices		7.3 CCM / 3.3 CE	-	0.00%	N/AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.03%	
Operating expenses for taxonomy eligible activities but not eco-sustainable (activities not aligned with the taxonomy) (A.2)			85,418.00	94.32%	0%	0%	0%	94.32%	0%	0%								0.84%	
TOTAL (A1+A2)			85,418.00	94.32%	0%	0%	0%	94.32%	0%	0%								0.84%	
B. INELIGIBLE TAXONOMY ACTIVITIES																			
Operating expenses for ineligible taxonomy activities (B)			5,146.00	5.68%															
Total (A+B)			90,564.00	100%															

Portion of OpEx/Total OpEx

	Taxonomy alignment by objective	Taxonomy alignment by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	94.32%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Risk scenario

For information on the ethics and compliance risks, as well as the relative risk management, please refer to the section "Risk management and Internal Control System relating to the financial reporting process" found in the Report on Operations.

For information on the management of the risks connected to ethics and compliance, please also refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

Business and organizational model

Based on the Group's management and organizational model, the Legal and Internal Audit divisions work with the Financial Reporting Officer, to guarantee compliance with the law and regulations. Both divisions also work with the Quality Division in order to ensure adequate control of the products and the qualification, as well as the assessment, of suppliers (refer to the chapter "Product quality and innovation").

Internal Audit, together with the Financial Reporting Officer, also check and assess the control system in all the Group's branches and audit the accounting processes and procedures, as well as

compliance with Law 262 relating to financial reporting processes. The purpose of these periodic audits is to ensure that the company documents are reliable, complete, accurate and timely, as well as compliant with the Group's operating, administrative and accounting policies. The audits are carried out with a view to gradually covering all the companies, paying particular attention to the most relevant ones based on the audit plan coordinated with the Director in charge and the Control, Risk, Corporate Governance and Sustainability Committee.

Internal Audit, together with the Financial Reporting Officer also supervise the **Enterprise Risk Management (ERM)** model, a management system developed and perfected by the Group over the years, which focuses on the assessment and monitoring of company risks. As part of this project, a number of activities were carried out over the last few years in order to integrate the ERM matrix with the risks identified in each area by the Group's management. These include the implementation of a dynamic risk management platform, which was rolled out over the first few months of 2021 at the Group's most relevant companies. Consistent with the plan forecasts, the rollout of the platform continued in 2022 and involved a growing number of companies; in 2023 Capital Brands and Eversys were included, as planned.

In 2022 the risks linked to sustainability included on the platform were updated in order to include the risks linked to climate change identified in 2021. More specifically these include: circularity, product sustainability, compliance with health and safety measures, environmental damage caused by operations, human rights, energy management, impact on the stakeholders' sustainability interests, local communities, involvement of the communities in sustainability initiatives and fair trade practices. In 2023, this mapping was confirmed and no further additions were needed. At the same time work on the risks identified continued in collaboration with the heads of the divisions involved.

This platform is dynamic and allows selected users to update the selection of risks in a timely and independent manner, under the strict supervision of Internal Audit and the Financial Reporting Officer, as well as make changes to the risk map based on the user profile in order to guarantee the utmost control and separation of roles. In 2022 the ERM platform was also integrated directly with the SAP Success Factor system which made it possible for all personnel involved in assessments to access adequate training in accordance with the law, which was facilitated by a specific e-learning module.

In order to guarantee compliance with internal regulations and the current law in the various countries where the Group is active, as of 2015

additional control measures have been adopted in order to identify potential episodes of abuse of office and corruption. These initiatives are solely preventive as Company does not maintain any commercial relationships with the public administration.

The Group also ensures that, in addition to transparency and compliance, **models of conduct** have been defined and implemented with a view to minimizing the risk associated with illicit behavior, subject to sanctions under the law and regulations. Toward this end as of 2018, the **"Corporate Governance Guidelines"** were implemented at all the Group companies. The administrative directors of the different branches were responsible for the application of these guidelines, which call for not only the adherence to the Group's Code of Ethics, but also define a system for the delegation of spending authority. Lastly, the De' Longhi Group's Italian companies also adopted an **"Organizational, Management and Control Model"** pursuant to and in accordance with Legislative Decree 231/2001 which calls for the appointment of a Supervisory Board charged with ensuring, independently, that the directives and procedures of the Model are applied correctly. In 2019 the Group had already adopted an internal control system which automatically monitors the flow of information and the processes controlled by the system used to prevent



the crimes indicated in Legislative Decree 231. In order to monitor transactions with related parties and the relative risk, the Parent Company also adopted a specific procedure which makes it possible to identify the transactions subject to specific rules and approval, in accordance with the principles established by the Supervisory Authorities in CONSOB Regulation n. 17221 of 12 March 2010.

Policies and objectives

The De' Longhi Group's **Code of Ethics** defines the ethical standards that must be adhered to by employees and in the course of all the relationships between the company and third parties, which aspire to legality, transparency, fairness, integrity and professionalism, as well as protection of privacy. In order to allow new hires to familiarize themselves with these standards, as of 2020 short induction sessions are held during which the highlights of the Code of Ethics and the 231 Model are illustrated. All new employees in Italy must provide signed confirmation of having received and read the Code of Ethics.

As part of the **Anti-Fraud Program** defined based on the guidelines of the Association of Certified Fraud Examiners (ACFE), in 2023 the Group moved forward with the improvements called for in prior years.

With regard to the whistleblowing platform, in 2023 the platform was again fully operative, and may be used by employees, suppliers and customers to

send an anonymous report. In order to do this, a dominion outside the company systems was created which sends the information directly to the Whistleblowing Committee, a body comprising three Company members charged with analyzing the reports and carrying out further investigations, if necessary, of the reports received. No significant reports have ever been received since the implementation of the system.

With regard to cyber security, the Group developed a master data protection policy in 2020. During the prior reporting year new security systems were introduced to strengthen security and an automated alert system was implemented which helps to monitor, identify, analyze and prioritize any notices received. The system also makes it possible to send personalized messages to recipients.

The work group charged with the management of this system comprises IT personnel, as well as members of the legal team. With a view to further increasing cyber security, the Company carried out a campaign focused on increasing awareness in this regard and training in the prevention and management of phishing was included in the training plan. These activities continued in 2023, confirming the Group's commitment to preventing potential problems relating to cyber security issues.

Key figures

No violations of the anti-corruption laws were recorded in the three-year reporting period (2021-23) Information relating to persons apprised of the

company policies and procedures, as well as the employees who received anti-corruption training is shown below. There was a noticeable increase in the figures thanks to the results achieved in 2023 by the Group. There was, in fact, an increase in the number of employees and their training hours.

In 2023 the Board of Directors did not receive any anti-corruption training or information about policies and procedures in this regard.

No legal complaints relating to anti-competitive, anti-trust and monopolistic practices were filed in the three-year period 2021-23. On 23 February 2023, however, the French competition authority (the "FCA") notified a few Group companies of a complaint filed to the French company (and other French sector companies, mentioned in the complaint) which refers to certain acts that occurred between 2009 and 2014 which were allegedly in violation of rules governing anti-competitive conduct.

More specifically, the complaint alleges that the Group entered into horizontal agreements which consisted in the exchange between competitors of privileged information relating to small appliances in France in the period referred to above.

Category	Europe*			America & Asia-Pacific**			MEIA ¹²			De' Longhi Group		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Number of people with whom the company's anti-corruption procedure and policies were shared												
Managers	177	162	214	67	82	78	4	4	4	248	248	296
White collars	1,745	1,829	2,014	511	598	531	25	25	23	2,281	2,452	2,568
Blue collars	4,481	918	4,170	3,820	1,771	3,746	-	-	-	8,301	2,689	7,916
Total employees	6,646	2,909	6,398	4,398	2,451	4,355	29	29	27	11,073	5,389	10,780
Commercial partners	-	-	285	-	-	-	-	-	-	-	-	285
Employees who received anti-corruption training												
Managers	22	44	22	9	7	10	-	-	-	31	51	32
White collars	326	340	121	114	108	135	-	-	-	440	448	256
Blue collars	-	2	-	9,355	2,090	5,837	-	-	-	9,355	2,092	5,837
Total employees	348	386	143	9,478	2,205	5,982	-	-	-	9,826	2,591	6,125

¹² MEIA refers to the countries located in the Middle East, India and Africa.

* The figures for Italy are included in Europe.

** The hours of training for new hires, which addresses business ethics and anti-corruption, are taken into consideration for America & Asia-Pacific.

The French Competition Authority concluded that the practice of exchanging information, to the extent that it restricted market competition, constitutes an anticompetitive agreement prohibited by the Art. 420-1 of the French Commercial Code and Art. 101, paragraph 1, TFUE.

The complaint is currently being analyzed carefully by the Group which is preparing its defense with the support of premiere legal counsel and sector consultants. It is not yet possible to assess the possibility or the size of any sanctions. The Group believes that there are sound arguments to be made in its defense.

Similarly, no economic or in-kind contributions were made to political parties, elected

representatives or people looking to hold political office in the three-year period subject to examination.

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

Furthermore, in 2023 a case of possible discrimination was reported at De'Longhi Kenwood A.P.A. LTD; subsequently, upon further investigation the

discriminatory nature of the episode was not confirmed.

Lastly, consistent with full disclosure in tax matters, the Group operates in complete transparency and in accordance with local and international tax laws.

Risk scenario

People are one of the elements that lie at the foundation of the De' Longhi Group's identity and success. Aware of their key role and the multicultural environment that it operates in, the Group is committed to guaranteeing a dynamic and engaging workplace, which respects the highest health and safety standards and, at the same time, takes the personal and professional needs of all its people into account. In order to achieve this objective, each individual of the Group needs to own the company values, contributing directly to the construction of a positive environment which implicates that each resource acts with ambition, courage, passion, expertise and teamwork, guaranteeing mutual respect both inside the company and in the interactions with customers, suppliers and other stakeholders.

For more detailed information on the risks connected to human resources management and risk management, please refer to the paragraph 9 of the section "Risk factors for the De'Longhi Group" (reference should be made to the chapter "Risks relating to the organization and management of human resources").

With regard to the measures used to mitigate and manage human resource risks please also refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.



Business and organizational model

The Chief People Officer coordinates the Human Resources Division which is responsible for the management and development of human resources for the entire Group. On a local level, this responsibility is entrusted to specific structures, which are found in the main geographical areas and the Group's more structured branches. These structures have many duties which include, mainly, all administrative aspects of employee relationships, the management and development of internal resources, talent acquisition, training and retention, as well as internal communications, labor union relations, development of important initiatives tied to both employee engagement and the organization of workplace safety.

The corporate HR structure was defined based on the organizational changes made by the Group over the years and is broken down based on four main macro-clusters, dedicated to four specific areas:

- Brand Headquarters and commercial organization Europe
- Corporate Staff, Services and Organization, Operations Europe
- Commercial organization Asia Pacific and Operations China
- Commercial organization Americas and MEIA

The Chief People Officer is responsible for the supervision of the remaining commercial units.

The employee journey begins with the attraction phase which is managed globally by Talent Acquisition and Employer branding. The latter is crucial to the Group's activities and allows for a structured

and integrated approach to the recruiting of new resources. A number of initiatives were developed in association with the employer branding strategy focused on increasing the recognition of the Group globally. These include updating the People section of the corporate website and the introduction of a new global LinkedIn page, which substituted the previous pages dedicated to single countries which resulted in a significant increase in the number of followers and visits in 2023, also. The number of page followers, in fact, rose from 58.3 thousand at year-end 2022 to 66 thousand at year-end 2023 (+14%). The most successful social strategies resulted in the publication of 107 posts, 2 each week, relating to 5 topics: Sustainability, Training, Career, Business and Innovation, consistent with what happened in 2022. More in detail, new multimedia formats were created, focused primarily on video content. This approach made it possible to reach a total of 752,882 impressions (+10% compared to the prior year). The most successful posts include the one of the Smart Design project, completed in partnership with Milan's Politecnico and the one of a few students from Oradea University visiting the Salonta plant. Even though the Group's main audience is still Italian, in 2023 there was a significant increase in the European (+83%) and North American (+127%) audience, a sign of the Group's growing international presence.

With respect again to talent attraction, for years De' Longhi has cultivated strategic relationships with Italy's best universities, like **Milano's Politecnico** and **Bocconi University**: in order to strengthen the tie with the academic world structured partnerships were established with a view not only to attract the best talents, but also to increase research and training in collaboration with the two schools.

The partnership with Politecnico, for example, calls for the Group's participation in events and training courses tied to innovation, research and development. During these courses, Group management dedicates time and expertise in order to interact directly with youth, involving them in training projects and activities related to De' Longhi's business. A relevant event in this regard was the participation of the Company's General Manager in *Transformative Sustainability* master's program at Bocconi University where the sustainability path undertaken by the Group was presented and the commitment that companies must have to become key players in the creation of a sustainable future was discussed.

Similar to prior years, in 2023 one of the strategic choices made by the De' Longhi Group was to enhance and increase the knowhow of its company resources, investing in the improvement of *soft skills* and technical expertise, including as a result of the noticeable increase in employees. Consequently, there was an increase in both the number of training hours (+20%) and the number of participants.

This result was achieved also and above all thanks to the projects and training tools developed over the last few years including, specifically, with regard to e-learning. More in detail, the PULSE platform, which has already been used by Human Resources for several years, also allows Group employees to create personalized learning plans based on specific needs, as well as access an on-line catalogue and e-learning courses. As in 2022, the Group continued to use the Speex and Of Course Me platforms in 2023: the first provides language courses and the second provides information and useful materials on a vast range of topics in a single digital platform. This allows employees to get to know more about topics

they are interested in and are relevant to their professional development by creating a personalized training course. In 2023, the Global Catalogue proposed 23 courses focused on managerial, communication and digital skills, as well as relating to digital thinking. This initiative had wide participation, as well as an enthusiastic reception: the average satisfaction rating was 4.3 out of 5.

In 2023 the Digital Lab continued. **Digital Lab** is an ad hoc training initiative conceived to improve the digital expertise of employees working in the Marketing and Commercial divisions and sustain the growth of the Group's e-commerce channel.

Looking again at digital expertise, in April 2023, 117 employees working in the IT division from Italy, Germany, the United Kingdom and Romania participated in an assessment organized by the Human Resources division. The main objective was to assess the digital skills of IT department employees, focusing mainly on hard skills, soft skills and understanding of the main innovation topics. The results obtained by the assessment allowed the team responsible for the project to build a training path called "Innovation Breakfast", series of morning webinars focused on exploring emerging trends in innovation. These meetings, comprised of 4 sessions of around 1 hour each, were launched in November 2023 and ended in January 2024.

In 2023 the Group also launched the *Sustainability Learning Journey*, which is part of a broader sustainability strategy and provides training on topics related to this topic: De' Longhi's goal is to render its employees more knowledgeable as to the impact that their positive actions could have on promoting a better future. The Group, therefore, structured a training course focused on this topic: the first event involved an exceptional guest, renowned

economist and Nobel Prize Winner Prof. Joseph Stiglitz who focused his speech on sustainable development of businesses. The presentation was held at the Treviso headquarters and colleagues from the international branches could connect via streaming.

Subsequently, courses and content were published on the Pulse platform which made it possible for employees to learn more about the topics discussed. In 2024, the path just described will move toward a call to action phase during which employees will be invited to share the best sustainability practices.

Over the last few years, the Group has also actively promoted the **Diversity Equity and Inclusion (DE&I)** project, which aims to guarantee equal opportunity and the lack of discrimination. The project can be broken down into four phases:

- 1. Diagnosis:** the objective of this phase is to let the DE&I decisions be shaped by the analysis made of the data gathered by the Group. More specifically, the internal population was mapped and information was gathered through interviews and surveys;
- 2. Commitment and involvement:** Human Resources involved top management through dedicated interviews and, subsequently, organized a workshop during which the results obtained were shared and the Group's priorities were defined together with the company's leadership team;
- 3. Action:** in this phase, the De' Longhi Group develops a roadmap of the long-term goals and the actions that need to be taken to achieve them, through DE&I projects, policies and

practices. While the drafting of the roadmap was completed in 2023, beginning in 2024 the Company will begin to share the strategies and guidelines adopted with all the Group's personnel; and lastly will proceed to define local plans of action.

- 4. Monitoring and accountability:** the actions undertaken and the goals defined in the roadmap will be monitored over time by Human Resources, in order to assess the project's performance, the results achieved and define any needed corrective strategies.

Human Resources guides the global performance appraisal process conceived to promote growth and the development of employees. This program is based on a dedicated system which fosters an open and constructive dialogue between managers and employees. The path, called FORWARD, was tested for the first time in 2021 and used Group-wide in 2022. In 2023 employees and managers were more familiar with the process than in the prior year and the completion rate, in fact, rose to up to 85% of the total (+5%) and there was an increase in the feedback shared which went from 2,500 to almost 5,000.

The performance appraisal cycle can be broken down into three main phases:

- 1. Set Up:** individual targets are defined and growth strategy consistent with the company strategy and the team goals is defined;
- 2. Sync:** regularly scheduled checkpoints for feedback and self-reflection are organized in order to render the employee's growth part of an ongoing and interactive process.
- 3. Wrap Up:** the comments made by employees

are gathered so the manager can provide a complete, objective and constructive assessment of target achievement. These targets typically focus on employee enhancement, understanding of what can be improved and recognition of the talents that emerged.

The actions taken to protect the Group's personnel

For the De' Longhi Group, the sustainability of a successful manufacturing project is based largely on the ability to address and protect the health and safety of its employees: in order to achieve this objective, Human Resources leverages on the support of people charged with promoting worker health and safety like the Head of the Prevention, Protection and Environment Department in Italy, Switzerland, China and Romania where the Group's production plants are located. Their responsibilities include assessing the risks inherent in the activities carried out by the Group employees and defining plans for improvement. Particular attention is paid to ergonomic work stations, both in the plants and the offices, in order to guarantee a safe and comfortable work environment.

In 2022 the Group had already begun work on a plan for risk mitigation and further improvement in workplace safety. The initiative, carried out by a cross-functional HR/Operations team which focused on the analysis of risks relating to production organization and the supply chain. The goal is to define a multi-year, step-by-step path which reinforces a "Zero accident mindset". The team developed a monitoring system which assesses the progress made toward achieving the "zero accident" goal. In

2023 the global "I am Safety" campaign was also launched: the initiative, part of the sustainability strategy, has three main objectives: strengthen and spread a safety culture throughout the Group, involve and make employees responsible for issues linked to safety and, at the same time, improve efficacy and productivity through initiative focused on "new ways of working", with a particular focus on smart working.

In the production plants the initiative was realized through the "Safety Ambassadors" campaign, based on which a few employees were appointed safety ambassadors. The project, which for now has been implemented in the Company's production facilities, was structured based on three phases:

- 1. Appointment of the ambassadors:** the ambassadors are employees who are chosen to safeguard aspects of Health, Safety and the Environment (HSE) in each production facility. In order to identify the best people for the assignment, the work team developed an identikit of the characteristics needed to cover this role;
- 2. Training of the ambassadors:** the ambassadors selected completed a dedicated training course in order to understand the role and responsibilities involved;
- 3. Identification of any equipment needed:** in this phase any investments needed to improve the health and safety inside the plants are quantified, along with the anticipated benefits.

In light of the success of this first test of the Ambassador campaign inside the plants, the Group plans on expanding this initiative in the branches, as well.

In the branches and at headquarters the focus of the campaign will be on the white collar workers and the "new ways of working", as well as wellbeing in the workplace in order to support a positive work experience.

Policies and objectives

The Group's focus on its people is fully expressed in its Code of Ethics which dedicates an entire section to this topic. The Code of Ethics condemns undocumented working relationships, any form of exploitation (including child labor) and any undue advantage over workers. Equal opportunities are promoted throughout the professional cycle, from selection through career advancement, avoiding any and all forms of discrimination.

With regard specifically to the workplace health and safety, the Code of Ethics also requires that each employee pay the utmost attention to adhering to all of the safety and preventive measures, while also complying with all the instructions and directives in effect. In particular, health and safety aspects are particularly relevant at production plants where workers are exposed to greater risks and, therefore, accident prevention and mitigation procedures have been adopted. Toward this end, the Mignagola plant in Treviso, Italy and the facilities in Cluj and Salonta, Romania developed operating system in preparation for adoption of **ISO 45001:2018**, the most widely known international standard for work and safety. This certification was obtained at the plants in Sierre (Switzerland) and

Dongguan (China); as of February 2024 this certification is also in place in OnShiu (China).

Lastly, the Company formalized a policy dedicated to the integrated management of HR topics which also includes the compensation of the Board of Directors and the executives. In 2019 a Group MBO policy was introduced which aims to create a link between compensation and results and strengthen the sense of belonging and De' Longhi's identity.

Key figures

The Group had 9,837 employees at 31 December 2023, an increase of 15% compared to the prior year. The reporting year was characterized by a recovery in production which resulted in an increase in the number of Group employees.

Women represent 50% of the De'Longhi Group's workforce, in line with the prior year. This reflects De' Longhi's commitment to strategies to promote equal opportunities. 90% of the employees have permanent contracts, in line with the prior reporting year (93% in 2022).

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

During the year the Group hired approximately 1,050 contract workers at the production plants.

Breakdown of the workforce		Unit of measure	De' Longhi Group 2021	De' Longhi Group 2022	De' Longhi Group 2023
Manager					
Men	< 30 years	%	-	-	-
	>30 < 50 years	%	2%	1.9%	1.5%
	> 50 years	%	1.2%	1.4%	1.2%
Total men		%	3.2%	3.3%	2.7%
Women	< 30 years	%	-	-	-
	>30 < 50 years	%	0.7%	0.7%	0.6%
	> 50 years	%	0.1%	0.2%	0.2%
Total women		%	0.9%	0.9%	0.8%
Total		%	4.1%	4.2%	3.5%
White collars					
Men	< 30 years	%	2.3%	2.8%	2.4%
	>30 < 50 years	%	10.2%	13.3%	11.6%
	> 50 years	%	3.4%	4.2%	3.9%
Total men		%	15.9%	20.3%	17.9%
Women	< 30 years	%	2.4%	3.0%	2.3%
	>30 < 50 years	%	9.1%	11.2%	9.8%
	> 50 years	%	2.1%	2.5%	2.5%
Total women		%	13.5%	16.8%	14.6%
Total		%	29.4%	37%	32.4%
Blue collars					
Men	< 30 years	%	7.7%	4.5%	6.9%
	>30 < 50 years	%	15.5%	14.6%	15.6%
	> 50 years	%	6.2%	6.4%	6.7%
Total men		%	29.4%	25.5%	29.2%
Women	< 30 years	%	6.7%	4.6%	5.7%
	>30 < 50 years	%	22.5%	20.8%	20.6%
	> 50 years	%	7.9%	7.8%	8.6%
Total women		%	37.1%	33.2%	34.9%
Total		%	66.5%	58.7%	64.1%

In 2023, the De'Longhi Group's BoD comprised 6 men and 5 women, of which around 90% over the age of 50.

Composition of the Parent Company's BoD		U.M.	2021	2022	2023
Men	< 30 years	n	-	-	-
	>30 < 50 years	n	-	-	-
	> 50 years	n	8	6	6
Total men		n	8	6	6
Women	< 30 years	n	-	-	-
	>30 < 50 years	n	1	1	1
	> 50 years	n	3	4	4
Total women		n	4	5	5
Total		n	12	11	11

In order to foster the knowledge and expertise of its people, as well as ensure adequate training in terms of health and safety, in 2023 the De'Longhi Group provided an average of 24 hours of training to each employee (+ 6% compared to 2022).

Training	U.M.	De' Longhi Group		
		2021	2022	2023
Average hours per employee	Average hours	21.7	23.0	24.3

Training	U.M.	De' Longhi Group		
		2021	2022	2023
Training by job level				
Average hours for managers	Average hours	14.3	15.5	21.7
Average hours for white collars	Average hours	17.6	19.9	22.9
Average hours for blue collars	Average hours	23.9	25.5	25.1
Training by gender				
Average hours for women	Average hours	20.3	21.8	22.1
Average hours for men	Average hours	23.1	24.3	26.4

With regard to workplace health and safety, the Group recorded a total of 56 accidents over a total of more than 20 million hours worked in 2023. This figure, lower with respect to the trend seen in the last two years, attests to the efficacy of the

measures adopted by the company and is a clear demonstration of how the level of attention paid to these issues is producing positive, tangible results.

Injuries and rate of injury by geographic area		Italy			Europe			America & Asia-Pacific			MEIA		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total hours worked	h.000	2,887	2,799	2,820	8,285	7,356	8,073	9,935	8,595	9,410	119	121	117
Injuries	n.	13	16	8	20	10	31	49	26	17	-	2	-
<i>In transit using means organized by the Group</i>	<i>n.</i>	-	-	-	4	-	4	-	-	-	-	-	-
<i>Serious injuries</i>	<i>n.</i>	-	-	-	-	-	-	-	-	-	-	-	-
Fatal injuries	n.	-	-	-	-	-	-	-	-	-	-	-	-
Occupational disease	n.	1	2	2	-	-	-	1	-	-	-	-	-
Frequency rate¹³	-	4.5	5.7	2.8	2.4	1.3	3.8	4.9	3.0	1.8	-	16.4	-
Severity rate¹⁴	-	-	-	0.7	-	-	-	-	-	-	-	-	-
Mortality rate¹⁵	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate of occupational disease¹⁶	-	0.3	0.7	0.7	-	-	-	0.1	-	-	-	-	-

13 The frequency rate is the total number of injuries expressed as a percentage of the total number of labor hours worked in the same period, multiplied by 1,000,000, excluding commuting accidents.

14 The severity rate is the total number of serious accidents expressed as a percentage of the total number of labor hours worked in the same period, multiplied by 1,000,000.

15 The mortality rate is the total number of fatalities expressed as a percentage of the total number of labor hours worked in the same period, multiplied by 1,000,000.

16 The rate of occupational disease is the total number of occupational disease expressed as a percentage of the total occupational disease and the number of labor hours worked in the same period, multiplied by 1,000,000.

Injuries and rate of injury		De' Longhi Group		
		2021	2022	2023
Total hours worked	h.000	21,227	18,873	20,420
Injuries	n.	82	54	56
<i>In transit using means organized by the Group</i>	<i>n.</i>	<i>4</i>	<i>-</i>	<i>4</i>
<i>Serious injuries</i>	<i>n.</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fatal injuries	n.	-	-	-
Occupational disease	n.	2	2	2
Frequency rate	-	3.9	2.9	2.7
Severity rate	-	-	-	-
Mortality rate	-	-	-	-
Rate of occupational disease	-	0.1	0.1	0.1

Injuries and rate of injury for contract workers at the production facilities		De' Longhi Group		
		2021	2022	2023
Total hours worked	h.000	5,343	2,120	3,046
Injuries	n.	12	14	18
<i>In transit using means organized by the Group</i>	<i>n.</i>	<i>7</i>	<i>5</i>	<i>7</i>
<i>Serious injuries</i>	<i>n.</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fatal injuries	n.	-	-	-
Frequency rate	-	2.2	6.6	5.9
Severity rate	-	-	-	-
Mortality rate	-	-	-	-



Risk scenario

The De' Longhi Group applies a business model which focuses high quality products, key to maintaining consumer confidence and a solid market reputation, as well as essential to long-term profitability and business continuity. As it operates internationally, the Group must continuously address a complex and ever-changing regulatory environment; therefore, it systematically allocates significant resources to ensuring compliance with the different requirements applied in the different jurisdictions it interacts with. Toward this end, based on the local for global approach adopted by the Company, all the products distributed must comply with the most stringent standards applicable in the numerous countries where the Group is present. Examples of the most well-known international regulations include EU Regulation n. 1907/2007 or REACH (Registration, Evaluation, Authorization and Restrictions of Chemicals) and the RoHS (Restrictions of Hazardous Substances) directive 2002/95/EC, both of which the Group's companies comply with across all geographies even though the scope of application is strictly European.

Furthermore, the law also requires that the Group assumes the manufacturers' responsibilities for damages caused by defective products, which entails certain obligations above all in jurisdictions like the United States, the United Kingdom and Australia.

The manufacturer is also responsible for providing detailed product information which may vary based on specific laws and local regulations. In the United States, for example, the De'Longhi Group is subject to "Proposition 65" based on which the presence of any hazardous substances must be indicated clearly on the labels.

The adequacy and effectiveness of the practices mentioned above are guaranteed by the Group's Product Safety&Liability team. The latter collaborates with both the technical departments and the branches, working proactively to prevent product risks, as well as manage any market complaints or reports generated internally. In 2023 the Group continued with its monitoring activities and managed any reports received more effectively.

For more information about the risks connected to quality and product innovation, as well as risk management, please refer to the section "Risk factors for the De'Longhi Group", specifically paragraphs 5 ("Risks relating to the De'Longhi Group's ability to achieve continuous product innovation"), 6 ("Risks relating to patents and trademarks") and 10 ("Risks relating to product quality and product liability").

For more information on the measures used to mitigate and manage risks relating to product quality and innovation, please refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

Business and organizational model

The De' Longhi Group's Quality Division, formed by more than 500 specialized personnel, is dedicated to the supervision of everything that concerns compliance with current laws and regulations relating to **product and food safety**. The different teams include Regulatory Affairs which monitors any changes in international regulations and laws relating to products and contributes to development also by working with the Group's different technical divisions. The Quality Division also defines the guidelines for product control. The corporate provisions defined are adopted and applied locally by dedicated teams which operate on two levels: on the one hand, they work to monitor the quality of both the products which come from external suppliers and the ones made internally; on the other they monitor the quality of product categories being developed and when market complaints are received. The controls are carried out already during the design phase in order to prevent any anomalies or product malfunctions, as well as ensure that the highest safety standards are achieved.

With regard to the production plants, the organizational model adopted by the Group is **ISO 9001** certified, which calls for a product quality management system.

Looking at food safety, at the Mignagola and Cluj plants an **ISO 22000** certified management model,

which relates specifically to hygiene and food safety, was implemented. This standard, which is based on the HACCP (*Hazard Analysis and Critical Control Points*¹⁷) principles and the *Codex Alimentarius*¹⁸ makes it possible to identify and manage possible risks, prevent accidents along the entire production chain, as well as assess the compliance of products with current regulations. In all the other production facilities, the Group adopted an organizational model which, in addition to the same standard, is informed by the **Good Hygienic Practices** (GHP) and the **ISO 1672-2**¹⁹ standard for food safety which also takes into account the **ISO 22005**²⁰ product traceability standards and requirements in order to provide, for each component and market product, information relating to the origin and recipient of the product.

During the pre-production phase, through a particularly granular verification process, all the Group's products are certified by independent bodies in order to further guarantee compliance with all applicable regulations and laws. Furthermore, the Quality division also carries out specific audits (see the "Supply chain management" section) in order to control and monitor the suppliers' compliance with the production standards.

With regard to **product information**, the technical departments work with the Marketing Division to ensure that the labels and booklets created comply with the regulations specific of all the countries where the products are distributed. The Group pays careful attention to the product booklets and labels which, in order to meet the legal obligations must comply with specific requirements, including, for example, the need to include the product's country of origin and the presence of any refrigerants in the household appliances. It is extremely important that the instructions relating to how to safely use and dispose of the product at the end of its life cycle is also provided in the product manuals.

The Operations and Technology Division promotes innovation and oversees design. Its main objective is to develop well designed products that are easy to use and versatile, characterized by a distinctive design which is ergonomic, safe and easy to disassemble. The use of high quality materials and technologies which are energy efficient and promote food safety is also essential.

Looking once again at design, the Group refers to Specific NPD (New Project Development) procedures, which provide transversal guidelines for the development of new products. These procedures are followed by the Marketing and Design divisions, as well as the technicians, which comprise a team of people spread out between the offices in Italy, Germany, the United Kingdom and the Dongguan plant in China. These offices, together with the Quality Division's Regulatory Team, are dedicated to designing solutions which comply with applicable laws. The Group's local for global approach, referred to above, ensures that products are developed in compliance with the standards applicable in the countries in which the Group operates.

The constant development of innovative products is also the result of the effective partnerships between Operations and Technology, several prestigious Italian and international universities, as well as a few commercial partners for which the De'Longhi Group designs and manufactures a collection of coffee products. In 2022, as part of these partnerships with the academic world, "**Eco-Design Guidelines**" were developed for a specific range of De' Longhi products in collaboration with Milan's Politecnico. More in detail, the goal of these strategic guidelines is to develop the expertise, for the entire product development community, needed to reduce the environmental impact of products across the entire life cycle in a regulatory environment that changes constantly. In 2023 the implementation of these practices was focused on ten

pilot products which will be analyzed as deemed opportune to ensure a more organic and complete integration of Eco-design standards in the development process of all De' Longhi products. Three Life Cycle Assessments were also carried out in order to measure and classify the most significant sources of any environmental impacts.

Policies implemented and objectives

The Group's commitment to making high quality products is supported by ongoing research and development, focused on safety and consumer wellbeing – this commitment is formalized in the Company's Code of Ethics which emphasizes the goal of maintaining high quality standards for consumers and clients.

Lastly, some time ago the Company adopted a group-wide **Quality Policy**.

Key figures

One of the key performance indicators that the Group uses to monitor quality, the First Time Quality Indicator (FTQ) assesses the qualitative efficiency of the production process. This indicator is used to identify any functional or esthetic defects of the products and expresses the number of perfect products as a percentage of total production. In the three-year period 2021–2023, the overall FTQ was stable (98% in 2023) confirming the Group's excellent performance. The Service Call Rate (SCR), rather, measures the percentage of machines repaired in the first year under warranty: in this instance, also, the SCR was unchanged with respect to the prior reporting year.

In 2023 there were no instances of non-compliance related to product safety. With regard to product information and labeling, in 2023 notice was

17 The hazard analysis and critical control points or HACCP, is a systematic preventive approach relating to food safety and protection from production related biological, chemical, and physical hazards.

18 The Codex Alimentarius is a collection of standards, codes of practice, guidelines, and other recommendations adopted by the Food and Agriculture Organization of the United Nations to protect the health of consumers and promote equitable and practices in the food business.

19 This standard establishes the requirements for common hygiene practices for machines used to prepare food for human consumption in order to eliminate or reduce the risk of contagion, infection, sickness or food induced damages.

20 This standard incorporates regulations relative to traceability systems for food products and applies them across the agri-food sector. By adopting this standard, the company guarantees the product history will be document and then places it in the relative food chain.

received of one instance of noncompliance. More specifically, the CCIAA (*Camera di Commercio, Industria, Artigianato e Agricoltura*) of Trento identified a non-compliance connected to the lack of a safety warning in the instruction manual for an Ariete tea kettle, Model 2877. The Group then updated the labeling of the products still in stock.

Lastly, as in prior years, the Company continued with its investments in research and development aiming to enhance its capacity for innovation (please refer to the section "Research and development – quality control" for more information). A few of the product designs which exemplify De'Longhi Group's characteristic innovation are described below:

Durable and detachable products

In order to ensure durability, the Group carries out numerous resistance tests during the development process. For example, the tests involving coffee machines are applied to both single components, as well as the finished product, by making thousands of drinks. Similar initiatives are underway for the Kenwood kitchen machines.

De' Longhi is committed to making products that are easy to repair, thanks to the work done on improving the ease of disassembly and the standardization of a few key mechanical parts that are shared across product families. The continuous dedication to creating products with these characteristics has made it possible for different Braun brand products, like the new TexStyle 7 Pro, the PowerBlend 9 and the MultiQuick MQ 7, to receive the prestigious Red Dot prize – clear recognition of the high quality of these products.

Lastly, as already pointed out in prior years, the fully

automatic coffee machines are equipped with patented systems which facilitate washing with water, without having to use detergents and lubricants. The milk system is cleaned using steam and hot water at the end of each use, and any remaining milk can be stored in the refrigerator and used again.

Energy efficient and low GHG emissions products

The De' Longhi Group is deeply committed to the energy efficiency of its products.

This is demonstrated by the fact that the entire range of fully automatic coffee machines, as well as the Lattissima and electronically controlled manual machines, are at least energy class A²¹. The development of systems which reduce the time needed for automatic shutdowns, the optimization of consumption during the stand-by phase (reaching levels which are half the regulatory minimum) and the development of an innovative heating system for the filter cup, are just a few examples of the work down in this regard.

Also, for many years all the fully automatic machines have been available in "Ecomode" which makes it possible to save energy during the warm-up phase.

With regard to comfort, the migration of the whole range of European portable air conditioners to refrigerant propane gas was completed several years ago. This refrigerant has significant environmental advantages as it is a natural gas which has a lower impact on global warming (Global Warming Potential – GWP). In the US market, where the use of this gas is illegal, in 2021 the Group completed the migration of all the air conditioners to refrigerant

synthetic R32 gas, which has a lower GWP impact compared to the gases used previously; while it is not as efficient as propane, it represents the best possible solution allowed under US law. Currently, the laws in this regard are subject to continuous change and the Group is already working on the development of technologies which will make it possible to keep up with the relative legislative context.

Healthy lifestyle products

The De' Longhi Group's strategies for new product development include promoting healthy lifestyles. The Group aims to preserve the nutritional elements of foods through its products: toward this end, Kenwood developed a line of Pure Juice extractors. Thanks to scrolling technology, the Pure Juice line is able to reduce the overheating and oxidation of ingredients making it possible to preserve the nutritional properties of the fruits and vegetables. The Multifry fryers also cook with hot air which reduces the use of vegetable oils.

All the De'Longhi brand coffee machines, fully automatic and manual, are also equipped with electronically controlled boiler temperatures which makes it possible to maintain conditions that are ideal for the ground coffee, safeguarding its organoleptic properties and enhancing its aroma.

21 Beginning in 2009, the FEA (Swiss Association of the domestic appliances industry) in agreement with the Swiss authorities, introduced the energy label for espresso machines, which became mandatory in 2014 for all machines sold in the Swiss market. In this context, the De'Longhi Group has decided to extend the certification in accordance with the standard EN 60661/2014 "Methods for measuring the performance of domestic coffee machines" to all coffee machines, regardless of the distribution market. The energy label proposed in the Swiss agreement classifies espresso machines on the basis of their energy efficiency on a scale that goes from class D to A+++.

Consumer relations

The De' Longhi Group's **brand reputation** is rooted in the high quality of its products and customer loyalty that has been built over time. Different factors and activities contribute to promoting the Company's reputation, including clear communication which anticipates and guides the purchase, a post-sales service which is focused on the consumer, as well as the constant commitment to privacy and data protection. The Group, in fact, works to safeguard the data of its customers in accordance with the law and is committed to mitigating the risks associated with obsolete telecommunications and data processing technologies. Toward this end, the Group monitors changes in the regulatory framework constantly, paying particular attention to the Artificial Intelligence Act, a regulation proposed by the European Union which soon could have an impact on the extended liability of the manufacturer.

With regard, again, to regulation, the main regulations shaping the Group's efforts to satisfy the needs of consumers relate, specifically, to empowering consumers for the green transition by working to improve protections against unfair practices and information, product guarantees and the right to repairs.

For more detailed information on the management of risks linked to consumer relations, refer to the

table "The main risks linked to non-financial topics and management methods", specifically the item "Consumer Relations", in the Note on Methodology.

Business and organizational model

The De' Longhi Group's external communication is managed by the Marketing and Communication Division, which coordinates both the centralized activities and the ones at the marketing offices of the local branches, in order to enhance the identity of each of the Group's brands. Each brand. The Customer Care division is responsible for supporting the end consumer in the various phases of the customer journey. Customer support is, lastly, also guaranteed by the contact center and technical assistance centers which are located in all the markets in which the Group operates. These organizations, primarily outsourced, provide a service which is essential to customer care, working, on the one hand, to increase customer satisfaction and, on the other, to maximize product durability.

One of Customer Care's main activities is to develop processes which guarantee that the Group is aligned with customer expectations. More specifically, in the last few years one of the trends that has impacted *Customer Care* is the increase in e-commerce sales volumes. The disintermediation is, in fact, having a significant impact on the relationship between the Company and consumers, increasing

the number of direct sales (B2C) which, in turn, requires that increasing attention be paid to the direct relationship with customers.

Given the continuous contextual change, and in light of the communication opportunities created by the use of digital instruments, already in 2022 Customer Care had decided to renew its strategy based on two key elements: on the one hand, the involvement of stakeholders in order to understand the different needs, on the other, the study of customer care best practices. This resulted in the definition of guidelines for the redesign of the Group's strategy which was renewed in 2023.

From an operational standpoint, the Group's main CRM (Customer Relations Management) tool (based on the management system – SAP C4C (Cloud For Customer) – which makes it possible to monitor the interactions with the final customer, guaranteeing the quality of the service provided and standardizing the traceability of the relations. A control dashboard equipped with a few key parameters, developed through the use of the SAP Analytic Cloud, compiles a vast range of data as graphics which allows the customer care specialists to receive crucial information in order to continuously improve the speed and the quality repairs, which has a positive impact on the average repair time.

Another key tool for Customer Care is Wonderflow, the company's VoC management (Voice of



Customer) system – which, to date, is the main means used by the Group to analyze the sentiment of its customers and, consequently, improve its service. More in detail, this system not only makes it possible to examine consumers’ product reviews submitted through the more than 70 online retail channels, but also to cross-reference these reviews with the feedback of customers made directly through De’ Longhi channels. In this way, by using Big Data Analysis, year after year the Group has been able to improve its listening strength, and understand the needs of consumers, as well involve all the stakeholders and monitor the performance of products in the different markets in which it operates. The precision of these analyses and the attention given to them makes it possible to develop geographic clusters and identify targets for improvement which increases the organizational efficiency, the quality of products and service and, consequently, customer satisfaction.

Together, SAP C4C and Wonderflow make it possible to define key monitoring indicators and develop

solutions based on objective data. The systems also allow the Group to gather information on its products and those of other sector companies, through tools like text analysis, text mining, sentiment analysis and rating breakdown – which provide a complete and detailed vision of the many aspects of the needs in the market where the Group operates.

As part of its customer care services, and specifically, web self-service²², the Group uses a system that leverages on artificial intelligence to quickly provide customers with functional replies and solutions. More in detail, the *web self-service* is able to analyze the users’ questions and independently formulate an exhaustive reply which provides a solution to the problem found. Subsequently, a group of specialists validate the AI reply and contact the customer in order to guarantee efficient and quality service. The service, already active in English-speaking countries and in Italy, in 2023 was expanded to include Germany, Belgium, France and the Netherlands. This expansion was

facilitated by the implementation of sophisticated simultaneous translation systems, which use AI to translate the content of e-mail and web-chat that allows the operators to reply efficiently to the customers’ needs, regardless of their native language.

With regard to technical assistance, the Group counts on approximately 1,800 service centers worldwide, of which 300 in Italy. In the past few years, despite the geopolitical and global market difficulties, the service has demonstrated great resilience, maintaining high quality standards and continuously reducing the average repair time. This success is attributable to the significant investments made by the Company over the past few years, like expanding the Group’s largest repair center in Germany which now has an installed repair capacity of about 60 thousand machines per year, 50% higher than the previous structure.

In addition to sharing joint guidelines and standards, Customer Care constantly monitors the quality of the service provided by the contact centers and the repair centers through inspections and

²² The web self-service is an assistance model that allows users to access information without having to interact with an operator. It can include tools like a FAQs (Frequently Asked Questions) section, digital instruction manuals, video guides, chatbots or support forums.

analysis of the KPI. In order to improve service quality, specific training sessions are offered periodically to employees and specialized partners, held primarily online thanks to the availability of e-learning platforms, but also in-person. In 2023 classroom training sessions were offered to customer care personnel: the activities were designed internally, in collaboration with an outside agency, and then offered to 50 technical the periodic visits of repair centers, interrupted due to pandemic restrictions, continued. Lastly, the assistane employees and to five employees responsible for the customer care networks. The activities combined theory with practice: in addition to a few classroom sessions, a practical exercise was held at the centers, where the interaction abilities and the commercial expertise acquired were assessed.

Lastly, another important aspect of the relationship with the consumer is data processing. This topic has become increasingly important, in light of updated regulations, as well as the quantity of the data handled by the Group. Toward this end, for years the Company has been storing the information provided by consumers on Google Cloud Platform servers, a platform which guarantees data protection in compliance with data protection laws (specifically the General Data Protection Regulation – GDPR 2016/679) and the main international standards for information security (ISO 27001) and cloud services (ISO 27017 and ISO 27018).

Policies and objectives

The De' Longhi Group's actions are focused on the improvement of the assistance provided to customers and the longevity of its products. While a specific policy has yet to be formalized, the Group's strategy is shaped by the objective of meeting its customers' needs and focused primarily on providing accurate product information and adequate after-sales care.

The Group's Code of Ethics has an important role in internal and external communications. Inside this document there is, in fact, a specific section in which the methods to be used in customer interactions are described. In order to provide the highest quality service, the Group works to guarantee that relationships with customers are professional, timely, attentive, open, respectful, collaborative and passionate.

Based on the Code of Ethics the disclosures made both inside and outside the Group must comply with the law, regulations, as well as professional best practices, and be clear, transparent, timely and accurate.

Key figures

The work done by Customer Care brought an increase in customer services, which are monitored through two indicators: the First Time Fix and the

Turnaround Time. Testimony to the quality of the repair service, the first came close to reaching 100% in 2023: this indicator measures the percentage of repaired products which – once repaired - did not require further repairs. The second, which measures the average time needed to address the problems reported by the user and find a definitive solution, dropped consistently over the last three years.

Lastly, with regard to marketing and labeling non-compliance, there was only one case in 2023 when the Group was notified by the Trento Chamber of Commerce that a customer had complained about the lack of a safety manual inside the packaging of an Ariete product²³.

With the exception of the above, there were no instances of noncompliance which involved consumer relations, nor in relation to data processing and protection. There were no data breaches in the two-year period 2022-2023.

²³ The procedure undertaken by the Trento Chamber of Commerce did not result in any fines.

Risk scenario

Preventing and managing the risks associated with the supply chain is essential to ensuring the continuity of the Group's business. The De' Longhi Group does not limit itself to simply ensuring a timely distribution of products and high-quality parts, but is committed to making sure that its suppliers adhere to the best practices for working conditions, the health and safety of workers, respect of human rights and environmental responsibility.

While 2022 was a very complex year for supply chain management, caused, on the one hand, by persistent restrictions linked to the pandemic and, on the other, interruptions in a few market segments due to the outbreak of the Russian-Ukrainian conflict, 2023 was a year of transition, characterized by uncertainty, but also positive results.

During the year, the global market conditions and the unstable geopolitical context required that the Group monitor inflation rates, foreign exchange rates and tensions in EMEA (Europe, the Middle East, Africa) constantly. In a year which saw a generalized increase in production volumes the Group, however, was able to guarantee the continuity of its supply chain and minimize its costs, thanks also to effective inventory management and lower unit shipping costs.

For more information on the measures used to address and manage supply chain risks please refer

to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

Business and organizational model

Supply chain management is carried out by the Supply Chain Division, together with Quality and Purchasing, with a view to ensuring business continuity and compliance of the Group and its suppliers with the highest quality standards, as well as social and environmental requirements.

In order to respond to the specific needs of the different markets in which the Group operates effectively and quickly, three offices are involved in monitoring and supporting the providers of finished products based on product category and proximity to production. Consequently, the offices focused on coffee and irons are in Italy; motor-driven products are managed through the UK office and, lastly, the office in Hong Kong focuses on comfort.

In Europe, Supply Chain is responsible for managing the volumes and logistics of materials, as well as semi-finished goods used in production; this process is carried out through two different operating locations, located in the Italy and Romania which work with the offices referred to above. Management of materials in the Chinese plants is supervised directly by the plant directors with the

support of three purchasing offices broken down by product category.

The Quality Division is responsible for the periodic audits of the suppliers of finished products, in order to assess qualitative, social and environmental performance. More in detail, the audits are carried out every two years: the audits make it possible, on the one hand, to that the quality of the products and materials meet the Group's needs and, on the other hand, to guarantee compliance with social criteria like the protection of human rights and compliance with the main environmental regulations.

The social audits are carried out in accordance with the international standard SA 8000 (Social Accountability) which assess aspects including freedom of association and collective bargaining, work hours, work conditions, health and safety, child labor, forced labor, discrimination and training of personnel. The assessment criteria take into account the level of social risk associated with the different countries; for this reason, most of the audits are made in China as the social risk is generally higher compared to other countries where the Group's suppliers are located. Along with these social criteria, there are also indicators used to audit the environmental performance which include emissions, water and waste disposal, as well as verification of a management system compliant with the ISO 14001 standard.

The Code of Ethics is another tool used to monitor

the activities of suppliers. This document is shared with all the Group's commercial parties through a dedicated *vendor portal*, where the Code's original text is available in English, Italian and Chinese. This makes it possible for suppliers to fully understand the Code, comply with obligations, adhere to the principle and adjust its activities in order to comply with any requests made as a result of the audits. The same portal houses the "**Responsible sourcing guidelines**", which define the associated risk criteria and determine a specific control regime for all the Group's vendors based on three factors: **type of provider, geopolitical area of origin and importance of the business**. Thanks to the constant updating of the assessment criteria, the Group is able to carry out a complete assessment of the supplier's situation and guarantee effective monitoring of the risks.

This entire assessment process is monitored and formalized in a procedure based on which all suppliers of finished products are subject to SCOC (Social Accountability Code of Conduct). This process is broken down in different phases, which begins with gathering data and continues with reporting and monitoring of any corrective actions, as well as specific follow-up. All these activities are recorded in a specific system which makes it possible to trace the commitments made by suppliers over time.

With the lifting of restrictive measures

implemented as a result of the Covid-19 pandemic, the vendor audits are now done entirely in person, in order to ensure more accurate audit outcomes, The digital instruments are now used exclusively for complementary activities, like receiving and sending any follow-up which do not require on-site verification and checking the information provided in documents which can be done via e-mail. This mechanism is valid for audits of historic suppliers, as well as the more recent ones.

Product quality is assessed based on a group of specific indicators:

- 1. Technical Factory Audit (TFA):** measures the effectiveness of the vendor's processes and evaluates the results of tests relating to product life. This type of audit is conducted every year and focuses on both the initial qualification, as well as subsequent periodic monitoring of vendors. As mentioned above, the checklist for this type of audit includes a section dedicated to environmental issues
- 2. Quality Evaluation (QE):** measures product quality based on statistical sampling of each single lot.
- 3. On Time Delivery (OTD):** measures the delivery time of the supplier and, more specifically, the difference between the delivery date agreed upon and the actual one.
- 4. Order Fill Rate (OFR):** measures the ability of the supplier to refill the entire quantity requested by the Group.

The assessments of product quality are included in

a **vendor rating** which is used to classify partners in four categories - preferred, approved, probation and exit plan - as well as evaluate the structure and intensity of partnerships in the future, with a view also to continuous improvement.

Policies and objectives

The relationships between the De' Longhi Group and its vendors are governed by the Group's Code of Ethics which lists the criteria which both parties must adhere to: on the one hand, compliance with applicable law and regulations and, on the other hand, compliance with the general principles defined in the Code. The supplier selection process, furthermore, should be done based on an objective comparison of quality, price, execution and assistance while avoiding any and all forms of favoritism or discrimination. The Group suppliers must ensure that the working conditions of its employees do not violate basic human rights, comply with international agreements and current law. In order to extend the Group's control across the entire value chain, and not just with its own suppliers, the supplier must provide its sub-contractors with a copy of the updated and translated Code of Ethics.

In addition to managing the assessment and monitoring of new suppliers, the Supply Chain Division and Quality will work to establish long-term relationships. More specifically, the divisions work to create a simplified network which favors direct deliveries, consistent with the Group's expectations. This approach allows the Group to respond not

only to market requests, which change constantly and require flexibility, but also the needs dictated by production.

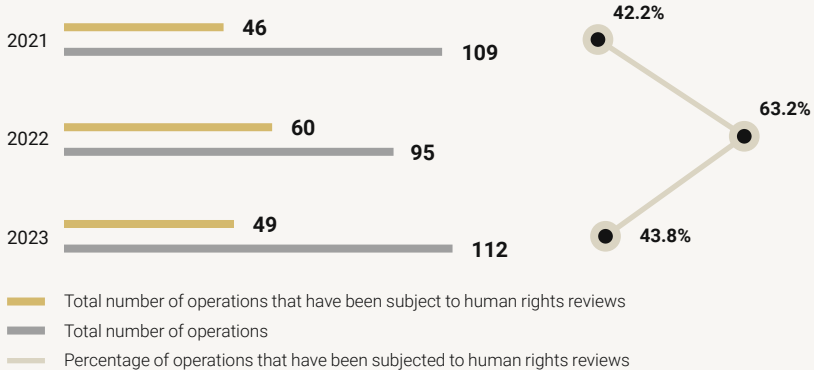
Key figures

In 2023, all the new suppliers of finished products were subject to a social accountability audit, in accordance with standard SA 8000 (100%). To date none of the SCOC (Social Accountability Code of Conduct) audits had a "zero tolerance" outcome and, therefore, resulted in the termination of the relationship with the supplier.

As for the environmental aspects, in 2023 environmental audits of 15 new providers of finished products or 100% of the new providers, were carried out, consistent with the prior two-year period.

In 2023 a total of 49 audits were carried out in order to verify that no human rights violations had occurred at the 45 suppliers of finished products and 4 Group assets. This covered around 44% of the Group's operations which, while lower than in 2022, is consistent with the fluctuations and biannual schedule of the audits and remains in line with 2021.

Number and percentage of transactions subject to human rights assessments



New suppliers of finished products subject to social accountability and environmental audits



Risk scenario

The De' Longhi Group, which operates daily in an international environment of continuous change, pays constant attention to the proper management of its manufacturing processes, consistent with the relative legal requirements. Consistent, furthermore, with the constant changes in the regulatory and market backdrop, the Group's environmental policies, which are crucial to responsible business management and reducing its impact, are updated regularly.

For more information about environmental risks, as well as the Group's risk management, please refer to the section "Risk factors for the De'Longhi Group", specifically paragraphs 15 (Risks relating to changes in the regulatory framework) and 16 (Risks relating to environmental harm) in the section "Risk factors for the De'Longhi Group".

For more information on the measures used to prevent and manage environmental risks please refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

Business and organizational model

At a Group level, the environmental aspects are managed by the Operations & Technology and Quality Divisions. Toward this end, over the last few years, the De' Longhi Group has worked to obtain, in 2022, **ISO 14001:2015** certification for all the environmental management systems in place at the

production facilities. This certification ensures the presence of a system capable monitoring the environmental impact of the activities, as well as implementation improvements and mitigation. Over the years the Group has made multiple investments in, among other things, the production of clean energy, more modern and more efficient plants and optimization of the manufacturing processes.

As for the production of electricity from renewable sources, a number of years ago the Group installed solar panels at the Mignagola plant which in 2023 produced 862,318 kWh of energy, part of which was sold to the electric grid – thus contributing to the reduction of the domestic energy mix. The on-site production satisfies about 6% of the electricity needs and reduces the dependence on the national grid. The installation of solar panels was also extended to a few commercial branches and preparation for the installation of a solar energy system at the Cluj plant in Romania was begun recently. With an installed capacity of around 3 MW, the system will cover a sizeable portion of the site's energy needs and will be the Group's largest solar energy system. In the current reporting year, a total of 882.058 kWh of renewable energy were produced and consumed.

With a view to improving energy efficiency, movement sensors were also installed at the Mignagola, Cluj, Salonta and Dongguan plants; as a result of these sensors lights are activated only when movement is detected. At the same plants and the Treviso headquarters, meters which monitor consumption and energy efficiency were installed. At the same time, in order to optimize consumption, LED

relamping is underway: if in the last few years relamping was carried out mainly at the European plants, in 2022-2023 significant progress was made also at the Chinese sites where currently only energy efficient lightbulbs are being used. More specifically, in 2023, thanks to the installation of more than 1,500 LED lamps it was possible to lower consumption by 1,759,241 MJ, in the Dongguan site alone²⁴.

Beginning in 2021 at the Dongguan plant another efficiency initiative was launched aimed at replacing traditional hydraulic injection plastic molding machines with new machines that rely an electric servomotor capable of maintaining high production levels, with less energy consumption. In 2023 this substitution resulted in energy savings of 3,801,600 MJ²⁵.

At the Mignagola plant the analysis and planning of a new product testing process for coffee machines, based on air tests continued. Not only would this innovation make it possible to save around ½ a liter of water per test, but it would be possible to reduce the amount of time and energy needed.

Another division which makes a crucial contribution to reducing environmental impact is Research and Development which is involved in the design of eco-sustainable products beginning with the choice of materials, as well as packaging, through obsolescence. More in detail, R&D uses a scientific approach both locally and on a corporate level to design and develop solutions which increase the energy efficiency, durability and reparability of the products, as well as reduce the consumption of

24 The estimated reduction in consumption was made in comparison to 2021.

25 The estimated reduction in consumption was made in comparison to 2021.

resources and production of waste generated by company operations. Please refer to the section "Product innovation and quality" for more information.

In regard to the last topic, the Group developed several strategies for the responsible management of the waste generated during production which aim to be more aligned with the circular economy concept. At the Mignagola and Dongguan plants, therefore, projects were implemented which call for the recovery of plastic scraps that are then reused in the manufacturing cycle which reduces waste. Starting in the second half of 2022, a similar initiative was begun at the plants in Cluj and Salonta, where in 2023 100% of the waste generated by the plastic molds was recycled.

More efficient waste management is not limited to plastic: waste generated by work done with metal was resold as a raw material, while paper, cardboard and nylon scraps are sent to be regenerated.

The use of this method will, in fact, make it possible to save a whopping 150 tons of coffee per year.

Careful management of purchased goods also and, above all, involved coffee. Toward this end, initiatives are being worked on to minimize consumption and recycle any waste. More specifically, at the Mignagola plant, adjustments to the calibration of the coffee grinder during coffee testing was tested: this initiative, once completed, will result in a saving of more than 150 tons of coffee a year and lower energy consumption by around 80%, without compromising the quality of the process.

Responsible waste management is also expressed through the special attention given to recycling, at both the offices and the production facilities: special signage and targeted training focused on how to correctly dispose of waste aims to increase the quality of the recycling system. In 2023 specific training was offered at the Dongguan plant, while at OnShiu an initiative to reduce hazardous waste, through the installation of new pressurized filters, was implemented.

The use of sustainable packaging is another area to which the Company is committed. Beginning in 2020 LCAs (Life Cycle Assessment) of the different types of packaging used were carried out in order to find more environmentally friendly alternatives. Based on the results obtained, the Group decided to focus on reducing the quantity of EPS (Expanded Polystyrene) used in product packaging. In the last few years, the percentage of EPS-free packaging has increased constantly: in 2023, 69% of the products distributed by the Group were without EPS, an improvement of more than ten percentage points compared to the prior year.

The packaging efficiency initiatives also involved the Group's internal logistics and operations: at the Chinese plants and the one in Cluj the goal is to reuse the plastic and cardboard packaging of the components delivered which are otherwise disposed of upon arrival. More specifically, in 2023 at the Romanian plants some plastic wraps used for packaging were substituted with reusable Polyethylene (PET) tapes which led to a reduction in plastic waste of approximately 5 tons.

Aware of how important reducing the environmental impact along the entire supply chain is, the Group started implementing initiatives to reuse *packaging* which also involves suppliers. In 2023 at the Dongguan plant, where the majority of the products purchased end up, a project was launched in collaboration with the main suppliers which, in 2024, will result in the use of reusable returnable plastic boxes.

In the last few years wooden pallets have been replaced with pallets made out of recycled plastic, which are lighter and more durable, at the Mignagola, Dongguan, OnShiu plants and, to a large degree at the Cluj and Salonta facilities.

In order to improve air quality, systems which monitor the emission of pollutants from chimneys were installed at the Cluj, Salonta, Mignagola plants and, beginning in 2023, also at Dongguan. These systems make it possible to measure the quantity of harmful substances in the air with a view to both monitoring and reduction.

Policies and objectives

Currently the Group does not have a formalized environmental policy, although the Code of Ethics, which is applied to all the De' Longhi companies, states clearly that all activities are shaped by the need for environmental protection and public safety in accordance with the law. This principle results in the development of projects and processes which are implemented in accordance with

scientific literature and environmental best practices in order to prevent pollution, respect the community and protect the environment, as well as the landscape. In this way the Group, while pursuing its objectives for product, financial and social development, works to find a balance between economic initiatives and environmental needs, including and above all with respect to future generations.

Within this framework, for each of the Group's plants, the requisites for the **ISO 14001:2015** certifications, the environmental policies in effect and the related procedures not only ensure compliance with the current regulations, but also the commitment to improvement in the different environmental aspects including: optimization of water and energy consumption, the reduction or, where possible, the elimination of any kind of pollution and the implementation of technologies and processes to minimize environmental risks.

Key figures

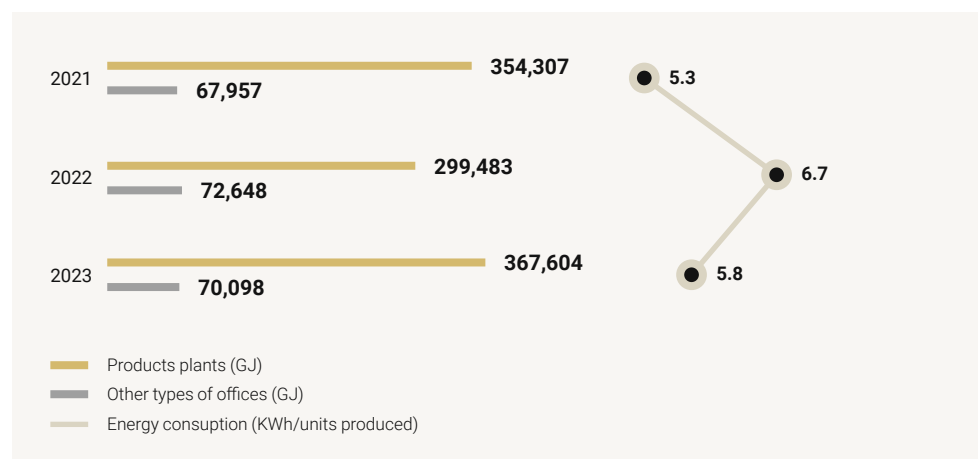
Nel 2023, the increase in production volumes resulted in higher energy consumption which amounted to 437,701 GJ (+18% compared to the prior year).

The Group's consumption can be divided in direct and indirect: the first is explained above all by the use of the tri-generator at Mignagola, the corporate fleet, the natural gas used for heating and production; the second ones are connected largely to consumption of electricity for production, lighting and

district heating and air conditioning. The direct consumption represents 37% of the total, higher than in the prior year (+41%) due primarily to the increase in the consumption of natural gas used to run the tri-generator at the Mignagola plant which accounts for almost 80% of the Group's total natural gas consumption. This system produces a power that can be used for heat, cooling and electricity by lowering the dispersion during the transport phase and is more efficient than the traditional gas heating system supported by an electrical system that is supplied through the national grid.

The electricity consumption per unit of production was lower, coming in at 5.8 kWh/unit of production.

Energy consumption	U.M.	Production facilities			Other types of offices ²⁶			De' Longhi Group		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Direct energy consumption from non-renewable sources										
Gasoline	GJ	3,948	4,945	3,015	7,181	8,883	12,253	11,129	13,828	15,268
Diesel	GJ	6,991	5,696	6,063	18,274	18,759	18,008	25,265	24,455	24,071
Natural gas	GJ	42,869	66,777	114,228	5,115	5,934	3,932	47,984	72,711	118,160
LPG	GJ	518	347	304	712	707	607	1,231	1,054	911
Fuel oil	GJ	-	-	-	61	1	-	61	1	-
Total	GJ	54,327	77,765	123,610	31,343	34,284	34,800	85,670	112,049	158,410
Direct energy consumption from renewable sources										
Energy produced from renewable sources and consumed	GJ	3,423	3,338	3,104	-	-	69	3,423	3,338	3,173
Total direct consumption	GJ	57,750	81,103	3,104	31,343	34,284	69	89,093	115,387	3,173
Indirect consumption										
Electricity purchased	GJ	296,557	218,380	240,890	34,291	35,398	33,812	330,848	253,778	274,702
District heating	GJ	-	-	-	2,322	2,599	1,059	2,322	2,599	1,059
Cooling	GJ	-	-	-	-	367	358	-	367	358
Total indirect consumption	GJ	296,557	218,380	240,890	36,613	38,364	35,229	333,170	256,744	276,119
Total consumption	GJ	354,307	299,483	367,604	67,956	72,648	70,098	422,263	372,130	437,702

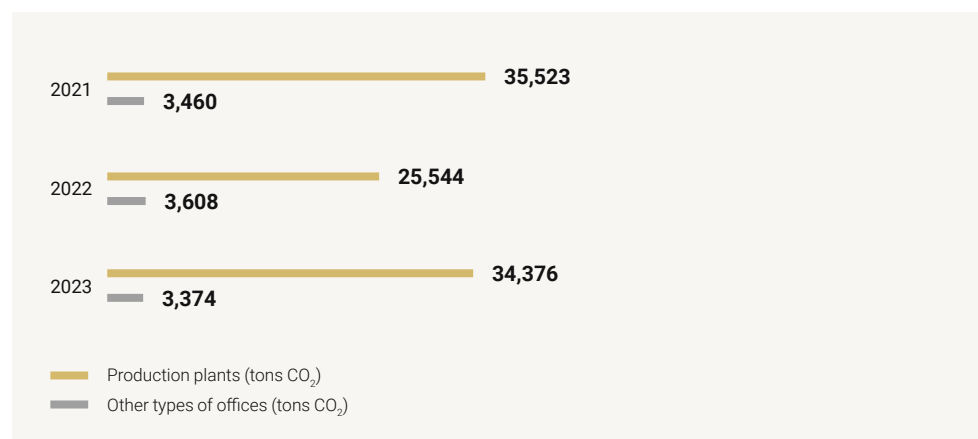


²⁶ "Other types of offices" includes the offices, distribution branches, warehouses and, in general, all of the De' Longhi Group's structures not related to production.

In 2023 total Scope 1 and Scope 2 CO₂ emissions (calculated using the "Location Based" method) reached 42,863 tons, 24% higher than in 2022 and consistent with the increase in production. The direct emissions account for 12% of the Group's total, while the indirect location based emissions account for around 88%. More in detail, if the first are generated mainly by the corporate car fleet (57% of the Scope 1 emissions), the second ones are explained primarily by the consumption of electricity (86% of the Scope 2 location based emissions)²⁷ and the tri-generator at Mignagola (14%).

Lastly, in 2023 the indirect market-based emissions were 55% lower than in the prior year and 64% lower than in 2021. This trend is attributable mainly to the increase in the purchase of guarantee of origin (GO) certificates which guarantee that the electricity consumed comes from renewable sources and which today covers the consumption at all the production plants, as well as at the commercial branches located in the United Kingdom and Ireland or 89% of the Group's total electricity consumption.

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

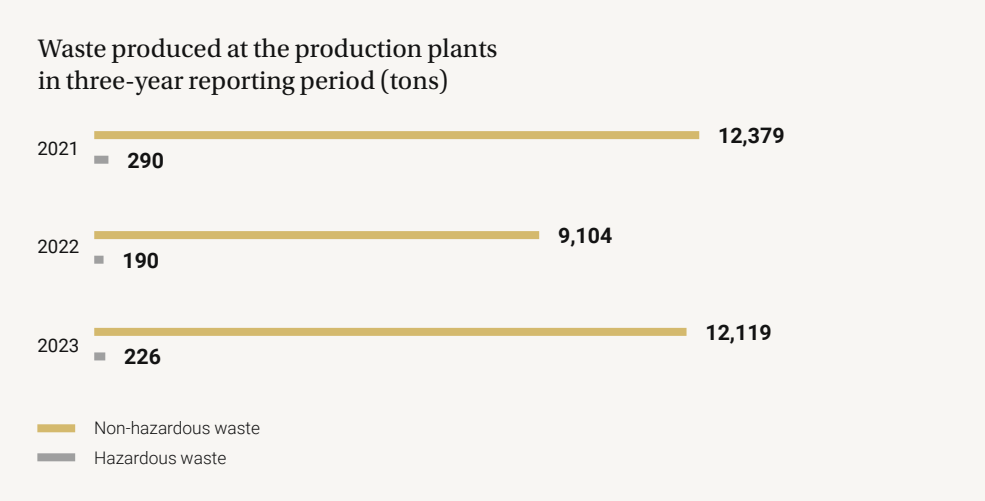


²⁷ As of 2023, the Scope 1 calculation includes the loss of re-frigerants, used at both the production plants and in the branches, which produced 606.5 tons of CO₂₂₀₁₉.

²⁸ "Other types of offices" includes the offices, distribution branches, warehouses and, in general, all of the De' Longhi Group's structures not related to production.

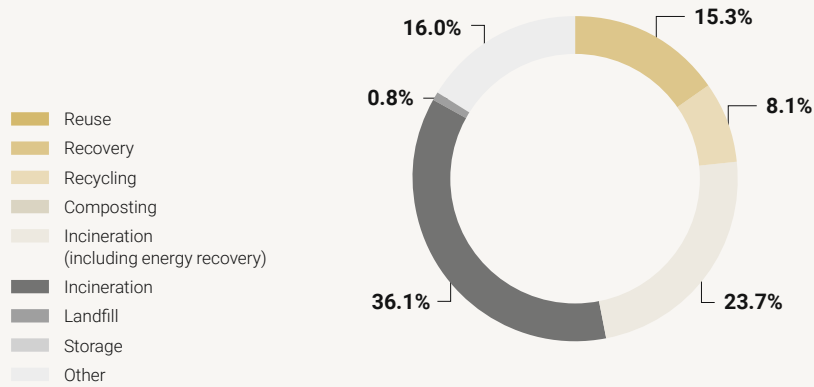
In 2023, 12,345 tons of waste were produced, an increase of 33% compared to 2022 and is explained by the increase in production, while the breakdown between non-hazardous (98%) and hazardous waste (2%) was unchanged. The percentage of the waste which was recycled, regenerated and/or reached 89% of the total, slightly higher than in the prior year which testifies to the Group's increasingly concrete commitment to the adoption of sustainable circular economic practices.

Waste produced ²⁹	U.M.	2021		2022		2023	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Reuse	ton	1	-	1	-	-	220
Recovery	ton	21	2,396	19	2,055	34	1,907
Recycling	ton	10	8,572	35	5,989	18	8,859
Composting	ton	-	198	-	50	-	18
Incineration (with energy recovery)	ton	33	904	46	500	54	428
Incineration	ton	48	-	28	18	82	-
Land fill	ton	67	215	11	190	2	406
Storage	ton	51	23	7	14	-	-
Other	ton	59	71	44	289	36	281
Total	ton	290	12,379	190	9,104	226	12,119

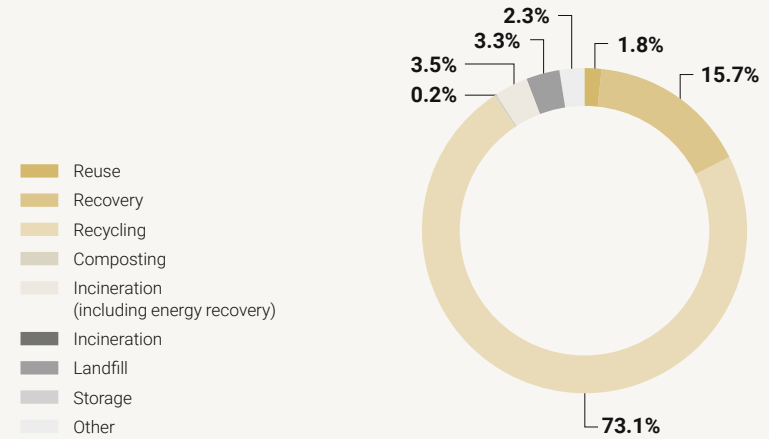


²⁹ 78% of waste produced in 2023 by De' Longhi Group was treated off-site.

Hazardous waste produced in 2023 broken down by disposal method



Non-hazardous waste produced in 2023 broken down by disposal method



Reporting scope and standards used

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

In 2023 a new company, "De' Longhi LLP", with registered offices in Kazakhstan, was added to the scope of consolidation. The date of inclusion in the scope of consolidation coincides with what was determined for the financial figures.

The information and figures used in this section refer to FY 2023.

The Group used the "with reference" option of the *GRI Sustainability Reporting Standards* (hereinafter the GRI Standards), published by the GRI – *Global Reporting Initiative*, to prepare its NFS. More in detail, when preparing the NFS, reference was made to the *Standard GRI 1: Foundation*, the reporting principles and the GRI content index.

Definition of the material topics

The materiality analysis guides De' Longhi in the choice of the topics to report on in order to provide a complete and clear picture as to the economic, environmental and social impact of the Group's activities.

In 2022, the materiality analysis was updated in order to comply with the new GRI Standards 2021; this analysis was confirmed in 2023.

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

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

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

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

2. Identification of De' Longhi's current and potential impacts: during this phase the organization identified the current and potential impacts that its activities and business relationships could have on the economy, the environment and people, including the human rights of the latter. The current impacts are those happening now or have materialized over time while potential impacts are those that could materialize in the future.
3. Assessment of the significance and relevance of the impacts: all the impacts were assessed by evaluating the degree of significance determined based on the Standard's criteria.
4. Prioritization of the most significant impacts for reporting purposes: the Group's most significant impacts were prioritized and the most relevant impacts informed the identification of the material topics included in this Non-Financial Statement.

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

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

Legislative Decree 254	Material topics	Impacts	GRI Topic-Specific Disclosure
Environmental aspects	Management of the GHG emissions and fight against climate change	The use of fossil fuels and electricity generates direct and indirect Greenhouse gases which contribute to climate change. In order to mitigate and offset any impacts, the Group works to implement solutions which will help to save energy and encourage the use of energy from renewable sources.	GRI 302-1, 302,2 GRI 305-1, 305-2
Human resources management	Inclusion and equal opportunities	An inadequate management of the aspects relating to inclusion and equal opportunities could lead to episodes of discrimination. Through policies, procedures and initiatives coordinated with HR, the Group works to reduce the risk of these episodes.	GRI 405-1 GRI 406-1
Environmental aspects	Waste management and circular economy	The use of non-recyclable materials and inadequate management of the manufacturing waste could have a negative impact on the eco-system. In order to mitigate the impact, the Group adopts avantgarde waste management practices, fully compliant with the laws in effect.	GRI 306-3, 306-4, 306-5
Human resources management	Health and safety of workers	The health and safety of workers is a top priority for the Group. In order to avoid any potential risks stemming from production, the company adopts specific management practices to manage health and safety on the job and is committed to ongoing monitoring and improvements.	GRI 403-9
Human rights	Respect of human rights	The Group is committed to protecting human rights. In order to lessen the likelihood of a violation, relative to both operations and along the value chain, De' Longhi has implemented specific initiatives aimed at monitoring the practices of its suppliers. The Group also provides training courses in topics and procedures relating to the respect of human rights.	Non GRI KPI: transactions assessed with respect to human rights
Social aspects	Promotion of sustainable lifestyles	Aware of its role as an influencer with its customers and stakeholders, the Group promotes the adoption of healthy lifestyles, the use of sustainable food products and good practices for a healthy and balanced diet.	-
Social and environmental aspects	Responsible supply chain management	Irresponsible management of the supply chain could have a negative social and environmental impact. The De' Longhi Group has, therefore, adopted tools and mechanisms which reduce the risk that the impact materializes.	GRI 414-1 GRI 308-1
Environmental aspects	Innovation and eco-design	The irresponsible use of materials, including the during the procurement phase, could damage the eco-system. For this reason, the Group has defined guidelines in order to promote innovative and sustainable solutions in the choice of materials.	-
Social aspects	Product safety and labeling	Labeling which is not transparent and complete could cause products to be used incorrectly and compromise consumer safety. At the same time, failure to monitor quality during procurement and production could have repercussions. The Group, therefore, works to guarantee constant quality and product safety controls, as well as transparency in labeling.	GRI 417-2 GRI 417-3 GRI 416-1
Social aspects	Consumer satisfaction	For De' Longhi consumer satisfaction is of the utmost importance. For this reason, it promotes surveys relating to consumer needs and preferences order to establish loyalty and a lasting relationship.	-
Fight against corruption	Ethics and business integrity	De' Longhi is committed to conducting its business in accordance with principles of integrity, transparency, legality, fairness, prudence and in compliance with the law.	GRI 205-2 (b, c, e) 205-3
Human resources management	Talent acquisition and retention	In addition to the employee satisfaction, a key aspect for the Group is talent development by investing constantly in human resources which guarantees stability, appeal and the creation of jobs.	GRI 404-1
Social aspects	Use of consumer data	By promoting campaigns to heighten awareness as to the risks stemming from the use of personal data, the Group works to guarantee the protection of consumer privacy.	GRI 418-1

The main risks associated with non-financial issues and management methods

The possible risks, inflicted and caused, associated with the issues identified by the De' Longhi Group as "material" are reported in the following table, as well as the main risks associated with and the relative management of each Legislative Decree 254 area.

Legislative Decree 254	Main risks	Risk management tools
<p>Fight against corruption</p>	<ul style="list-style-type: none"> • Risks connected to administrative liability of legal entities, particularly with regard to Legislative Decree 231/2001 which introduced specific rules relating to liability for a few types of crimes to the Italian legal system • Risks tied to the Group's current or past commercial relationships with related parties • Reputational risk 	<ul style="list-style-type: none"> • Group Code of Ethics • Model of organization, management and control pursuant to Legislative Decree 231/2001 • Group's internal control and compliance system • Corporate Governance guidelines • Procedure for Related Party Transactions
<p>Human resources management Human rights</p>	<ul style="list-style-type: none"> • Risks connected to human resources management, particularly with regard to the Group's ability to recruit, develop, motivate, retain and promote personnel with the attitudes, values, specialized professional and/or managerial skills needed to meet the Group's changing needs. • With regard to the Chinese platform, there are also a few risks related to high turnover of Chinese blue-collar workers • Risks tied to possible instances of discrimination 	<ul style="list-style-type: none"> • Group Code of Ethics • Model of organization, management and control pursuant to Legislative Decree 231/2001 • Group's internal control and compliance system • OHSAS 18001 compliant organizational model • Worker safety and health policy in place at European plants • Compensation policy for the BoD and executives with strategic responsibilities • Performance review process • MBO procedure • Employee surveys • For the Chinese plants: incentive schemes to foster staff retention, investment in training and the development of more qualified internal resources, improvements in living and working conditions inside the different plants

Legislative Decree 254	Main risks	Risk management tools
Social aspects Environmental aspects	Product quality and innovation <ul style="list-style-type: none"> Risks connected to the De' Longhi Group's to continue with product innovation Risks associated with patents and trademarks Risks connected to product quality and liability for violations of the quality standards applied in the different jurisdictions where the Group Risks connected with regulatory changes, relating in particular to environmental protection, especially the regulations relating to the safety and energy efficiency of electric household appliances, recyclability and environmental friendliness. 	<ul style="list-style-type: none"> Group Code of Ethics UNI EN ISO 9001:2015 certified Quality System Food safety management model Quality policy NPD procedures Quality audits Constant monitoring of regulatory changes Registration of product patents and trademarks
Social aspects	Consumer relations <ul style="list-style-type: none"> Risks associated with warehouse size and the timeliness of deliveries; more in detail, in the event the Group doesn't have an adequate quantity of products it could run the risk of not being able to meet customer demand in a timely manner. Another risk stems from potential supply chain issues which could impact the adequacy of the service provided Risks relating to IT systems: in relation to events which could compromise service continuity and integrity of the data 	<ul style="list-style-type: none"> Group Code of Ethics Model of organization, management and control pursuant to Legislative Decree 231/2001 Group's internal control and compliance system GDPR policy (includes policy for the storage of data and procedure for the management of data breaches) Training of employees in IT safety and privacy Presence of structures dedicated to monitoring the level of customer satisfaction
Social aspects Human rights	Supply chain management <ul style="list-style-type: none"> Risks connected to supplier relationships with regard, in particular, to reliable product quality, logistics and timely deliveries, as well as relationships with company employees Risk of being dependent on a single supplier for certain types of components for strategic products 	<ul style="list-style-type: none"> Group Code of Ethics Model of organization, management and control pursuant to Legislative Decree 231/2001 Procedure for Related Party Transactions Social accountability audits
Environmental aspects	<ul style="list-style-type: none"> Risks relating to environmental harm: the manufacturing done by the Group at its plants and facilities could harm third parties, cause accidents or environmental harm if serious breakdowns or malfunctions were to occur Risks connected to climate change: extreme weather conditions (like floods, high levels of precipitation, hurricanes) could undermine the Group's ability to operate Risks connected to inappropriate energy management practices: poor sustainability practices in energy management could make it more difficult to reduce the energy footprint and/o accelerate climate change 	<ul style="list-style-type: none"> Group Code of Ethics UNI EN ISO 14001:2015 certified environmental management system for the European plants Group's internal control and compliance system Environmental policy applicable also the production facilities in Mignagola and Cluj, as well as the Kenwood plant. With regard to climate change risks, in the two-year period 2021-2022 the Group adhered to management principles and methods inherent in the UNI EN ISO 14001:2015 environmental management system. Furthermore, in the two-year period 2021-2022 the perceived risk stemming from the possible impact that climate change could have on the business was mapped.

The reporting process and the methods of calculation used

The content used in the NFS 2023 was prepared by all the relevant company divisions and those responsible for the aspects referred to in the report.

The main methods of calculation used, and the relative updates, are listed below:

- for GRI Disclosure 403 (Occupational Health and Safety) includes the number of injuries recorded during travel on transportation organized by De'Longhi and, therefore, excludes the other instances;
- **injury rate** is the total number of injuries expressed as a percentage of the total number of labor hours multiplied by 1,000,000, excluding commuting accidents;
- **severity rate** is the total number of serious accidents (which resulted in an absence of more than 6 months) expressed as a percentage of the total number of labor hours multiplied by 1,000,000;
- the **first-time quality (FTQ) indicator** is the number of products without functional or esthetic defects as a percentage of total production for the year;
- the **service call rate (SCR)** is the number of machines repaired in the first year under warranty as a percentage of total yearly sales. This indicator is calculated quarterly on a rolling 12-month basis;
- the **first-time fix (FTF)** indicator is the number of repaired products that did not need further repairs in the six months following completion of the initial repair as a percentage of total product repairs;
- **greenhouse gas emissions** are calculated based on international guidelines and standards

such as GHG protocol and ISO 14064-1:2018. The only greenhouse gas considered was carbon monoxide (CO₂). The self-produced energy from renewable sources was excluded from the calculation of greenhouse gas emissions as it is considered to be free of 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, gasoline, diesel fuel and LPG for the company cars were determined based on the emission factors reported in the table of national standards published by the Italian Ministry of the Environment, for the years 2021, 2022 and 2023. The emissions linked to refrigerants were calculated using the Global Warming Potential (GWP) found in the Sixth Assessment Report of the *Intergovernmental Panel on Climate Change* (IPCC).
- **Indirect emissions (Scope 2):** indirect emissions are linked to the consumption of electricity and district heating; the emissions linked to electricity were calculated based on a location and market-based approach. Location based emissions were calculated by taking into account, for each country, the factors referred to in the most recent version of *Table 49 – Primary socio-economic and energy indicators* published by Terna (Italian grid operator), in the International Comparison section, based on the most recent Enerdata data, namely the 2019 version. 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.
- With regard to the market-based emissions, when available, the residual mixes found in the

“European Residual Mixes”, published by ABI for the years 2020-2022, were used. For the United States an average residual mix per eGrid Subregion, calculated based on the residual mixes shown in the document *2020 Green-e Residual Mix Emissions Rates* for 2021; for 2022 and 2023 a more updated version of the *Green-e@ Residual Mix Emission Rates* which contains data for 2022 and 2023 was used. 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.

District heating emissions were calculated using the emissions factors found in the document “*UK Government GHG Conversion Factors for Company Reporting*” published by the *Department for Environment Food & Rural Affairs* (DEFRA) table for the three-year period 2021-2022-2023.

Statement of use	The De' Longhi S.p.A. Group reported the following disclosures in the GRI Content Index for the reporting period 01/01/2023 - 31/12/2023, using the GRI Standard method "with reference to"		
GRI 1 used	GRI 1: Foundation 2021		
GRI Standard	Disclosures	Location	
GRI 2: General disclosures	2-1 Organizational details	42-43	
	2-2 Entities included in the organization's sustainability reporting	42-43	
	2-3 Reporting period, frequency and contact point	84	
	2-4 Restatements of information	(*)	
	2-5 External assurance	156	
	2-6 Activities, value chain and other business relationships	42-43	
	2-7 Employees	60	
	2-8 Workers who are not employees	60	
	2-9 Structure and composition of the governance	61	
GRI 3: Material Topics 2021	2-29 Approach to stakeholder engagement	44	
	3-1 Process to determine material topics	79-80	
	3-2 List of material topics	79-80	
Ethics and business integrity	3-3 Management of material topics	79-80	
	GRI 3: Material Topics 2021	3-3 Management of material topics	79-80
	GRI 205: Anticorruption 2016	205-2 Communication and training relative to anticorruption laws and procedures	55
205-3 Confirmed incidents of corruption and actions taken		54	
Management of GHG emissions and the fight against climate change			
GRI 3: Material Topics 2021	3-3 Management of material topics	79-80	
	GRI 302: Energy 2016	302-1 Energy consumption inside the organization	75
302-3 Energy intensity		75	
GRI 305: Emissions 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	76	
	305-2 Indirect GHG emissions from the consumption of energy (Scope 2)	76	

GRI Standard	Disclosures	Location
Waste management and circular economy		
GRI 3: Material Topics 2021	3-3 Management of material topics	79-80
	306-3 Waste generated	77-78
GRI 306: Waste 2020	306-4 Waste diverted from disposal	77-78
	306-5 Waste directed to disposal	77-78
Responsible supply chain management		
GRI 3: Material Topics 2021	3-3 Management of material topics	79-80
GRI 308: Environmental assessment of suppliers 2016	308-1 New suppliers screened using environmental criteria	72
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers screened using social criteria	72
Worker health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79
GRI 403: Occupational health and safety 2018	403-9 Work related injuries	62-63
Talent attraction and development		
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79
GRI 404: Training and education 2016	404-1 Average number of training hours per year per employee	57, 61
Inclusion and equal opportunities		
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	61
GRI 406: Non discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	55
Product safety and labeling		
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of products and service categories	64
GRI 417: Marketing and labeling 2016	417-2 Incidents of non-compliance involving labeling, as well as product and services disclosures	66
	417-3 Incidents of non-compliance concerning marketing communications	69
Use of consumer data		
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding violations of customer privacy and loss of their data	69

GRI Standard	Disclosures	Location
Non-GRI Material Topics		
Respect of human rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	70-71, 78-80
Innovation and eco-design		
GRI 3: Material Topics 2021	3-3 Management of material topics	74-75, 79-80
Promotion of sustainable lifestyles		
GRI 3: Material Topics 2021	3-3 Management of material topics	66, 79-80
Consumer satisfaction		
GRI 3: Material Topics 2021	3-3 Management of material topics	6-69, 80