

DēLonghi Group



2021

Sustainability Report

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A new chapter in our path

[GRI 102-14]



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Dear All,

In this fifth edition of the De'Longhi Group's Sustainability Report we will tell you about 2021, a year characterized by important growth and value creation, but also noticeable challenges in an environment that saw a gradual increase in the complexity of the global market conditions.

Thanks to the vaccination campaigns, in 2021 the most severe phase of the health crisis was put behind us and economic activity recovered gradually, albeit at a pace that varied in different parts of the world. At the same time, supply chain bottlenecks persisted due to the difficulties encountered finding parts, higher purchasing and transportation costs.

The results the Group achieved in 2021 testify to the extraordinary commitment and resilience of our people, the strength of our brands and the success of our strategy which combines product innovation, manufacturing excellence and the continuous investments made in both production and communication in order to support our brands.

ESG factors are increasingly becoming an integral part of our medium/long-term strategy: sustainability was included in our Medium Term Plan 2021-2023 as a veritable and real enabler, and is gradually becoming part of our journey and evolution, forcing us, in some instances, to rethink our priorities and our projects for the years to come.

For us 2021 also marked the beginning of a new chapter in our sustainability path: we redefined our sustainability governance and the areas of even greater focus, while also developing a Sustainability Manifesto for our people so that the path is increasingly shared and deeply rooted.

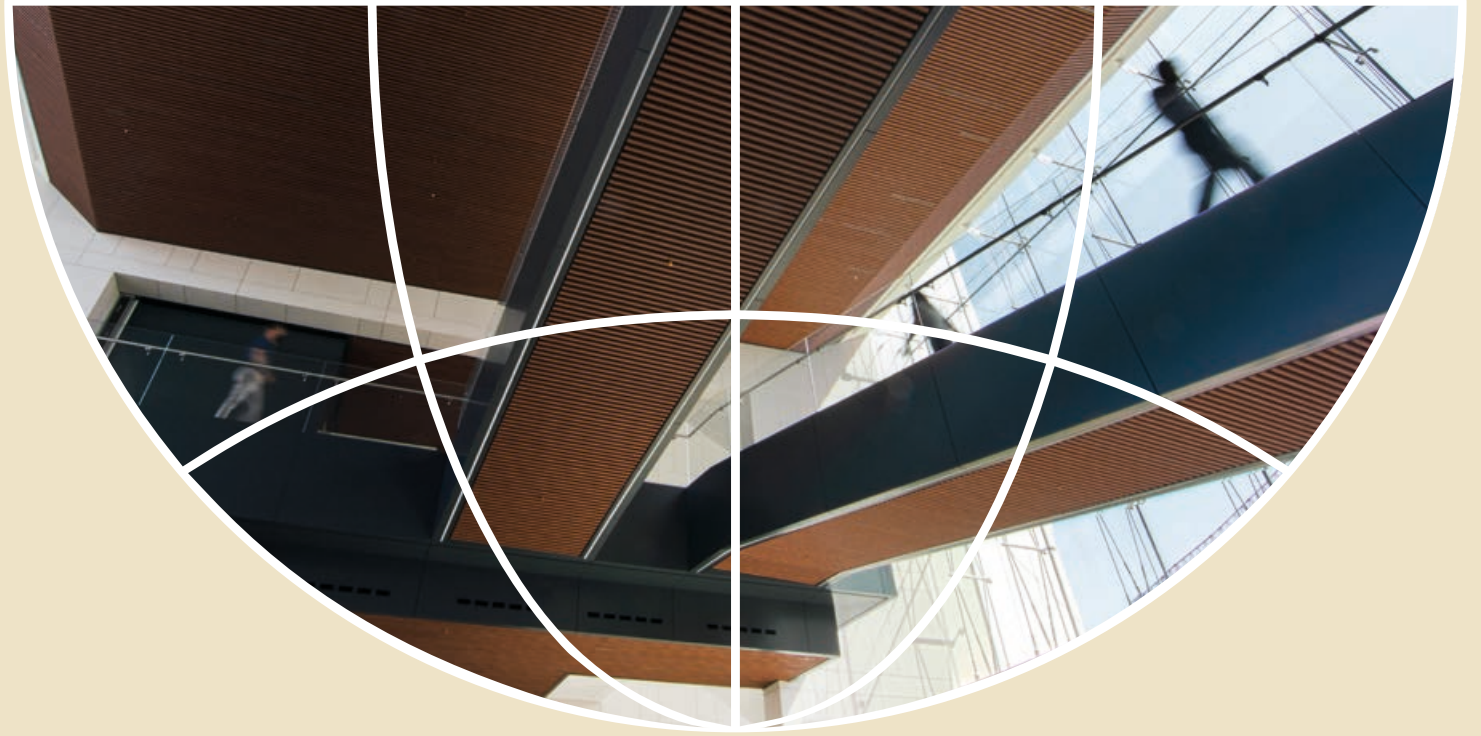
We are, in fact, convinced that today a strategy that delivers Sustainable Success, which takes into account both economic growth, as well as social and environmental impact, is the only path to follow given the complexity of the challenges and the opportunities that lie ahead.

Enjoy reading the report,
Massimo Garavaglia



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The De' Longhi Group



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1.1 Who we are and where we operate



De' Longhi S.p.A., listed on Borsa Italiana's Euronext Milan market, is the holding company of a group of companies active in the manufacture and distribution of small appliances which strive to improve day-to-day living with solutions for segments that include food preparation and cooking, coffee, comfort (air conditioners and heaters) and home care.

While strongly rooted in Italy, with headquarters in Treviso [\[GRI 102-3\]](#), today the De' Longhi Group is an established international player: thanks to its numerous directly owned commercial branches, a dense network of distributors and a few stores, De' Longhi is, in fact, found and recognized globally. De' Longhi also has 6 production facilities located in Italy, Romania, Switzerland and China.

The first appliance manufactured under the De' Longhi brand, an oil-filled radiator launched in 1974, contributed to the success of the first production site which, in subsequent years, succeeded in gradually expanding its product range and establishing itself, above all, in the manufacture of electric radiators and portable air conditioners. Over the years, the De' Longhi Group's solutions became synonymous with innovation and efficiency which

allowed for increased brand recognition and recognizability. A few key products, like the Pinguino air conditioner, became true icons.

The Group is active internationally with 6 brands: De' Longhi, Kenwood, Braun, Ariete and Nutribullet (this latter became part of the Group following the acquisition in 2020 of the American company Capital Brands Holding Inc., leader worldwide in the personal blenders segment), as well as Eversys (a Swiss brand acquired in 2021 active in the professional espresso coffee machine segment). Thanks to these recent acquisitions the Group was able to strengthen its presence in the strategic US market, as well as further expand and diversify its product range.

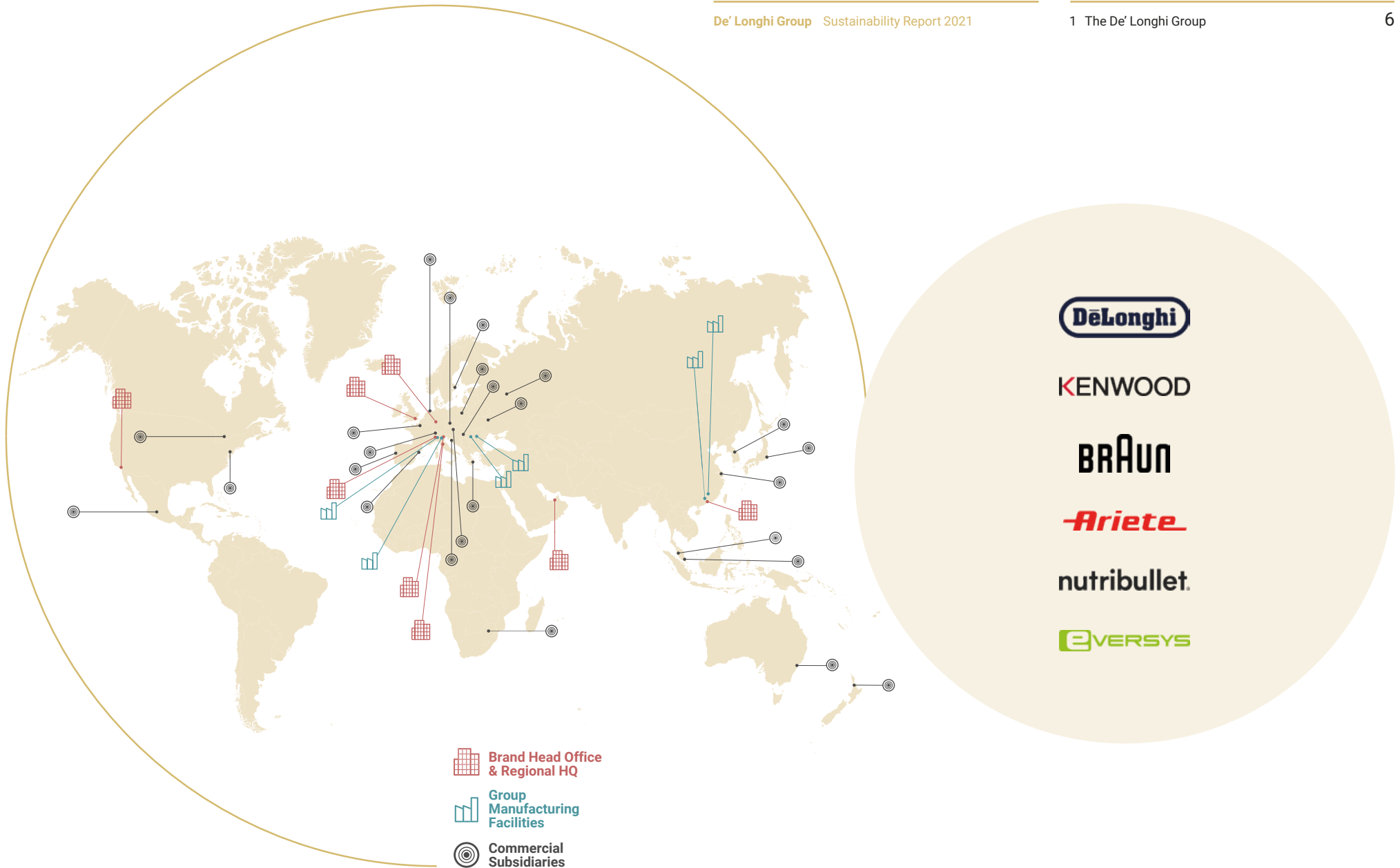


Fig. 1 - Our Brands and the Group's presence around the world¹

¹ The figures for 2021 also include the companies of the Capital Brands Group, acquired at the end of December 2020, and Eversys, the controlling interest of which was purchased in 2021. Inclusion in the scope of consolidation is consistent with the financial effects of the acquisitions. The 2021 figures for these acquisitions may not be entirely comparable with all three years of the reporting period.



The resiliency of our Group

2021 was clearly characterized by the unstable global market conditions due to the health and economic crises that impacted the management of the Group's operations; however, similar to the prior year, the De' Longhi Group demonstrated that it possesses a resilient business model, as well as the flexibility needed to face another unprecedented year; the Group was able to protect the health and safety of its people and guarantee business continuity (with exceptional results in terms of both manufacturing and sales worldwide), the two main priorities in this unpredictable environment.

With regard to first aspect, the Group acted as it did in 2020, when the experience managing the pandemic at the Chinese plants allowed the De' Longhi Group to react quickly to an unexpected scenario. In 2021, therefore, the use of PPE inside offices and plants was still mandatory for all employees, as well as temperature checks before entering. Constant sanitization of the workplace, social distancing, continuous communication and surveillance also continued. Workplace entrances were subject to the local laws of the Countries in which the Group operates; in Italy, for example, automated machines were installed at the entrances of the offices and plants which guaranteed access only to those employees after temperature checks and with proof of anti-Covid 19 vaccinations or a negative Covid-19 test result. In 2021 remote, combined with in presence, working continued where the job allowed and a policy governing the relative terms and methods is in the process of being approved at Group level; different measures were adopted for the production facilities which are described in other sections of this report.

All of this was accompanied by the need to guarantee the continuity of the Group's operations in a challenging context characterized by the lack of materials and parts on a global level. Despite the problems to overcome relative to procurement and logistics, the Group demonstrated, once again, the ability to adapt and react to the difficulties, which made it possible to continue to meet the growing market demand, as well as confirm its leadership in the main markets and product segments. With its usual resilience, the Group succeeded in reacting to another challenging year with agility, demonstrating its capacity to adapt which made it possible to protect the health and safety of its people, as well as guarantee the continuity and growth of its business; as was the case in 2020, in 2021 the Group's people received a special bonus at the end of the year in recognition of their commitment and dedication, which was paid at the beginning of 2022.

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1.2 Guaranteeing the value of our Group

In order for the De' Longhi Group to successfully pursue its business objectives, it is essential to maintain a constant, constructive dialogue with its stakeholders, shaped by listening to the needs of all stakeholders in order to build a lasting relationship based on trust. Specific company functions are responsible for overseeing and nurturing the dialogue with stakeholders, in accordance with principles of transparency and fairness, as well as clear and complete information, in order to foster the ability to make informed decisions.

In 2021, the De' Longhi Group, with the direct involvement of company management, updated the mapping of its stakeholders based on an analysis of the company structure, the value chain, businesses and those activities not strictly related to the latter, but which are an integral part of the Group's reality. This update led to the identification of 10 categories of stakeholders, grouped together by type of stakeholder, expectations, needs and existing relationships with the Group.

The Group interfaces with each group of stakeholders constantly using different methods of engagement and listening based on principles of transparency and fairness, as well as clear and complete information, shaped by the Group's Code of Ethics.

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

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

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

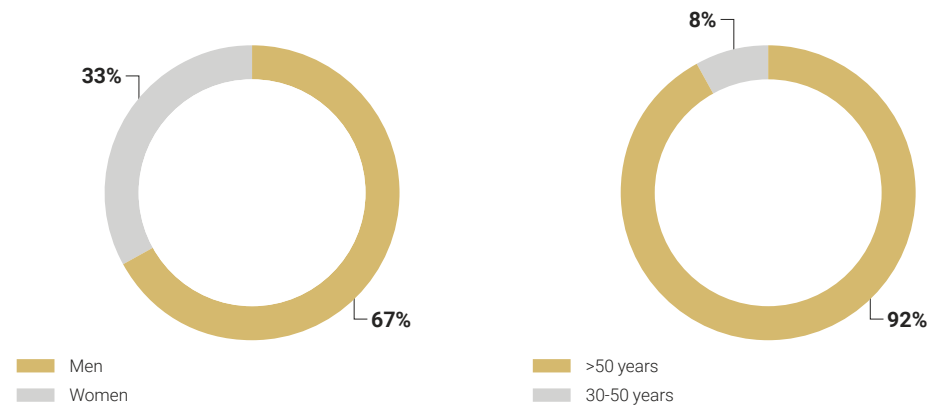
With regard specifically to trade associations, the De' Longhi Group is a member of Confindustria, APPLIA Italia, APPLIA Europe and the Association of Home Appliance Manufacturers - USA (AHAM), namely the most important associations for the professional and domestic appliance sector in Italy, Europe and the US, respectively. The Group is also a member of *Assoclisma*, the association of manufacturers of climate control systems, the *Comitato Termotecnico Italiano* (CTI), the European Committee for Electrotechnical Standardization (CENELEC) and the International Electrotechnical Commission (IEC). [GRI 102-13]

Corporate structure and value generation

The Group adheres to the Corporate Governance Code for Listed Companies, based on which the corporate governance system was adopted. The corporate bodies of the Parent Company De' Longhi S.p.A. include: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Board of Directors includes the Control, Risk, Corporate Governance and Sustainability Committee; in addition to providing guidance with respect to non-financial assessments and decisions, the latter also monitors and implements compliance with corporate governance regulations, together with the Board of Directors and the Corporate and Legal Affairs Division. [GRI 102-18]



Fig. 3 - Breakdown of De' Longhi S.p.A.'s Board of Directors by gender and age in 2021 [GRI 405-1]



In 2021, De' Longhi Group's Board of Directors comprised 8 men and 4 women, for a total of 12 members, 92% of whom are over 50 years old. The composition of the Board of Directors and the Board of Statutory Auditors, renewed during the Shareholders' Meeting held on 30 April 2019, complies with

the Group's commitment to ensure that the least represented gender (women), accounts for at least one-third (rounded up) of the members of the two boards: this commitment is also referred to in the 2021 Corporate Governance and Shareholding Structure Report.

The value generated and distributed by the De' Longhi Group

In 2021 the Group generated value of roughly €3,621.8 million, 93% of which (or around €3,364 million) was distributed as follows: payments made to suppliers of goods and services (€2,610,082 thousand), compensation paid to employees (€375,305 thousand), interest paid to lenders (€141,623 thousand), taxes paid (€111,064 thousand) and donations made to local communities (€1,845 thousand), as well as the €124,501 thousand in dividends paid to shareholders in 2021. Lastly, in 2021 €257,411 thousand in earnings were retained.

Fig. 4 - Value generated in thousands of euros [GRI 201-1]

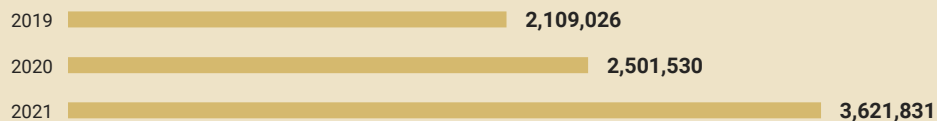
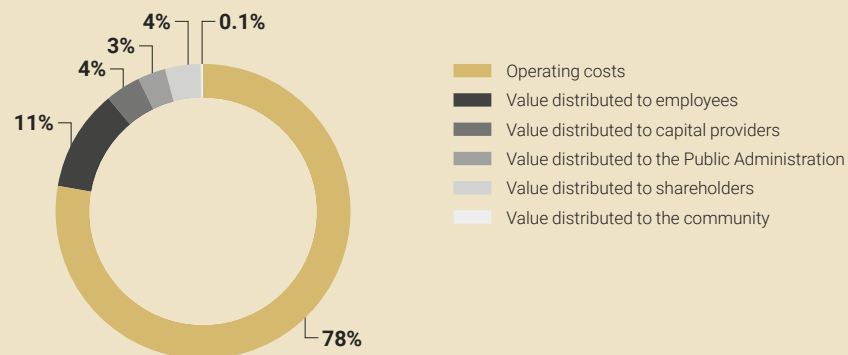


Fig. 5 - The value distributed, in thousands of euros, in 2021 [GRI 201-1]



Ethics and Governance system

The Group **Code of Ethics**, most recently updated in July 2018, governs the conduct of De' Longhi's people; the Code also governs all the relationships the Group undertakes with third parties like suppliers, customers and public administrations which, by their very nature, must be informed by transparency, fairness, honesty, integrity, equality, professionalism and loyalty. [GRI 102-16] In accordance with Legislative Decree 231/2001 the De' Longhi Group's Italian companies also adopted an **"Organizational, Management and Control Model"** which was updated in 2021 by both De' Longhi S.p.A. and De' Longhi Appliances. This Model, the correct functioning of which is supervised by an independent Supervisory Board, also calls for the adoption of a tool for reporting illicit conduct (in accordance with ISO Standard 37001:2016), known as the **"Whistleblowing: De' Longhi Group Integrity Platform"** (for more information see the **"Whistleblowing"** section of the Group's website). Completed in and operational as of 2020, the whistleblowing platform makes it possible for each employee, supplier and customer to file a report. In order to protect the identity of the whistleblower, the source of all the information provided remains anonymous. This is done through a domain located outside the company systems which sends the encrypted information directly to the Whistleblowing Committee, a body comprising four Group members charged with analyzing and carrying out any further investigations of the reports received (to date no reports of note have been received).

Unlike previous years, when part of the training on the Code of Ethics and Model 231 was carried out in person, as of 2020, this activity slowed down due to the health crisis which has characterized the last two years and in-person lessons were not held. However, brief inductions were organized for all new employees, during which the most important parts of these documents were presented. As for the Code of Ethics, in 2021 a targeted information and awareness campaign was launched based on which the document was sent to all Group employees worldwide during the year who were to provide signed confirmation of having received and read it.

In addition to the tools described above, the Parent Company also uses a procedure to identify transactions subject to specific rules of approval with related parties, the latest, updated version of which was approved on 30 June 2021. This procedure, in accordance with CONSOB Regulation no. 17221 of 12 March 2010, governs the Group's relationships with related parties and helps to monitor the relative risks.

In order to standardize the Governance policies across all the Group companies, in 2018 De' Longhi also adopted the **"Corporate Governance Guidelines"** which call for adhesion to the Group's Code of Ethics and define a system for the delegation of spending authority. The implementation of these guidelines is entrusted to the local heads of administration based on an internal document which can easily be accessed by all employees.



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

In addition to complying with the law and the standards calling for transparency, the Group intends to ensure that **models of conduct** are defined and implemented with a view to minimizing the risks connected to potential illicit acts which could be subject to applicable legal sanctions.

In addition to the above, Internal Audit and the Officer Responsible for Preparing the Company's Financial Report also supervise the Enterprise Risk Management (**ERM**) system which has been updated constantly over the years and allows the Group to assess and monitor the company's risks. Toward this end, already in 2020 different activities involving both headquarters and a number of branches, were undertaken in order to understand the risks perceived in the individual areas by local and international management and the countries of operation, in general. Toward the end of 2020 activities which resulted in the creation of a dynamic Risk Management platform were also undertaken which ultimately will be used by all the Group's legal entities.

As planned, the roll-out of the platform began at the beginning of 2021; this phase involved the Group's most relevant companies, as well as headquarters and made it possible, among other things, to integrate the system with a greater number of risks linked to sustainability, including those relating to climate change. The roll-out is expected to take two years and in 2022 will also involve the remaining Group companies. An important aspect of this platform is that it is dynamic and, under the strict supervision of Internal Audit and the Group's Officer Responsible for Preparing the Company's Financial Report, allows the personnel involved to update the risks identified in a timely and independent manner, as well as make changes to the risk map based on the user profile in order to guarantee the utmost control and separation of roles. The platform was also integrated directly with the SAP Success Factor for organizational purposes. A specific e-learning module was also created so that all individuals subject to assessments receive adequate training.

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

Product innovation Quality and responsibility

- risks related to the Group's ability to continue to offer innovative products
- risks related to the Group's ability to protect its research and development activities by filing patents and trademarks
- risks related to compliance with product quality standards required by the different regulations in force in the various jurisdictions in which the Group operates
- risks associated with the evolution of the regulatory framework concerning the safety and energy consumption of electrical appliance for domestic use, defective products, the minimum warranty period, recyclability and environmental compatibility

Environment

- risks related to the evolution of different regulatory contexts on environmental matters
- risk related to possible environmental damages deriving from faults or serious damage to production plants
- risks relating to climate change
- risks relating to inappropriate energy management practices

Computer systems

- risks related to data integrity
- risks related to the continuity of service
- risks associated with the obsolescence of telecommunication and processing technologies

Compliance

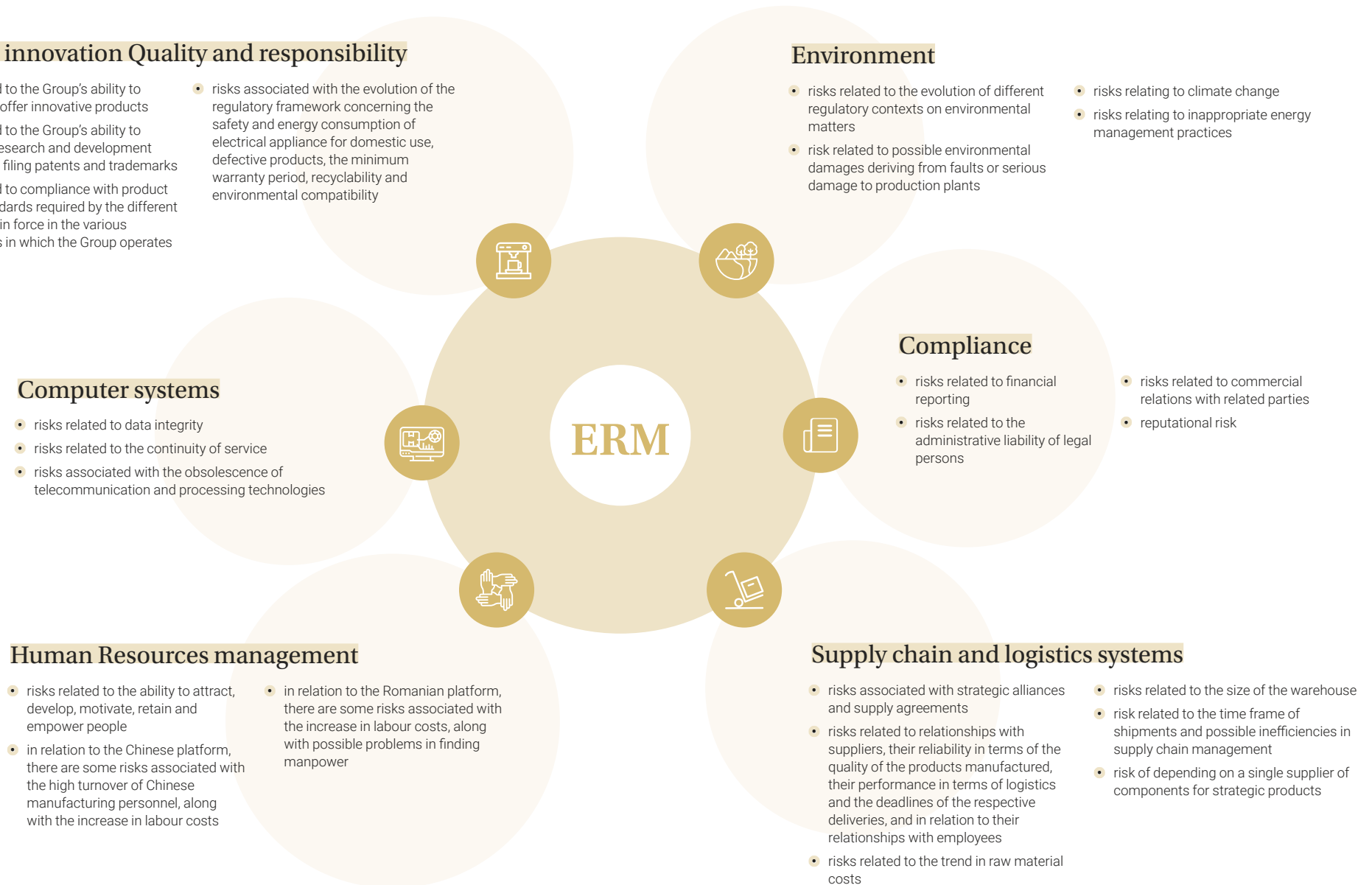
- risks related to financial reporting
- risks related to the administrative liability of legal persons
- risks related to commercial relations with related parties
- reputational risk

Human Resources management

- risks related to the ability to attract, develop, motivate, retain and empower people
- in relation to the Chinese platform, there are some risks associated with the high turnover of Chinese manufacturing personnel, along with the increase in labour costs
- in relation to the Romanian platform, there are some risks associated with the increase in labour costs, along with possible problems in finding manpower

Supply chain and logistics systems

- risks associated with strategic alliances and supply agreements
- risks related to relationships with suppliers, their reliability in terms of the quality of the products manufactured, their performance in terms of logistics and the deadlines of the respective deliveries, and in relation to their relationships with employees
- risks related to the trend in raw material costs
- risks related to the size of the warehouse
- risk related to the time frame of shipments and possible inefficiencies in supply chain management
- risk of depending on a single supplier of components for strategic products



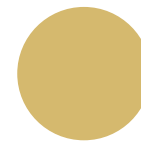
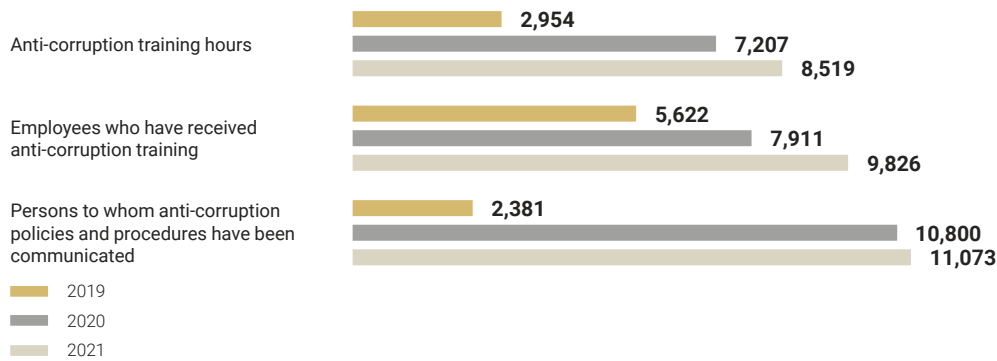
Over the last few years the Group has also introduced different initiatives aimed at reducing the risk of fraud, the most important of which is the **Anti-fraud Program** (defined based on the guidelines issued by ACFE - Association of Certified Fraud Examiners) and the launch of a project to verify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

Each year Internal Audit, supported by the Officer Responsible for Preparing the Company's Financial

Report, also carries out a series of audits of the processes, accounting procedures and compliance with Law 262 (relating to the financial reporting process) in order to guarantee that all the corporate documentation is reliable, complete, accurate and timely, as well as consistent with the Group's administrative and accounting procedures. The purpose of the Audit Plan, which follows the plan developed by the Officer Responsible for Preparing the Company's Financial Report and the Control, Risk and Corporate Governance Committee, is to gradually cover all the Group's companies, with a particular focus on the most important ones (determined using economic criteria).



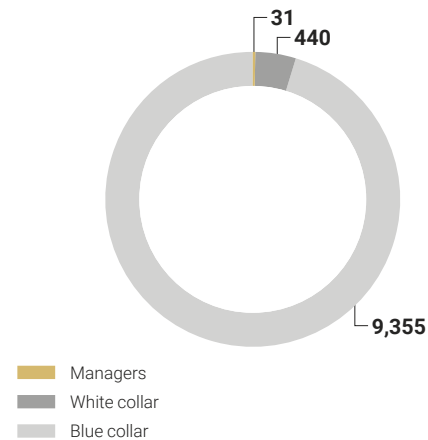
Fig. 7 - Anti-Corruption Training [GRI 205-2]





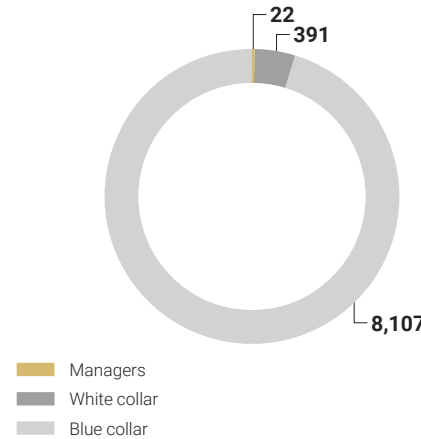
In 2021, 9,826 employees received anti-corruption training, for a total of 8,519 training hours, higher than in 2020. 100% of the Group's blue collars,² 14% of the white collars and 7% of the managers received training in this area.

Fig. 8 - Employees trained on anti-corruption in 2021 by category [GRI 205-2]



² The number of workers who received anti-corruption training in 2021 is higher than the number of workers in the Group at 31 December 2021 because training is provided upon joining the company, so the count of trained workers may also include staff whose employment contracts were terminated during the year.

Fig. 9 - Hours of anti-corruption training provided in 2021 by category [GRI 205-2]



No violations of anti-corruption laws were recorded in the three-year reporting period (2019-21), [GRI 205-3], nor was any legal action taken involving anti-competitive, antitrust or monopolistic practices. [GRI 206-1]

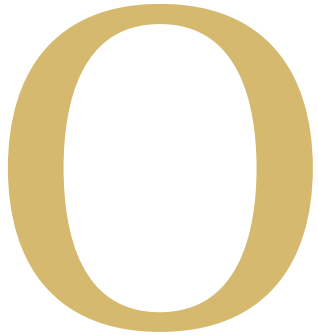
Looking at the instances of non-compliance in marketing and communications, in 2021 there were two instances of non-compliance; the first, which resulted in a fine, involved the complaint filed by the Italian Minister of Health relative to an Ariete product as the chemical substance used by the product was registered as a detergent and not as a disinfectant. The Ministry asked that all the informational and marketing material relative to this product be

changed, eliminating any and all references to the product's disinfecting actions. The second instance involved the non-compliance of Capital Brands which was resolved by applying a small fine, agreed upon by the parties. In 2020 there were no instances of non-compliance, while in 2019 two were recorded which did not result in any fines, but only warnings. [GRI 417-3]

There were no instances of environmental non-compliance or fines in the three-year period 2019-2021. [GRI 307-1]

Furthermore, in 2021 there were no instances of non-compliance with social and economic laws and regulations, nor any fines in this regard. [GRI 419-1]

Lastly, the Group does not make contributions of any kind (directly or indirectly) to political parties or movements, labor unions, nor to their representatives or candidates, in Italy or abroad. [GRI 415-1]



1.3 Our sustainability path

A number of years ago the De' Longhi Group began following a sustainability path which is not limited to just reporting. In 2017 the Group issued its first consolidated Non-Financial Statement (NFS) and the first Sustainability Report; in addition to providing the Company with a way to measure and understand its performances, these reports helped to shape a management model for non-financial topics and define Sustainability goals for the future which increased the Group's understanding of how important it was to undertake a structured path in order to ensure that sustainability would become an integral part of its strategy and business model. Consistent with the company's strategy, the Group defined concrete steps to take in order to lessen its impact and, at the same time, create long-term value for the company and its stakeholders.

2021 marked a new significant chapter in the De' Longhi Group's Sustainability path; with a view to pursuing sustainable success the Group, in fact, rethought its sustainable governance which now comprises the following bodies:

- the **Control, Risk, Corporate Governance and Sustainability Committee**, operational since 2019, is a Board committee with proactive guidance and advisory functions;
- the **Sustainability Steering Committee**, also operational since 2019, comprised of different department managers, responsible for defining the sustainability strategy, as well as the relative Sustainability Plan;
- three **Focus Groups** - one for each of the Group's sustainability pillars (People, Products and Processes). Each Focus Group has a Team Leader who is responsible for the supervision/implementation of projects included in the plan relative to his/her own area of expertise;
- the **Group's Sustainability Director**, appointed in 2021.



Control, Risk, Corporate Governance and Sustainability Committee

Board committee responsible for Control and Risks, Corporate Governance and the topic of sustainability



Sustainability Steering Committee

Comprised of the top management, it defines the Group's strategy when it comes to sustainability



Three Focus Groups

There are groups representing each of the Pillars identified by the Group; each one is assigned a Team Leader who supervises and implements the projects included in the relative Plan

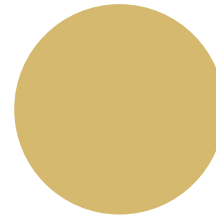
In 2021 the Group also analyzed the main ESG best practices worldwide, ESG requisites and the expectations of clients and partners in order to define the areas of commitment that the Group intends to focus on in the future. The information gathered and results of the work done are embodied in a **Manifesto** (targeting all Group personnel), which cements the renewed commitment to sustainability and aims to create a transversal commitment for the entire internal community. The Group also identified, as well as started, the single projects that the Group intends to work on over the next few months while, at the same time, launching a few strategic partnerships with Italy's main universities.

In 2021 the De' Longhi Group also updated its materiality analysis in order to take into account the economic, environmental and social impact of its activities and how this affects the opinion and decisions made by the Group's stakeholders. The material topics reported on are described in Fig. 10.

The sustainability pillars

The sustainability path undertaken by the Group is based on three pillars or macro-areas which it will focus on, while developing initiatives that will allow the Group to improve its sustainability performance every year.

- People:** people provide the Group with strength and energy. The Group is committed to supporting and nurturing its people by creating a stimulating work environment, capable of attracting, motivating and retaining talent, as well as promoting growth and development. The workplace should, in fact, be a safe and healthy place, fueled by ambition, but also by passion, know-how and the desire to work as part of a team which respects diversity and the potential of every individual;
- Products:** each De' Longhi Group product conceived, designed and made aims to improve the life of who selects it; product innovation is key to the Group's ability to continue being the leader of the segment in which it operates which fuels the search to improve materials, product durability and energy efficiency, along with the development of technologies that facilitate and promote a healthy lifestyle for all its end consumers;
- Processes:** the Group is committed to using its energy resources responsibly and efficiently in order to make an active contribution to the fight against climate change. At the same time, the shared priority is to guarantee unconditional respect for human rights and working conditions in every phase of production, while helping the communities in which the Group operates to prosper. The focus on the environment and social impact is continuous, as is the attention to the value chain which for the De' Longhi Group is part of a virtuous cycle that includes the entire production process.





1

Ethics and business integrity

Compliance with the law regulations in the markets it operates forms the foundation of the what the Group does; maintaining and strengthening the reputation of its brands with the main stakeholders sustains the Group's sector leadership.



2

People
are
our power

Health and safety of the workers

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

Inclusion and equal opportunity

Promoting a systemic and transparent approach which guarantees compliance with the principles of equal opportunity in the selection process, on the job and in career advancement is key to guaranteeing an inclusive workplace.

Attraction and development of talent

Attracting and retaining talent within the Group, while also maintaining a high degree of employee satisfaction, is key to reaching business goals.



3

Products
with
a purpose

Product safety and labeling

Product safety, in including of food, is essential to guaranteeing consumer loyalty to De' Longhi's products and brands.

Innovation and eco-design

Investments in new technologies are crucial to continuous product innovation, when developing new products, the focus on environmental issues results in the planning, for specific categories, of solutions with a low environmental impact, including when used by the consumer.

Customer satisfaction

Accurate and clear product information is key to maintaining a lasting and trusting relationship with consumers, as is providing customer service capable of listening to the customer's needs and responding to their requests quickly and thoroughly.

Promotion of sustainable lifestyle

As the leader in many of the markets in which it operates, De' Longhi intends to leverage on its products in order to be a Group capable of inspiring sustainable and healthy behaviour and habits.

Use of consumer data

Consumer and client data is used and processed with a view to protecting their rights and is vital to maintaining a trusting relationship with the Group.



4

Processes
are value
in progress

Responsible management of the supply chain

The prevention and management of supply chain risks is a fundamental importance to ensuring the continuity of the Group's business.

Respect for human rights

Ensuring working conditions that respect fundamental human rights is part of the Group's responsibility to its employees and suppliers.

Waste management and the circular economy

In order to promote a circular economy, the use of recycled materials is key, as it the recovery of production by-products which reduces initial raw material costs and the amount of waste to dispose of; the responsible management of the latter also includes heightened awareness and incentivizing recycling whenever possible.

Management of GHG emissions and the fights against climate change

Climate change and its consequences require companies to manage their climate changing emissions carefully and responsibly.

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



2

The people of De' Longhi Group



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People are our power

People
are our power

The people who work in the Group provide strength and energy that we are committed to supporting and nurturing. We provide a stimulating work environment, capable of attracting, motivating and retaining talent, as well as promoting the growth and development of our people. The workplace should, in fact, be a safe and healthy place, fueled by ambition, but also by passion, know-how and the desire to work as part of a team which respects diversity and the potential of every individual. We also invest actively in projects and actions which support the local communities in which we operate in order to help them grow and prosper. We keep our humanity, a renewable and invincible resource, alive.



The number
of Group
employee

10,352



The **total training**
hours provided by
the Group in 2021

224,309

(+1% compared to 2020)



The **women** of the
De' Longhi Group
which account for
the majority of
the workforce

52%



Rate of injury

3.9

T

2.1 The *Everyday Makers*

People are one of the three pillars on which the Group's sustainability strategy is founded and their personal and professional growth is particularly dear to the Group, along with the desire to constantly attract new talents. Care and attention when managing relationships between people are an important part of the Group's philosophy which, leveraging on diversity, encourages all employees to be fair and loyal to their colleagues and strives to foster a workplace fueled by passion, collaboration and mutual respect.

The Chief Corporate Services Officer coordinates, among others, the Human Resources and Organization Division which manages human resources at a Group level and is organized in such way so as to articulate management roles in macro-clusters and to strengthen Talent Acquisition, Training and Development, and Internal Communication activities.

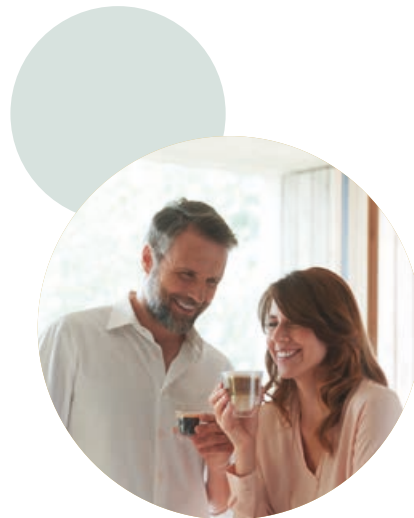
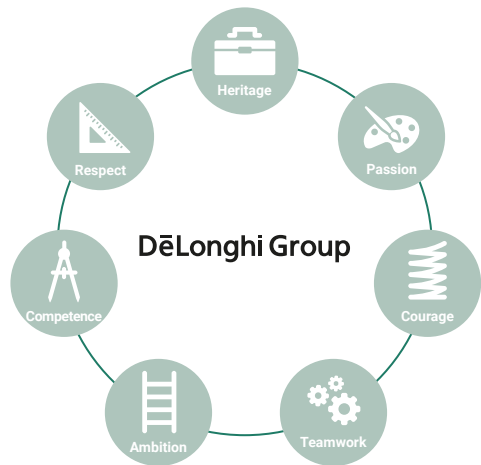
The HR division, which operates at a corporate, regional and local level with dedicated structures, is responsible for all aspects of the Group's human resources, from recruiting, selection and induction to

human resources management and development, through termination, with a growing focus on engagement initiatives and motivation, along with important aspects like administrative management of the employment relationship, labor union relations and the monitoring of workplace health and safety.

The global Talent Acquisition and Employer Branding function, active since 2020, became part of the Group in order to structure more integrated recruiting. As part of a broader strategy undertaken by De' Longhi to increase the Group's global standing and recognition, this global function has already launched a number of initiatives including the updated "People" and "Careers" sections found on the corporate website, which are now more informative and attractive, and the introduction of a new global corporate LinkedIn page which replaced the local ones. In 2021 there was significant increase in the number of followers and users. In order to increase the reach of the page even further a project involving employees who in the near future will act as company ambassadors, is being developed. The goal of this project is to create a platform capable of increasing the visibility of Group events and initiatives while, at the same time, build a communication channel that can be used to recruit new talents. In 2021 an impressive 373 job openings were published on the page and more than 40% of the new hires made during the year were supported by the LinkedIn platform.

Looking at Talent Development, the digitalization of human resources management has accelerated over the last few years. The platform PULSE, which makes it possible for Group employees to develop and follow a personalized training plan by taking online courses or be part of virtual classrooms with other colleagues from other departments or geographies, has been active for a few years. In 2019 the variable pay module that is part of SAP's SuccessFactors operating system was activated.

In 2021 the fourth edition of the engagement survey "**Your voice: to make a difference**" was completed. This survey is used to measure engagement and the extent to which employees identify with and are attached to the Group. The survey, which once again recorded a very high level of participation, showed that there has been a slight increase in the level of engagement with respect to the prior edition. Taking into account that the survey was conducted during what were two very intense years for everyone due to Covid-19 pandemic, in terms of both work and psychologically, this is clearly a positive result. Similarly, the pandemic resulted in and accelerated a change in the way we work which is shifting towards a hybrid model that has positive repercussions for employee satisfaction: toward this end, De' Longhi is committed to drawing up a remote working policy for all the Group's organizations which clearly defines how work will be done in the near future.



Our vision

*Worldwide Every day, By your side
A desirable object, An emotion, An authentic experience
To be lived, To be shared*

Our values - Everyday Markers

*The Group's values reflect who we are,
our character, and our way of being and working.
They are ideals that guide the Group's operations through
the day-to-day work of its people and their projects*

The goal of **Diversity and Inclusion**, another initiative promoted by the Group in 2021, is to promote a systemic approach to guaranteeing compliance with the principles of equal opportunity and the elimination of discrimination, including and above all by focusing on gender diversity. The project focuses on two areas: a more qualitative one which looks at the main phases of the employees' work experience in the company, with a special focus on gender diversity, in order to identify the priorities and needs of each phase. As work on this area proceeds, steps are being taken to provide ways for both men and women to balance their private lives with their professional lives, while recognizing the value of diversity. The other area aims to understand the breakdown of the female presence within the organization, paying particular attention to any critical areas relating to gender pay gaps. More in detail, any pay gaps found will be the target of specific initiatives to eliminate this difference in a reasonable amount of time. These activities will be carried out by an international and interdivisional work group of specialists who, through communication campaigns and training, will promote a culture based on inclusive values and behaviours.

The Group had 10,352 employees at 31 December 2021, an increase of 10% compared to the prior year: this increase is explained by a number of factors, including the acquisition of Capital Brands and Eversys. The majority of the workforce was female (52%, in line with 2020). The number of employees with permanent contracts (88%) was down slightly compared to the prior year (92%).

The De' Longhi Group's People

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

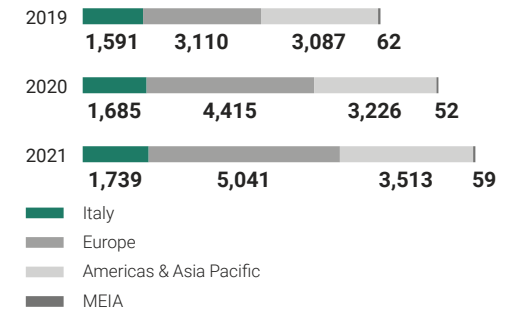


Fig. 12 - Breakdown of employees by gender, 2021 [GRI 102-8]

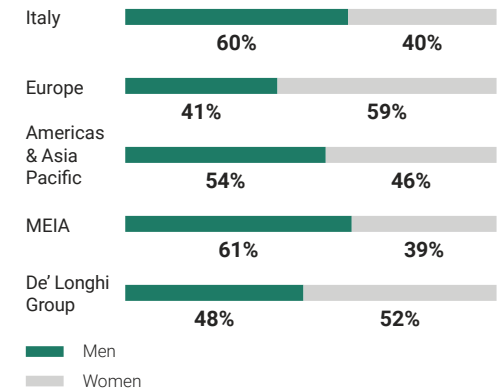


Fig. 13 - Breakdown of employees by type of contract [GRI 102-8]

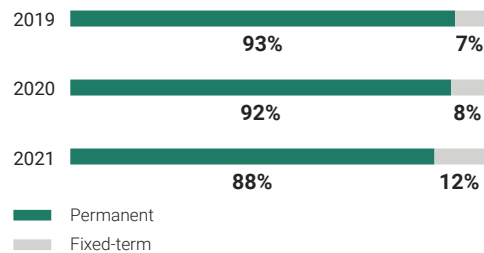
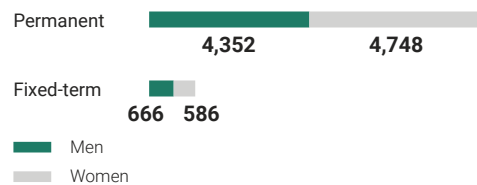


Fig. 14 - Breakdown of employees by type of contract and gender, 2021 [GRI 102-8]



Talents of today and tomorrow: “Onboardays” and relations with universities

Onboardays is an event dedicated to all the new hires that join the Group during the year: in 2021 roughly 400 people took part in this welcome event. Organized virtually, the purpose is to welcome the new hires and provide a space where they can get to know their new colleagues, the Group and the corporate culture. The initiatives that are part of this event provide participants with an immediate sense of belonging, as well as a way to get to know one another through team building activities carried out through the PULSE platform, as well as Padlet, a collaborative web platform. The CEO and Human Resources are also involved in the opening event.

The Group is committed to constantly keeping an eye on the future which is why every year it works to maintain existing relationships, and develop new ones, with top-tier Italian and foreign universities. De' Longhi is always looking for specialized talent to be part of the Group's future growth which is why the ability to attract new talent from the academic world is essential. For

this reason, after the slowdown in 2020, the Group expanded its partnerships to include **Milano's Politecnico** and **Bocconi University**, two examples of Italian excellence. In order to strengthen the tie with the academic world, structured partnerships were developed aiming not only to attract and recruit the best talents, but also to increase the research and training carried out in partnership with the two universities. As part of the partnership with Politecnico, the Group participated in a number of events and training courses connected to topics like innovation, research and development which helped to promote a reciprocal exchange of expertise and allowed the Group to take advantage of Politecnico's training knowhow. With Bocconi University a **Graduate Program** was instituted which calls for the recruiting of ten talents from universities across Italy in order to offer them a permanent contract which begins with a 12-month working experience, half of which to be spent at the headquarters in Treviso and the other half in one of

the Group's international branches. The goal at the end of this process is to offer the young talent a position within the Group which can be at headquarters, the international branch where the graduate already spent six months or one of the other Countries in which the Group is present. The program has already been a big success in terms of talent attraction, confirmed by the large number of curricula received from Italy, as well as foreign countries. For De' Longhi the *Graduate Program* represents an important opportunity to satisfy the need to recruit talents with a strong academic background.

The Corporate Associate Program is the fruit of an important collaboration with both universities focused on career services. Through the use of interactive activities like *Digital Mock Interviews*, as well as specific training sessions and dedicated events (like *Career Days*), the De' Longhi Group provides potential employees with a chance to meet a possible employer.

Fig. 15 - De' Longhi Group people by qualification and gender in 2021 expressed as a percentage

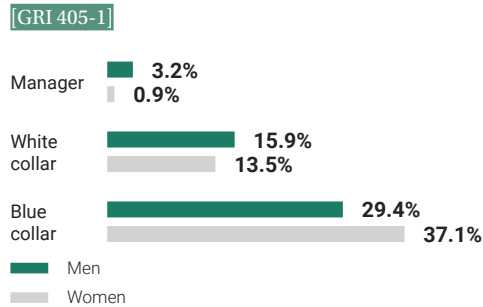
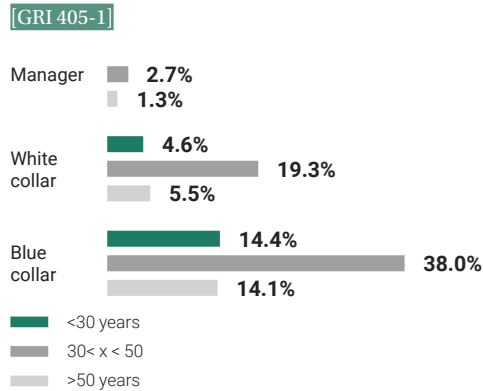


Fig. 16 - De' Longhi Group people by qualification and age in 2021 expressed as a percentage



In 2021, the Group's workforce comprised blue-collar for 66.5%, white-collar for 29.4% and managers for the remaining 4.1%. The majority of the company's workforce is between 30 and 50 years old (60%), while the share of people over the age of 50 is around 21%. Additional figures are reported in the report annexes.

All the employees in Italy, Romania, France, Portugal, Spain, Austria, Ukraine and Croatia are covered by **collective bargaining agreements**. These agreements cover employees from the following countries to different degrees: Benelux (99%), Germany (for De' Longhi Braun Household, 82%) and Australia (14%). There are no mandatory collective bargaining agreements in place for the remaining countries and, consequently, no employees are covered under this type of agreement. Around 57% of the De' Longhi Group employees are, therefore, covered by collective bargaining agreements.

[GRI 102-41]

In 2021, the Group recorded 3,215 new hires with permanent contracts and 2,976 terminations. Typically, the APA (Asia, Pacific, Americas) region is characterized by particularly high hiring and termination rates, due mainly to the high turnover rate typically seen in China.





Fig. 17 - Total number and rate of new employees hired permanently

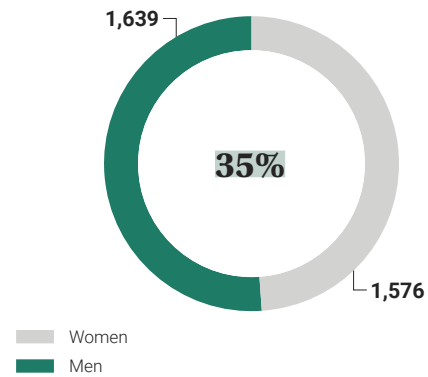
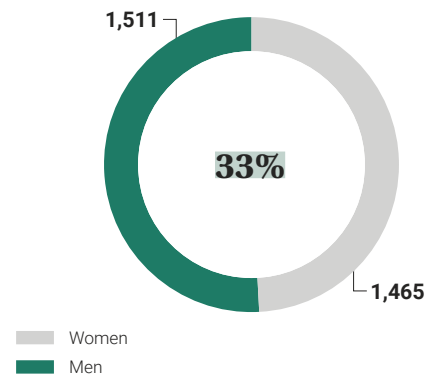
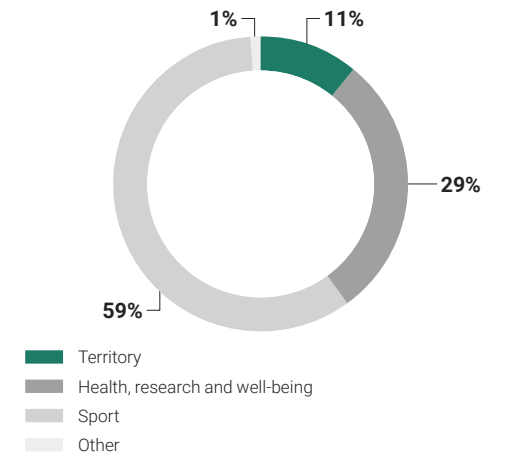


Fig. 18 - Total number and rate of permanent employees terminated



Protecting human rights has always been particularly important for the De' Longhi Group. The Group's labor practices (relating to child labor and overtime) are also verified during the audits carried out by clients. In the three-year reporting period there were no cases of human rights non-compliance within the Group, nor were any reports of discrimination received. [GRI 406-1]

Fig. 19 - The value distributed to the community expressed as a percentage *



* The value distributed was calculated based on the donations and sponsorships recognized in the income statement.

S

2.2 Supporting the growth of our people

The Group has always supported the professional development of its employees, including by providing specific training courses which enrich know-how and enhance career paths. Even though in 2021, as was the case in 2020, training was severely impacted by closures connected to Covid-19, the Group provided 21.7 hours of training per employee, for a total of 224,309 hours. Compared to the prior year, the first figure is slightly lower (-8.5%), while the second one is slightly higher (+1%).

As in 2020, these results were made possible thanks to the opportunities that digital platforms provide: in 2021, in fact, preference was given to remote training which was done through a number of digital channels and tools (i.e. using platforms like Google Meet and Zoom, as well as digital smart boards and instant surveys), along with the PULSE platform referred to above which allows Group employees to enroll in different courses (including specific modules dedicated to topics like leadership, public speaking and project management). The program *WeMake*, which was supposed to have been launched in 2020, was redesigned and adapted to a digital format so that it could continue despite the extended closure of work spaces (for further details refer to the "*WeMake - Shaping our future together*" box below). [GRI 102-16, GRI 103-2, 103-3]

Looking at employees' digital training, there is one initiative that stands out, namely **Digital Lab 2021**: the purpose of this project is to develop employees' digital expertise in order to be better prepared for the external digital challenges that lie ahead. Hundreds of people worldwide participated in the

program. The participants were divided into two groups, with customized training paths built based on their roles and expertise, which reflect the dual purpose of the project: on the one hand, to develop a Group-wide language and digital culture and, on the other, to provide learning paths which focus on the development of specific skills for highly specialized digital roles in order to create a group of in-house ambassadors who can promote a digital culture inside the Group. Six webinars were organized for the first group, comprising more than 250 people, which focused on different topics related to the digital world (including, for example, *Digital Mindset*, *Design Thinking* and *Marketing Automation*); the second group, comprising roughly 300 employees from Sales and Marketing divisions, was involved in 4 master classes, the last of which (focused on topics relating to e-commerce) was held early 2022. Upon completion of these learning paths participants were asked to fill out a satisfaction survey which indicated that the level of satisfaction was very high. In light of this success the goal for 2022 is to follow-up with the Digital Lab project by offering a second phase which will, on the one hand, strive to create a community of digital influencers who will help to spread the digital culture and, on the other hand, develop global digital training initiatives for all employees.

Fig. 20 - The training hours provided [GRI 404-1]



Fig. 21 - The average training hours provided per person in 2021, by gender [GRI 404-1]

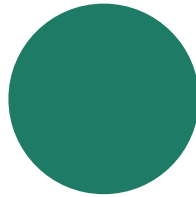


Fig. 22 - The average training hours provided per person in 2021, by category [GRI 404-1]



Valuing our people, an integrated system

The Human Resources Division organizes assessment and coaching activities targeting key figures at the Italian headquarters and branches worldwide, in order to map and develop the skills and potential of the people involved. A new Group MBO Policy was also adopted, as of 2019, which manages the variable remuneration paid to employees of Group companies with a deep sense of Group Identity.



The **performance appraisal system**, which the Group uses to promote the professional development and growth of its people, was redesigned in 2020, tested in 2021 and will become fully operational in 2022 which explains why no performance appraisals were carried out in 2021. The process facilitates open and constructive feedback, not only between manager and team members, but also between colleagues. The purpose, therefore, is to provide not only a performance assessment tool, but also to establish the priorities and goals for the year while focusing on the employees' abilities, strong points and ambitions. The redesigned system will also facilitate internal mobility and job rotation, while at the same time, identifying individual strong points and possible areas to develop further for each person of the Group, defining a plan for improvement which will conclude with a meeting between subordinate and superior.

[GRI 404-3]

WeMake - Shaping together our future

WeMake - Shaping our future together represents another training initiative conceived in the face of the obstacles stemming from the health crisis which was to be launched in 2020. In 2021 it was redesigned in a digital format so that it could be offered despite the prolonged closure of the office spaces. The project is dedicated to Group managers and focuses on developing their people management skills. The feedback received from headquarters, Group production plants and branches has been very positive with respect also to the virtual format.

H

2.3 Health and safety in the workplace

The health and safety of people in the workplace is fundamentally important for the De' Longhi Group and is overseen by the Human Resources Division which works continuously to safeguard and improve the wellbeing of its employees. The HR division is supported by individuals with specific duties relating to health and safety on a local level, like the Head of the Prevention and Protection Department (*Responsabile del Servizio di Prevenzione e Protezione - RSPP*) in Italy and at the production sites by the plant managers in China, Romania and Switzerland. These individuals are charged with assessing the risks related to the activities carried out by the Group employees and implementing any improvements needed. The health and safety procedures are defined based on organizational models that comply with the standards of the OHSAS 18001 "Occupational Health and Safety Assessment Series". In the last year, as in prior years and due to the needs imposed by the pandemic, the Group invested further in improving the health and safety of all the production facilities. [GRI 103-2, 103-3]

The response to the pandemic: putting employees' wellbeing first, always

The Group works constantly to improve the working conditions and comfort of its people, both in the production facilities and in the offices, in order to ensure safe, comfortable work spaces that are also suitable for the work being done. Consistent with past years, further work was done on improving the ergonomics of the workstations and investments were made in automating processes along the production lines which reduce the employees' use of force. Platforms that can be adjusted mechanically were, for example, installed which allow for a significant reduction in the manual lifting of loads. These initiatives help to lessen the risks associated with the manual movement of loads, repetitive movements and the use of force.

Similar to 2020, in 2021 the Group had to adapt to the closures caused by contagion in the different geographies and remote working was used when appropriate. In-person work in offices was subject to the restrictions of local governments. In order to ensure faster and more accurate entrance checks, devices were installed which allow for a systematic control of the authorizations needed to enter, in accordance with domestic regulations.

The Group had already made considerable investments in 2020 in order to adapt the working environment to the new pandemic conditions. Plexiglass dividers were installed in all the production facilities in order to separate workstations, the use of PPE (masks and, where called

for, gloves) became mandatory and, as agreed with the labor unions, double shifts were organized which ensured a greater staggering of presences during the day. All of this was done in order to ensure the safety of employees, while also guaranteeing business continuity. These initiatives continued in 2021 and included, in Italy and Romania, the voluntary commitment to taking rapid swab Covid tests which were administered by medical personnel who used equipment purchased specifically by the Group, in order to be ready to act quickly in the event of any internal outbreaks. The lack of significant cases of contagion between colleagues in the workplace is testimony to the effectiveness of the preventive measures implemented by the Group over the two-year period.



In 2021 the Group recorded a total of 82 injuries, of which 4 occurred during transports organized by the company, over a total of more than 21 million hours worked in the year. This figure also includes 12 injuries sustained in transit, while commuting using the employee's own means.

The Group's rate of injury was slightly higher than the 2.5 recorded in 2020, coming in at 3.9.

The number of confirmed occupational illnesses in 2021 (2) was lower than in the two prior years (3 in 2019 and 4 in 2020) with the frequency index reaching 0.09, lower than the 0.16 recorded in 2019 and the 0.2 seen in 2020.

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

Fig. 23 - Injury rate [GRI 403-2]



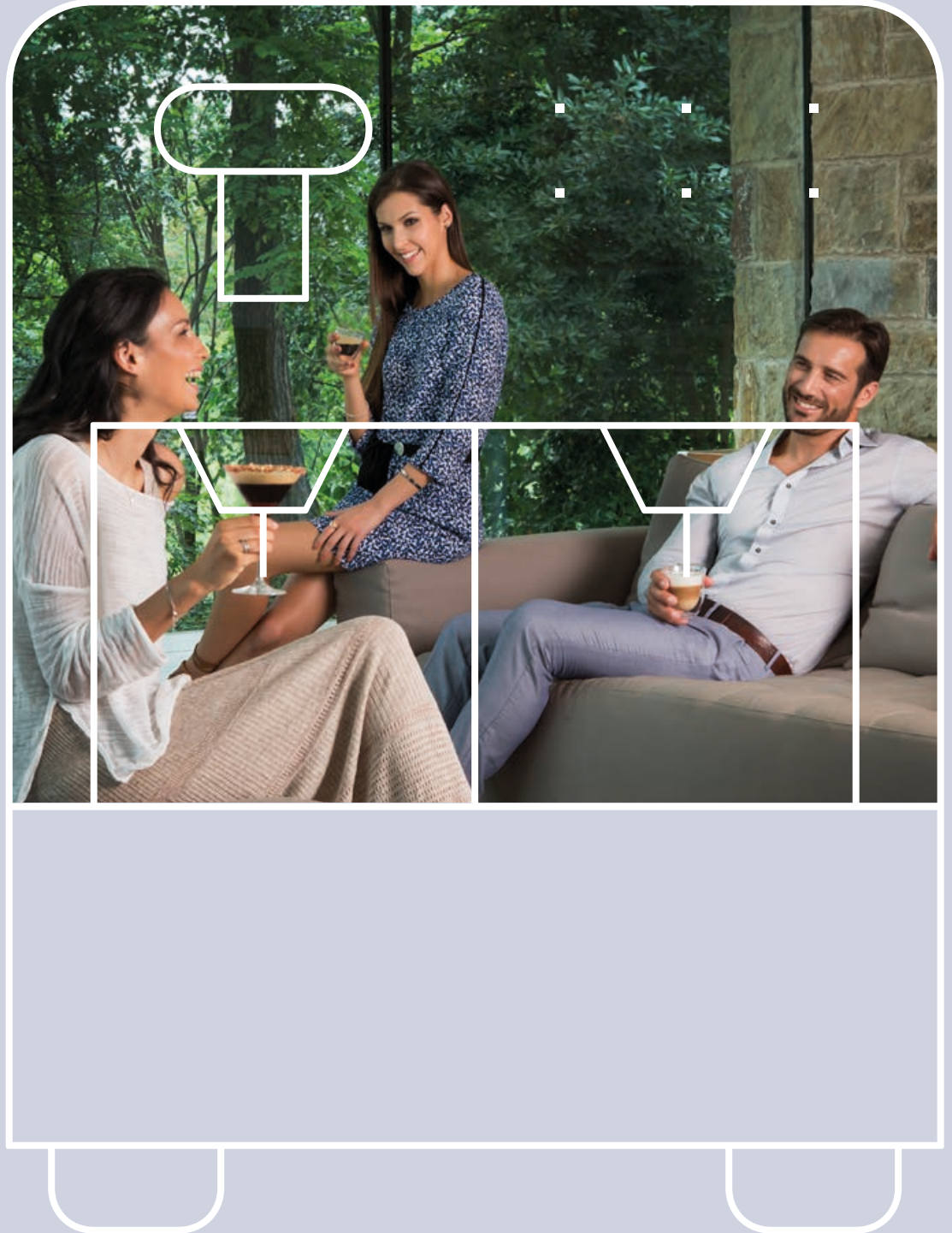
Fig. 24 - Occupational disease rate [GRI 403-2]





3

Our products,
to improve
everyday life



P

Products with a purpose

Products with a purpose

For us, innovation means looking for the best materials, product durability and energy efficiency, as well as the development of technologies that facilitate and promote a healthy lifestyle for our customers: every De' Longhi Group product is, in fact, conceived, designed and made to improve the life of who selects it. Improve means making daily life easier and more comfortable, as well as ensure that neither the environment or future generations will have to bare the weight of our improvements. Because today is already tomorrow.



The Group's **brand** recognized around the world

6



All the Group's plants are **ISO9001 certified**

100%



The **technical assistance** centers found all over the world

1.800

(of which **roughly 300** in Italy)



Numerous **partnerships and research initiatives** with the **top universities** in the world for the development of innovative ideas and products

D

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

For the De' Longhi Group, which has always paid careful attention to anticipating and satisfying the needs of its customers and end consumers, innovation implies not only compliance with laws and regulations, but also a product that is **multifunctional, easy to use** and **silent**, made out of **cutting-edge materials, carefully designed** and **ergonomic**. The technological developments strive to encourage **healthy eating habits** and **maximum home comfort**. Product **durability** is also key and helps to facilitate a circular economy in a sector which is characterized by planned obsolescence. Attention to **eco-design** allows the Group to pursue this goal by creating products made of components that are easy to disassemble and clean which facilitates a longer product life cycle (refer to the information box "Design and innovation for product sustainability"). Over the years digital technologies - like the "Internet of Things" and **connectivity** - have become an even bigger part of the Group's innovative solutions. The remote control of products, for example, makes it possible to reduce the product's energy consumptions (refer to the information box *The Major launches and award-winning products 2021*).

The development of innovative products - protected by specific corporate patents - is carried out based on specific guidelines, namely the NPD (New Project Development) procedures which involve a number of company divisions: in Italy, Germany, UK and China there are technical offices where roughly 450 people work every day to design new solutions. These offices, which adopt the Group's standard *local for global* approach, work to ensure that all the

products developed comply with the most stringent standards applicable in the countries where they will be distributed. These 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 even though the scope of application is strictly European; the Marketing and Design divisions, together with the Regulatory Affairs team of the Quality Division, ensure constant monitoring of any **changes and updates in sector regulations**. In order to verify the level of satisfaction with its products, the Group also involves consumers in specific pre- and post- market launch surveys which provide direct feedback.

For a number of years, the Group has been working to promote **sustainability** along the entire production chain of which research and development are only the initial part. The desire to ensure unique, quality designs, as well as ergonomic and reliable products, in fact, cannot compromise the commitment to the environmental and social issues that are linked to both their production and their use. Each year the Group promotes a number of initiatives focused on fighting climate change and environmental protection by making sustainability a part of product design (see the information box *Energy-efficient products, for maximum performance with minimum impact*).

De' Longhi and young designers: partnerships with top universities in Italy and around the world

Leveraging on the solid and lasting relationships developed over time with the top Italian and international research centers and universities, each year the Group develops a number of projects and organizes workshops with a view to finding innovative and functional ideas for a specific range of products; during these events students and professors of all nationalities get together to share ideas and knowledge which is exactly what happened during the Smart Design and Sustainable Kitchen courses offered (together with Braun) in partnership with **Politecnico in Milan**.

In 2021, the stand-out partnerships include the

one with **Delft University of Technology**, in the Netherlands, where several courses were offered including "Advanced Concept Design" and "Usability and User Experience Assessment", and the "Coffee for China" course offered at **Scuola Italiana Design** in Padua which challenged students to design a fully automatic coffee machine to be marketed in China. The Kenwood brand sponsored a course at **Loughborough University** during which students were involved in a project focused on the relationship between identity, culture, food preparation and the tools that can be used to strengthen the connections between the different elements.



Coffee



Magnifica EVO



La Specialista Arte

Comfort and home care



TexStyle 1



Pinguino UV-Carelight



CareStyle 3



Cooking and food preparation

BRAUN



Breakfast 1

BRAUN



PowerBlend 9

DeLonghi



Ballerina

BRAUN



MultiQuick 7 WH

KENWOOD



Cheffette

KENWOOD



Titanium Chef Baker

KENWOOD



Cooking Chef XL (Black)

KENWOOD



kMix Editions (New Colours)

KENWOOD



QuickMix+

KENWOOD



MultiPro Express

KENWOOD



SoupEasy+

Main awards received



Altroconsumo

- Braun** Steam Station IS1012BL
- Braun** Stick Blender MQ100 Soup
- Braun** Steam Iron TS345GR



Best Buy

- Braun** Stick Blender MQ3025



Consumenten Bond - Miglor Test

- Braun** Stick Blender MQ3000 Smoothie
- Braun** Drip/Filter Coffee Machines KF7120, KF5120.WH, KF5120.BK



Consumenten Bond - Miglior Acquisito

- Braun** Hand Blender MQ3000 Smoothie



iF Design Award 2021

- Kenwood** Titanium Chef Baker
- Kenwood** MultiPro Express
- Kenwood** QuickMix+



iF Design Award 2022

- Braun** PowerBlend 9
- Braun** MultiQuick 7 WH hand blender series
- De' Longhi** Ballerina
- De' Longhi** La Specialista Arte



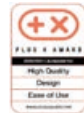
German Design Award 2021

- Braun** New MultiQuick MQ 9 hand blender series



German Innovation Award 2021

- Braun** New MultiQuick MQ 9 hand blender series



Plus X Award 2021

- Braun** New MultiQuick MQ 9 hand blender series
- Braun** CareStyle 5 & CareStyle 5 Pro Steam generator iron series IS 5155 WH, IS 5145 WH e IS 5145 BK



reddot winner 2021

Red Dot Award 2021

- Braun** New MultiQuick MQ 9 hand blender series
- De' Longhi** La Specialista Maestro
- Kenwood** Titanium Chef Baker
- Kenwood** Cooking Chef XL (black)
- Kenwood** Titanium Chef Patisier XL
- Kenwood** MultiPro Express
- Kenwood** Quickmix+



reddot winner 2022

Reddot Winner 2022

- De' Longhi** Magnifica EVO
- De' Longhi** La Specialista Arte
- Braun** MultiQuick 7 WH hand blender series
- Braun** PowerBlend 9
- Braun** New TexStyle 7 Pro



German Design Award 2022

- Braun** CareStyle 5 & CareStyle 5 Pro Steam generator iron series IS 5155 WH, IS 5145 WH e IS 5145 BK



Altroconsumo - Migliore del Test

- Braun** Stick Blender MQ700X
- Braun** Steam Iron SI3030
- Braun** Juicer



Red & Ron

- Braun** Stick Blenders MQ700X, MQ725X



HuGT Price-Quality Winner

- Braun** Drip/Filter Coffee Machine KF3120.WH
- Braun** Toaster HT 3010 WH



ETM Testmagazin

- Braun** Steam Station IS2143.BL
- Braun** Hand Mixer HM1010
- Braun** Drip/Filter coffee machine KF 9071SI MultiServe



Stiftung Warenfest - Migliore del Test

- Braun** Hand Blender MQ5200WH



HuGT - Migliore del Test

- Braun** Coffee Grinder KG7070

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

Offering additional **services** is an integral part of the Group's strategy to foster a better consumer journey; different tools are used to monitor overall consumer satisfaction which include a few KPI, like the **Net Promoter Score (NPS)**, which measures consumer loyalty and the probability that the latter will recommend the product or service to other people. Marketing also conducts regular surveys at a Corporate level and of individual brands in order to learn more about the level of satisfaction with what the Group offers, test the potential of new products and monitor the brand reputation constantly.

A few of the surveys carried out in 2021 are listed below:

KENWOOD

Survey sample size: more than 3,000 people

Markets: France, Germany, Italy, Spain, Poland, UK, Australia

Main results: the survey, which focused on Kenwood brand kitchens (specifically the *Premium Chef* and *Cooking Food Processor* segments) made it possible to identify the key characteristics and improvements that consumers enjoyed the most. Specific surveys were also conducted of a smaller survey group: in Germany, for example, a survey involving around 20 people for each product examined made it possible to get a better idea as to how the consumer experience influences the approach to and use of the product.

BRAUN

Survey sample size: 150 people participated in surveys carried out in focus groups

Markets: Germany

Main results: the goal of this survey, which was focused on the hand blender segment, was to understand the difference in the consumers' perception of the *Smart Speed* function of the Braun brand manual handblenders and the standard controls of the user interface found on other types of appliances.

DeLonghi

Goal of the survey: the survey of the De' Longhi brand was focused on understanding consumer needs in relation to improved air quality and humidity. More in detail, the purpose was to understand the importance that is attributed to the concept of comfort and identify any needs that have yet to be met, while classifying consumers based on their needs.

Survey sample size: almost 3,000 customers

Markets: Germany, Russia, USA and UK

Main results: the survey was conducted in two phases. During the first, qualitative phase information relating to the needs of the interviewees was gathered; in the second, quantitative phase, the hypotheses referred to in the first phase were validated and consumers were broken down into different categories, focusing on those who indicated that air quality and humidity at home were a source of discomfort.



There are two tools that are essential to guaranteeing customer service; the extensive network of contact centers and the technical assistance centers. The first is outsourced and covers almost all of the Group's branches. The call centers address all requests for assistance providing product information and the continuous support needed to guarantee the best customer journey possible. Technical assistance, rather, comprises around 1,800 centers worldwide (of which approximately 300 are in Italy) which are largely managed in outsourcing. These structures are managed by the Customer Care Division which is responsible for supporting the end consumer in the pre- and post-sale phases. The division, which also defines the standards to be used by the whole group, uses different **customer support channels**, including the traditional (like e-mail, telephone and chats) and more recent ones (social media). The use of a CRM (*Customer Relation Management - refer to the information box "Technology, a way to hear the consumer"*) system, which provides customers with a cloud-based communication tool, represents another important customer care and customer simplicity project.

Similar to 2020, the volume of consumer contacts increased in 2021. As the spread of Covid-19 increased, the network of contact centers was subject to greater pressure: if in 2020 this was linked primarily to the temporary closing of offices, in 2021 this pressure was caused mainly by an increase in the

volume of direct contact with customers, both via telephone and via web, attributable in part to the gradual change in the way products are sold. In 2021 there was, in fact, an acceleration in **online** sales which, by definition, imply a direct relationship with the consumer without the traditional retailer acting as intermediary. Despite the increased volume and the need to recruit new operators, the Group never failed to provide customer care to the extent that, with respect to 2020, further improvement in the services rendered was recorded.

2021 was also a particularly challenging year for the **technical assistance centers**: if, in 2020, the Covid-19 crisis caused a slowdown in operations due to the temporary closing of a few centers, in 2021 the main challenge was finding materials. Despite the fact that the difficulty in finding parts caused a slight increase in the average repair times, the system showed strong resilience and the Group continued to provide high quality service and contained costs thanks also to the investments the Group makes each year in the repair facilities. Toward this end, in 2021 an investment to expand the Group's biggest repair center, located in Germany, which has never closed in the last two years, was approved. Lastly, a new reporting platform for the technical assistance centers was launched in both Italy and abroad in order to ensure the increased effectiveness and quality of repair services.

The quality of service provided by the technical assistance centers and contact centers is monitored constantly by the Customer Care Division through on-site visits, specific indicators and training activities. The partners that provide the service activities are also subject to an annual **mystery visit** by Group representatives: in the event that the score assigned after the inspection is higher than 85%, the structure receives the "Excellence Award" or a "Certificate of Excellence" from Italy as a reward for providing the best quality services; if obtained, this certificate can be exhibited at the De' Longhi technical assistance shop. In 2020 these inspections were suspended during the Italian lockdown period, but in 2021 the mystery visits were conducted regularly as allowed by local regulations and company policies.

In addition to the average repair times, the Group uses the **First Time Fix (FTF)**, which measures the number of repaired products that don't need further repairs in the six months following completion of the initial repair as a percentage of total product, to monitor the quality of the repairs. In 2021, the FTF

was basically unchanged with respect to the prior years and has been stable at around 95% for the last three years: this figure confirms that almost all product repairs were adequate and of high quality. This indicator was not impacted by COVID or procurement difficulties as it is not tied to the speed of the repair.

All the Group's employees, as well as external partners, specialized in technical assistance are involved in **training courses** during the year. As in 2020, in 2021 the courses which were historically held in the classroom were carried out using a hybrid method thanks to the synergies between e-learning and online training. This method proved to be invaluable as it made it possible to provide training without interruption, which is essential when explaining how the new machines launched on the market function. In order to render training more effective and user friendly, the platform used was also recently updated and modified.

Technology, a way to hear the consumer

An extensive SAP *Customer Relation Management* (CRM) management system was used in 2021 as well. This system allows for the integrated, efficient management of consumer data and makes it possible to track the interactions between the company and a consumer base that accounts for roughly 80% of the Group's turnover. The system, which is also capable of generating feedback and analyzing the information gathered, was renewed in 2020 upon conclusion of an important project which today allows the CRM to provide an integrated system of pre-sales service and a new cloud-based customer communication channel.

The use of the software *Wonderflow*, a *VoC* (*Voice of Consumer*) management tool, also continued in 2021. This tool makes it possible to gather and systematically analyze the reviews found on the websites of the main resellers of the Group's products. Implemented in 2020 and fine-tuned in 2021, this software makes it

possible to combine reviews from more than 60 retail channels in 14 countries worldwide, spread out over 3 continents (Europe, Oceania and America), and integrate them with the direct customer feedback gathered through the internal CRM. By leveraging on *big data analysis*, the use of this tool also helps to improve the Group's ability to listen and make the most of the "actionable feedback" gathered for different product categories based on hundreds of thousands of interactions.

Looking at customer service, an important pilot project was launched with a software supplier in the UK; the purpose of this project is to use an AI - *Artificial Intelligence - powered web service system* which makes it possible to improve the quality of the support provided to the consumer, as well as the quality of the relationships, by having the AI system handle a large number of the requests.



The protection of consumer data

The Group's commitment to protecting the privacy of the information and data in its possession relating to clients and consumers is stated in the **Code of Ethics**. This information, which is shared solely in compliance with laws, rules and practices of professional conduct, is collected and stored at two data centers located in Italy and China. The security of the data centers is guaranteed by both manual and IT systems with the support of the corporate IT division. Consumer privacy is further ensured through the use of a third-party tool which encrypts the data handled, included when any breaches are suspected.

The information provided by consumers which is considered sensitive, is stored on the webserver located on the Google Cloud Platform, the security of which is guaranteed by Google services technologies, as well as the commitment to

compliance with the current legislation on **data protection** and in relation to the main international standards on information security (ISO 27001) and cloud services (ISO 27017, ISO 27018), as well as the regulatory requirements resulting from the recent General Data Protection Regulation (GDPR 2016/679), that Google guarantees.

Lastly, with respect to data management and protection, in 2021 there was just one instance of a data breach. A notice of non-compliance was received from the control authorities and the competent bodies were informed of the matter and the company has yet to be advised of any further developments. In 2020 no cases were reported, but in 2019 the competent authorities were quickly informed of an instance of non-compliance, in accordance with the law, and the issue was resolved. [\[GRI 418-1\]](#)

Highest quality products, our daily commitment

The teams of the Quality Division, comprised of more than 500 people Groupwide, supervise compliance with all the current laws and regulations relating to product safety, as well as food contact safety. The Regulatory Affairs team monitors the regulatory and legislative scenario relative to product and, in close collaboration with the technical areas, works to guarantee compliance on an international level. What the Quality Department arranges at the central level is implemented locally by dedicated teams, which operate at two levels: those operating in the plants are responsible for quality control of products, whether they are produced internally or come from suppliers of finished products; the teams operating at the brand level monitor quality during product development and when there are any downstream reports. In both cases, supervision is guaranteed right from the design stage to prevent possible anomalies or malfunctions and to guarantee the best quality standards. Among the tools used to guarantee product quality, De' Longhi can count on a certified organisational model according to **ISO 9001**, adopted both in the Group's European plants and in its foreign production sites: introduced in the late 1990s and progressively extended and developed as the Group evolved, this management model has allowed to introduce an integrated and more sustainability-oriented approach.

The indicators that Quality relies on to guarantee the qualitative process efficiency include the **First Time Quality Indicator (FTQ)**, which makes it possible to verify the type of defects linked to the single products and expresses the number of perfect products as a percentage of total production. In the three-year period 2019-2021, the overall FTQ was stable and confirmed the Group's excellent performance. A second indicator, used to monitor product quality is the **Service Call Rate (SCR)** which monitors the quantity of products repaired during the first year under warranty, in percentage. In 2021 the SCR was also in line with the rest of the three-year reporting, further testimony to the De' Longhi Group's commitment to designing and producing high quality products.

These indicators are only some of the ones used in to monitor quality. Each of them is also supported by external audits which are carried out both by a few customers and commercial partners who assess the quality of the products and monitor aspects related to ethics and working conditions, training and the hygienic conditions of the production lines. Additional indicators used to assess the quality of the Group's products include the following:

- **Technical Factory Audit (TFA):** measures the effectiveness of processes and evaluates the results of life tests on products. This type of audit is carried out annually, for both the initial qualification and for the subsequent periodic surveillance of suppliers. Since 2019, a section dedicated to environmental aspects has been added to the checklist used for this type of audit, in addition to those already present.
- **Quality Evaluation (QE):** measures the quality of the product, through a sampling on a statistical basis of each single lot before the shipment of OEM finished product suppliers based in China (Pre-Shipment Inspection).
- **On Time Delivery (OTD):** measures the shipping time used by the supplier and, in particular, the difference between the established delivery date and the actual delivery date.
- **Order Fill Rate (OFR):** measures the supplier's ability to supply the entire quantity of goods requested by the Group.

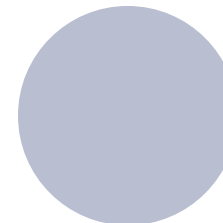
Protecting consumer safety, compliance with the highest standards

In order to guarantee health and safety of consumers, the De' Longhi Group puts the maximum effort to design, manufacture and distribute safe products that naturally comply with the requirements of applicable international standards and legislation, in whose development it actively participates. A scrupulous internal procedure guides the development of new products, in which the technical departments (R&D and Laboratories) design and test solutions that ensure the safety of the product in its intended and reasonably foreseeable use, while the Quality Division supervises the quality control of both the components and finished products, whether these are produced internally or by third parties. Specific milestones set out in the procedure ensure the accuracy of the development process and its consistency across all the Group's brands.

Other Group teams and divisions are part of this process based on the common guidelines defined for specific aspects, like the assessment of product risks such as, for example, food contact suitability requirements. The guidelines are defined in accordance with sector best practices, including those defined by the EU RAPEX System.

For some time now the Group has voluntarily adopted an organizational mode which guarantees food contact safety as per the *Good Hygienic Practices* (GHP) and the ISO 22000 and ISO 1672-2 food

safety standards that are based on the HACCP standards and the *Codex Alimentarius*. The adoption of the latter allows the company to monitor and manage any risks, prevent incidents along the production chain and assess compliance of its products with current laws and regulations. The organizational model was also developed in accordance with the ISO 22005 product traceability standards and requirements in order to provide, for each component and finished product, information relating to the supplier and the client recipient of the product.



HACCP and the Codex Alimentarius

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

The system is based on 7 basic principles:

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

3. Definition of critical limits, i.e., the reference values within which food safety is guaranteed.
4. Definition of monitoring procedures.
5. Definition and planning of corrective measures.
6. Definition of verification procedures.
7. Definition of registration procedures.

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

Food safety is not the only area in which the Group is committed to ensuring the highest safety standards. The quality control processes, in fact, include stringent controls relating to other types of safety, like **mechanical, electrostatic discharge, functional and toxicological safety**. Internal guidelines have been defined based on regulations in different countries in order to develop a shared approach which guarantees the highest safety standards. The Group also, in fact, assumes the manufacturers' responsibilities for damages caused by defective products. In these instances, the laws and regulations can be particularly severe in some jurisdictions, like the United States, UK and Australia. A Product Safety & Liability team is in charge of dealing with these aspects at a Group level, interacting with the technical divisions and the subsidiaries, and works to prevent product risks, as well as manage reports of market or internal issues.

Lastly, all the Group's products are checked by third parties during the pre-production phase in order to further guarantee compliance with the applicable laws, regulations and current safety standards. [\[GRI 416-1\]](#)

In the three-year reporting period, there were two instances of non-compliance linked to product safety. In 2021, some comfort products, manufactured by a third-party supplier and distributed by the Group in the USA, Canada and Mexico, were taken off the market due to possible excessive overheating. The recall was carried out and managed directly by the third-party supplier based on an agreement with the local authorities. In 2019 there was an instance of non-compliance with the European Directive 2014/35/EU, the "Low Tension Directive". [\[GRI 416-2; GRI 417-2\]](#)

The work done together by the technical departments and the Marketing Division on **product disclosure** is also important. These functions are, in fact, responsible for creating, and subsequently monitoring continuously, the **instruction manuals and labels** as it is essential to ensure that they comply with the (ever-changing) regulatory framework in the country where the finished product is distributed. Product disclosure and labeling are important for the Group, as specific requirements must be met in order to comply correctly with regulatory obligations; the manual should also contain information on how to use the product and how to dispose of it at the end of its life cycle. [\[GRI 417-1\]](#)

D

3.2 Design and innovation for product sustainability

The De' Longhi Group's concern for the environment and the communities in which it operates spans the entire value chain, starting from the sourcing of raw materials and the design of eco-friendly products.

Thanks to the implementation of a number of initiatives, over the years the Group has been able to focus on several aspects: including the use of materials that can be **recycled** or **regenerated** at the end of their life cycle, the use of **packaging with a lower environmental impact, energy efficient** products and the promotion of **sustainable consumer lifestyles**.

Increasingly more sustainable packaging

Over the years the Group has developed a number of initiatives relating to **packaging**, which each year is becoming more and more sustainable with respect to both environmental impact and optimization of procurement costs:



2018

Beginning of the search for **materials to substitute** polystyrene, including recycled cardboard, which can guarantee the same performance

2019

Braun expands its **Life Cycle Assessment** (LCA) studies to include the search for different packaging types that are less carbon dioxide intensive.

Key figures:

- **18**: the models marketed online with recycled and compostable cardboard packaging;
- **> 15,000**: the products marketed in the year with **100% plastic free packaging**

2020

Braun continues its research into sustainable materials that can substitute plastic, including **biodegradable** materials in adhesive tapes and the use of **alternative energy** to make polystyrene

2021

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

The work on packaging efficiencies produced its first positive results in both economic (thanks to lower raw materials costs) and environmental (lower environmental impact as a result of the reduction in the raw materials and waste to be disposed of) terms. Braun, which has already found ways to reduce the amount of plastic used in the packaging of Braun brand handblenders and which in 2020 carried out a LCA (*Life Cycle Assessment*) relative to the different types of packaging used currently in order to find alternative solutions with a lower CO₂ footprint, in 2021 conducted studies and assessments in order to find a software that can be used by the entire Group for LCA assessments with a view to standardizing the analyses. In the wake of what was done in 2020, the Braun and Kenwood brands further developed studies and partnerships (with both universities and external partners) focused on finding alternative materials produced using renewable energy to substitute big bags (which are always made out of plastic) and EPS packaging.

The packaging efficiency initiatives also involved the Group's internal operations which use **pallets** extensively to transport and move goods. At the Chinese factories, for example, the traditional virgin wooden pallets have already been replaced with pallets made of plastic recovered from production waste, an initiative that has reduced both the amount of wood used and the number of trucks needed for transport, which lowered CO₂

emissions. Recycled plastic pallets instead of wooden ones are also used in the Mignagola plant, while in the Cluj plant, repaired pallets are used. At the Dongguan plant warehouse crates are built on-site using a plastic material that is 50% recycled; when the crates are no longer needed, they are recycled and used to make new ones.

Connected products for maximum comfort

As in 2020, in 2021 the De' Longhi Group continued to invest in the development of solutions which guarantee **connectivity** and ease-of-use through digital technologies like Wi-Fi and Bluetooth. These developments are necessary at a time when the concept of domotics is increasingly a part of the solutions used to increase the comfort of living spaces. These solutions make it increasingly more possible to personalize the products offered to the user, as well as monitor and prevent malfunctions and, consequently, increase the efficiency and speed of customer care.



Primadonna Soul is the Group's first fully automatic machine with Wi-Fi that can be managed through an application installed on the user's smartphone and, thanks to **Bean Adapt** technology, the user can adjust the machine's settings, including relative to coffee preparation (grind level, dosage and temperature).



The "**Cooling Surround Technology**", together with a "**Realfeel**" algorithm, characterizes the new line of **portable air conditioners**, which can be monitored remotely thanks to **Bluetooth** technology. Humidity and temperature sensors are mounted directly on smart remotes, in order to monitor environmental conditions more accurately.



The concept of **Geofencing** is behind the project to develop a series of air conditioners for the European market which, in addition to being connected to specific apps, incorporate innovative technologies capable of locating the user and optimizing consumption.



Energy efficient products for maximum performance and minimum impact

Energy efficiency, a key issue in the battle against climate change, has an important role in De' Longhi's research and development. The **regulatory environment** represents one of the main challenges in this regard given the brand's global presence: the European Union, for example, has in recent years put in place several regulations on energy efficiency, including EU Regulation No. 1188/2015, which sets a minimum efficiency level that all comfort products must comply with. In order to comply with EU regulation n. 517/2014 on fluorinated greenhouse gases, in 2018 De' Longhi had already substituted the refrigerant circuits of products for the European market with **propane gas**, a natural gas with a lower GWP which is better for the environment.

The major innovations in 2021 in the area of product **energy efficiency** of products include:



Completion of the migration of the entire European range of **portable air conditioners to propane gas** and completion of the migration of all the air conditioners in the United States to the synthetic refrigerant R32

Upgrading of Nespresso platform machines to **class A+** thanks to the reduction in aluminum content, which allowed for a lighter and less energy-intensive boiler.³

Further improvements were made to the patented De' Longhi system which automatically turns manual machines off after a few minutes of inactivity.

Durable products that are easy to repair and disassemble

Durability is key to product sustainability which is why De' Longhi's products are designed to last over time, while also guaranteeing the maximum quality and functionality. The products must be easy to **repair** in order to maximize their serviceable life: this can be achieved by making products that are easy to **disassemble** and increasing the **interchangeability** of parts across products from the same family.



Durability

In the development phase, coffee machines are subject to tests, referred to as **life tests**, during which thousands of drinks are made under standard conditions in order to verify product reliability and durability.



Repairability

- In 2021 further work was done on modifying the frames of the **La Specialista** machines, in order to increase repairability and reduce the time needed to substitute parts;
- The process of standardizing internal parts for the **Kenwood** brand **kitchen machines** in order to reduce the number of parts and simplify repairs continued.

The fully automatic coffee machines are, moreover, equipped with patented systems which make it possible to keep maintenance to a minimum and, at the same time, reduce the use of detergent and water needed to wash the machines. More specifically, these machines can be taken apart and washed 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 so that any remaining milk can be stored in the refrigerator and used again. The De' Longhi machines do not, in general, require a lot of routine maintenance, except the routine descaling. In order to facilitate the removal of scale, a notorious enemy of product longevity, over the years the Group has developed a specific product, "*Ecodecalc*", which is a natural safe and eco-friendly solution made out of lactic acid.

³ In 2021, almost all De' Longhi fully-automatic coffee machines were classified at least in energy class A4, as were the Lattissima and manual machines with electronic controls (like the Dedicca).

Daily wellbeing thanks to healthier eating habits

The desire to have **healthier eating habits** has become an important consumer trend that is changing constantly. The De' Longhi Group is on the cutting edge in this field, too, as it is able to facilitate healthy lifestyles thanks to its different product lines which can, for example, help maintain foods' **nutritional value**. All the De'Longhi brand coffee machines, fully automatic and manual, meet these needs perfectly; thanks to the electronically controlled boiler temperature these machines make it possible to maintain optimal conditions for ground coffee, without altering its organoleptic properties and enhancing its aroma, in line with the strict limits recommended in international sector standards. Thanks to *scrolling technology*, the line of Kenwood brand Pure Juice extractors is able to reduce the overheating and oxidation of ingredients making it possible to extract juice from fruits and vegetables without compromising the nutritional properties. Lastly, in 2021 the Braun and Kenwood teams also worked to promote an online advertising campaign aiming to raise the consumers' awareness about food waste and help them adopt sustainable behavior.

In order to reach the objectives set in this regard, over the years the Group has sponsored several initiatives, including:



Together with the **University of Padua**, the development of:

- a coffee machine that can make drinks using **plant-based milk**;
- a structured **"vibro-chemical"** system which allows for an even flow of ground coffee which provides optimal flavor and aroma.



The work carried out with the **University of Reading** which led to a better and deeper understanding of the effects that heat, oxygen, blade speed and the blending actions of blenders have on the nutritional properties of food.



The partnership with **Politecnico di Torino** which led to the development of a "3 in 1" device, namely a fan heater and air purifier capable of purifying, heating and cooling thanks to an aerodynamic and innovative technology, "3D ComfortAir".





4

Our responsible processes



P

Processes are value in progress

Processes
are value
in progress

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



51%

of electricity consumed is produced from **renewable sources**



The tons of **CO₂**, **not emitted** thanks to the energy self-produced from renewable sources

436



The **reduction in emissions** in 2021

-18%

(2.3 kgCO₂/unit produced vs. 2.8 in 2020)



Waste recovered through reuse, recycling and composting

88%



Group suppliers subject to social and environmental audits

100%

O

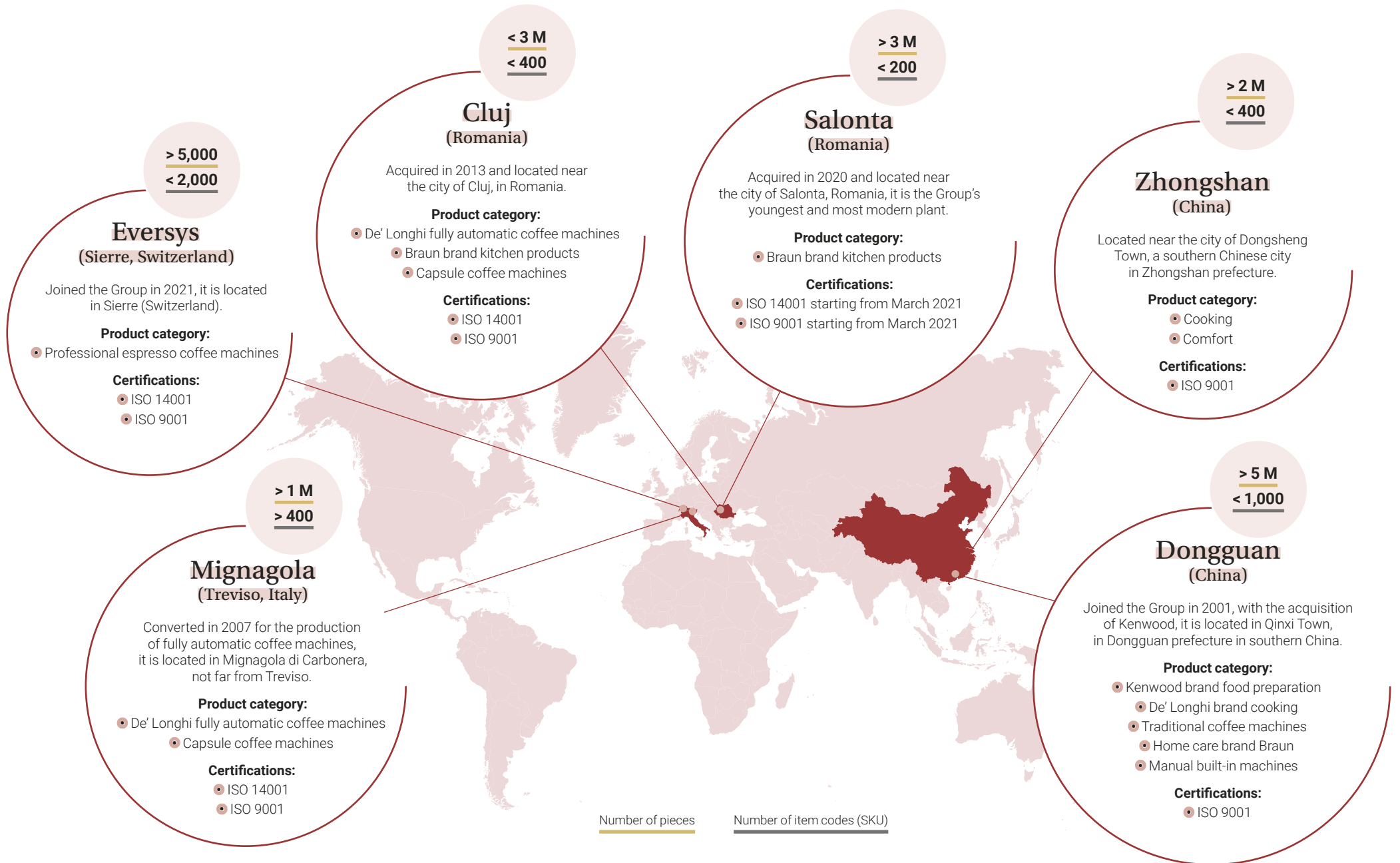
4.1 Our production facilities

The De'Longhi Group's production model comprises two parts: the **production facilities** of which, as a result of the Eversys acquisition, there are now six (located in Italy, Romania, China and Switzerland); and the qualified partners referred to as "**Original Equipment Manufacturers**" (OEM), who are responsible for the development and manufacture of a few products. The production and assembly of the finished product, which accounts for more than 60% of sales, is done at the production facilities. The Group has also adopted a "*local for global*" approach based on which manufacture of products is plant specific. [\[GRI 102-10\]](#)

During the post-production phase the machines are **tested** by plant specific teams which are charged with checking product **safety**; the audits of the **qualitative elements** are carried out by the *Quality Division* which is responsible also for checking the quality of the OEM's product. Once the controls have been completed, the new products are stored inside sourcing centers and logistics hubs which are starting points for distribution through the Group's commercial network.

As mentioned in the previous chapter, customer service and technical assistance, both pre- and post-sale, are managed by the Customer Care Division.





In order to guarantee business continuity (a particularly crucial issue in the last two years), high quality standards and compliance with the environmental and social requirements relating to labor practices, the **supply chain** is managed synergically by the Supply Chain Department and the Quality and Purchasing Divisions.

The **evaluation of finished products**, as well as their purchase and the monitoring of suppliers, is carried out by three dedicated structures in Italy and abroad in order to meet the needs of the different markets quickly and effectively. These

structures are assigned responsibilities that vary based on product category and the geographic proximity of production: the offices dedicated to Coffee and Irons are, for example, in Italy, while the "motor driven" products are managed in the UK and Hong Kong focuses on Comfort.

Lastly, the **materials** used for components are managed in Europe by Supply Chain Department teams (located in Italy and Romania) and by local plant managers in China, who are supported by three Purchasing offices broken down by product category.

Increasingly efficient logistics

For the De' Longhi Group, which operates in a market characterized by volatile demand, it's essential to have an efficient logistics system: the warehouses make up the most important part of the system and are spread out all over the world in order to guarantee business **continuity**, a key issue in the last two years (2020-2021) when the pandemic forced the Group to address emergencies related to both logistics - caused by local restrictions and, on occasion, closed borders - and procurement - due to the scarcity of available raw materials. Even though there were a few slowdowns in distribution, it was never interrupted completely: this was possible thanks also to the institution, already in 2020, of a work group charged with managing the emergency and helping to find alternative sources for materials and components. In

terms of outbound logistics, in 2021 - as in 2020 - there was a further, noticeable acceleration in direct **e-commerce**, which made it possible to deliver the goods directly and bypass the retailer warehouse. This shift allowed for more efficient deliveries and a lower environmental impact.

Looking again at efficiency and lowering the impact of logistics, a cross-functional initiative called **"Assembly to order"** or **"Assembly to Truck"** has been in place for some time: similar to e-commerce, based on this initiative products are sent to customers directly from the production facilities, without going through the regional logistics hub. This practice was possible thanks to the fact that labeling takes place inside the production facility, while before it was done inside the logistics hubs.



R

4.2 Responsible supply chain management

For the De' Longhi Group, responsible supply chain management means promoting the best practices in terms of product **quality**, respect for **human rights** and workplace conditions, health and safety, as well as **environmental responsibility**. All the product suppliers are subject to periodic audits by the Quality Division, during which adherence to the values included in the Group's Code of Ethics, respect for human rights, and compliance with the most important current laws and regulations and environmental standards (like REACH, RoHS, etc.) is checked.

The environmental and social audits are carried out in accordance with the international **SA 8000** (Social Accountability) standard and involve mainly suppliers of finished products in China: the aspects subject to control include working hours and conditions, freedom of association and collective bargaining, possible discrimination, as well as aspects relating to health, safety and staff training. More specifically, beginning already in 2019 suppliers in China were required to sign the Code of Ethics, as well as the De' Longhi Group's **Code of Conduct** which was provided in both English and Chinese. This requirement testifies further to the strong commitment that the Group has to the extensive supervision and control of its supply chain as this document stresses the importance attributed to condemning **child labor** and **forced labor**, pay that does not respect the minimum wage requirements in each country and, in any case, workers' **dignity**.



All the first-tier suppliers are also required to share the Group's Code of Ethics with any sub-contractors working with them.

There were no **violations** of the Group's Code of Conduct in 2021, and, therefore, no corrective action needed to be taken.

As already mentioned, from 2020, audits with **environmental criteria** came into force, which is why the checklist used during Social Accountability audits was supplemented with environmental aspects. These include verification of supplier compliance and the presence of an environmental management system in line with the ISO 14001 standard, which identifies the supplier's best practices with an additional focus on issues such as emissions, discharges and waste. In this way, each supplier audit is conducted according to socio-economic and environmental criteria: any corrective action is identified as a direct consequence of evidences emerged during the assessment, and the related follow-ups are recorded in an ad hoc system that allows updates and commitments made by suppliers to be constantly monitored. This evaluation process is formalised and monitored by a dedicated procedure that, as of 2019, officially implies that all new suppliers are subject to SCOC qualification (Social Accountability Code of Conduct).

In 2021, all (100%) of the new suppliers of finished products were subject to evaluation based on **social criteria**, in accordance with standard

Social Accountability

Developed in 1997 by an American entity SAI (Social Accountability International), the Standard Social Accountability (SAI) 8000 is an international standard based on the ILO (International Labor Organization) conventions, Universal Declaration of Human Rights, and the UN Convention on the Rights of the Child (UNCRC). This is the first international standard to provide a way to gauge a company's ethics and the degree of responsibility with respect to social issues, including:

1. Child labor
2. Forced labor
3. Worker health and safety
4. Freedom of association and collective bargaining
5. Discrimination
6. Disciplinary practices
7. Working hours
8. Remuneration
9. Management system

SA 8000, as was the case in 2020 (100%). [GRI 414-1] To date, no SCOC audits have resulted in a finding of "zero tolerance", which would mean that the supplier relationship had to be terminated.

In 2021 all the new suppliers of finished products (14 in total) were also subject to **environmental audits**, consistent with 2020 (100%).

In 2021 46 audits were carried out to verify the respect of **human rights** which involved 42 suppliers of finished products and 4 of the Group's facilities. These audits covered more than 42% of the Group's operations. The figure is about 60% lower than in 2020 as the Social Accountability audits of each supplier are carried out every two years, which means the results may not be directly comparable and depend on the arrival of new suppliers. [GRI 412-1]

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

Fig. 26 - New suppliers evaluated based on social criteria, number and percentage [GRI 103-3, GRI 414-1]

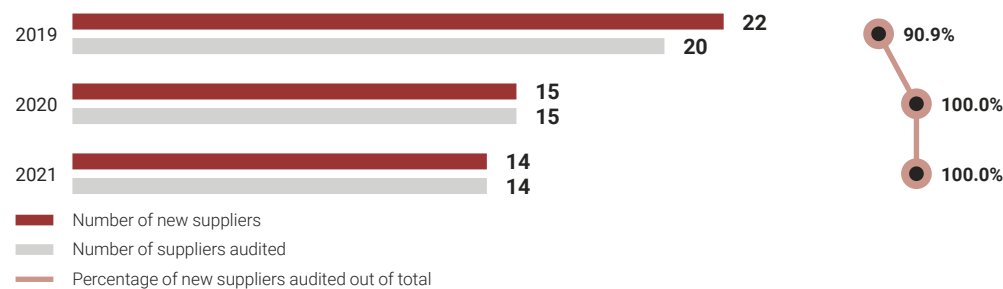
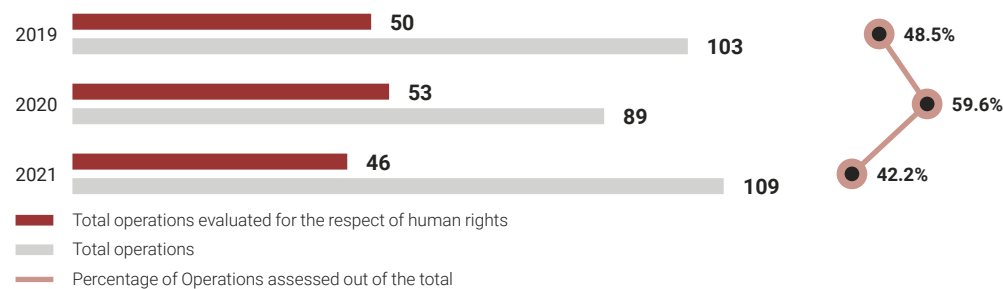


Fig. 27 - Operations subject to the human rights assessments, number and percentage [GRI 103-3, GRI 412-1]



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4.3 Reducing our environmental footprint

The Group is constantly looking for and studying solutions that would make it possible to reduce the environmental impact of its daily operations; because of the complex and multi-faceted reality in which the company operates, it must keep abreast with various and ever changing **regulatory environments**: for this reason the Operations & Technology and the Quality Divisions are responsible for managing the environmental aspects and compliance with the relative laws which is essential to ensuring that the activities are managed correctly and that any updates will not affect the Group's business.

With a view to regulatory compliance **ISO 14001** certified environmental management systems have been implemented at the Mignagola, Eversys, Cluj and Salonta plants (the latter as of 2021), which make it possible to carry out environmental assessments of these plants and define the steps needed to reduce the environmental impact of the entire value chain which is key to understanding the improvements that need to be made in order to reduce the environmental impact of the Group's activities. At the production facilities in OnShiu and Dongguan in China, which currently strive to adhere to current **best practices**, procedures are underway which will lead to the same certification for these plants in 2022.

The De' Longhi Group's main energy saving initiatives

- Installation of solar panels (Mignagola)
- Installation of a trigeneration system (Mignagola), nearing completion
- Substitution of traditional lighting systems with LED lighting (Cluj, Mignagola)
- Movement sensors which activate lighting system only when necessary (Mignagola)
- Installation of charging stations for electric cars (Treviso HQ)
- Substitution of molding and welding machines (Dongguan, Onshiu)
- Installation of meters to measure energy consumption (Dongguan, Onshiu)

A practical example of the Group's commitment to reducing its environmental footprint is the use of **solar panels** at the Mignagola plant: installed several years ago, in 2021 they helped produce 950,972 kWh of electricity, corresponding to about 6% of the total consumed at the plant in the same year. Consumption metres will be installed at both the Mignagola plant and the Treviso headquarters which will make it possible to calculate energy efficiency and consumption precisely.

In 2021 work also continued on renewing the lighting systems at the Italian, Chinese and Cluj plants: the traditional systems were replaced with **LED lighting** - which make it possible to reduce energy consumption significantly. More in detail, as a result of these changes consumption at the Romanian plant was reduced by around 90,000 MJ in 2021. In 2019 a heating system for the warehouses which uses the heat generated in the plant's drying facilities was installed at the same production facility. This reduces the use of natural gas for traditional heating. The Mignagola plant has been an important part of the Group's energy saving strategy as over time a number of measures have been

implemented there: in 2021 the installation of LED lighting in the production areas was completed, the lighting in the warehouse of finished products was redesigned and movement sensors that will activate the lighting system only as needed will be installed. Once finalized, these activities will make it possible for the Mignagola plant to save 1 million kWh.

In 2021 installation of a trigeneration system was also begun at the Mignagola plant - which will be completed in 2022 - and the summer air conditioning system was upgraded; machinery was installed which sucks air in rather than recycling it, which allows for a consistent exchange of air and also helps to contain the spread of Covid-19. In Italy, charging stations for electric cars were also installed at the Treviso headquarters in order to service the corporate fleet of cars which now comprises hybrid models or ones that are 100% electric.

The Chinese plants also had a key role in the Group's energy saving plan. As in prior years, in 2021 further work was done on improving the energy efficiency of productive assets, resulting in specific improvements being made to machinery (including, for example, plastic molding machinery, degreasing and drain lines, the use of laser welders instead of the traditional ones). The partnership with the local government relating to energy savings has, in fact, been in place for several years: already in 2020 **meters** were installed which make it possible to monitor the consumption of electricity and find the areas and functions which consume the most energy. Thanks to these meters, the Group has been able to periodically map the

consumption in the different areas and, based on the results, find ways to reduce energy consumption and improve energy efficiency at both of the Chinese facilities.

With a view to circular economy and responsible waste management, the Group continued with the existing projects involving **recovery of production by-products**. For a number of years, at the Mignagola and Dongguan plants, part of the production waste from plastic moulding is reintroduced into the production cycle, guaranteeing both a saving in raw materials input and a reduction in waste produced. The results of this process were satisfactory and the activity was then launched at the plant in Cluj. Waste from the processing of ferrous materials is resold as raw material, while paper, cardboard and nylon waste is sent to recovery.

Looking specifically at Coffee, positive initiatives were reinforced like the recovery of the Nespresso capsules used for testing in the Cluj and Mignagola plants, which encourages the recycling of their aluminum parts and the reuse of the coffee used in the different phases of testing and calibration of the machines produced at the Cluj plant.

For more information on the initiatives that reflect the Group's approach to sustainability and focus on issues like energy efficiency, product durability and reparability see the section "Design and innovation for product sustainability".



Energy consumption

In 2021, the Group's **total energy consumption** increased roughly 12% with respect to the prior year (422,263 GJ in 2021 compared to 376,062 GJ in 2020). This increase is attributable mainly to three factors: the higher number of **units produced** compared to 2020, the Group's acquisition of the **Swiss Eversys plant** and the first year in which the Romanian plant in Salonta was working at full capacity. The ratio of direct consumption (for heating and transport) to indirect (electricity through district heating and cooling) was basically unchanged in the three-year reporting period. More in detail, the electricity purchased from the national grid, which amounted to 330,848 GJ in 2021, represents approximately 79% of the Group's total energy consumption and accounts for almost all of the indirect consumption recorded in the year.

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

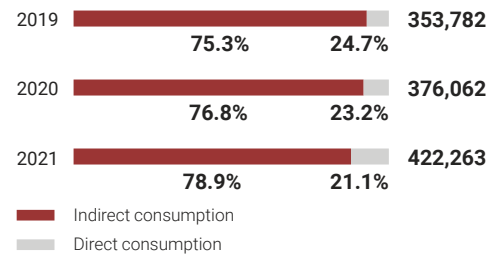
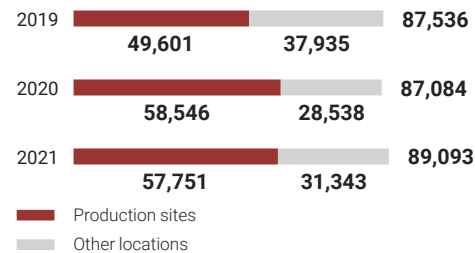


Fig. 29 - Direct consumption, GJ [GRI 302-1]



The **direct energy consumption** amounted to 89,093 GJ in 2021, slightly higher than in the previous year (+2.3%), 65% of which is attributable to production plants.

The breakdown of direct energy consumption by component is shown in the chart below as follows: 56% is related to the use of natural gas, 29.5% and 13% to the consumption of diesel and gasoline for the corporate fleet. LPG and fuel oil were used less (namely 1.4% and 0.1% of the total, respectively).

Fig. 30 - Breakdown of fuel consumption in 2021, by percentage [GRI 302-1]

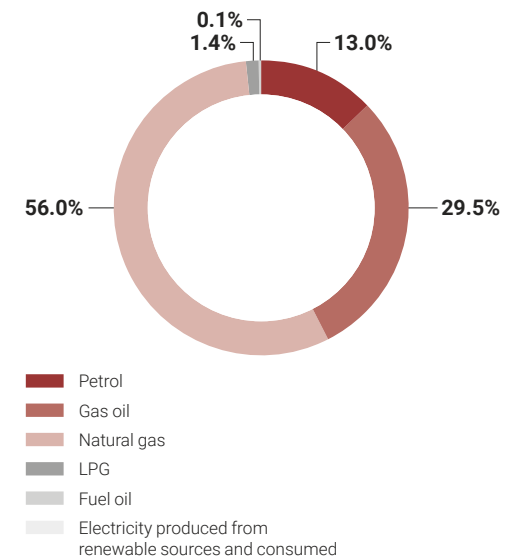
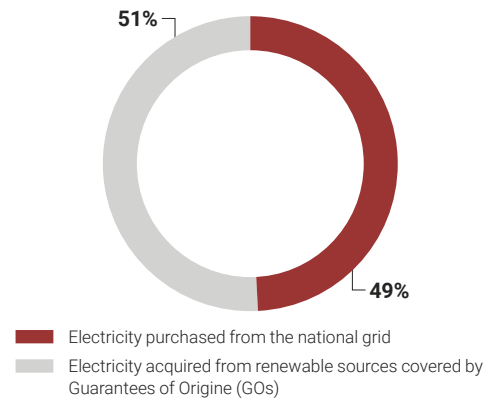


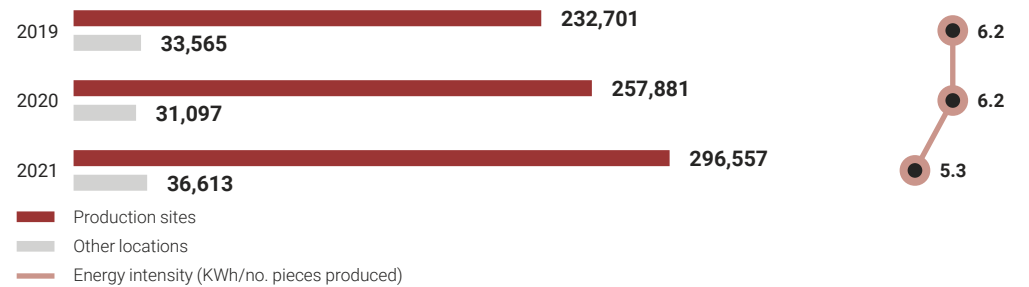
Fig. 31 - The breakdown of electricity purchased in 2021, by percentage [GRI 302-1]



The indirect electricity consumption per unit of production was slightly lower, going from 6.2kWh/per unit produced in the two-year period 2019-2020 to 5.3 kWh/per unit produced in 2021. The portion of electricity consumed that was produced from **renewable sources** came to 3,423 GJ, slightly lower than in 2020 (3,607 GJ). In 2021, 51% of the electricity acquired by the Group was covered by Guarantees of Origin (GOs) which prove that the energy came from renewable sources. [GRI 302-3]

In addition to those already described, other energy saving initiatives were carried out in 2021 at the Dongguan and OnShiu plants in China. At the first one, specifically, more investments were made in electric injection molding machines and in the substitution of traditional lighting with LED lighting; these two initiatives combined made it possible to save more than 4 million kWh of energy, of which almost 2.4 million explained by the molds and roughly 2 million by the LED lighting. [GRI 302-4]

Fig. 32 - Electricity consumption, GJ [GRI 302-1]



Climate changing emissions

In 2021 the Group's **CO₂ emissions**, calculated using the "Market Based" method, amounted to 30,890 tons, 28% lower than the 43,071 tons recorded in 2020. Consistent with energy consumption, the CO₂ emissions are attributable mainly to the use of electricity, which accounts for around 86% of the Group's total CO₂ emissions.

Fig. 33 - Total CO₂ emissions, by tons of CO₂ [GRI 305-1 e 305-2]

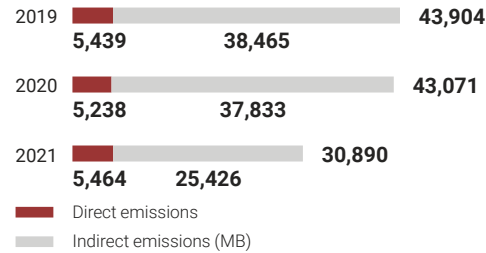


Fig. 34 - Scope 1 direct emissions, tons of CO₂ [GRI 305-1]

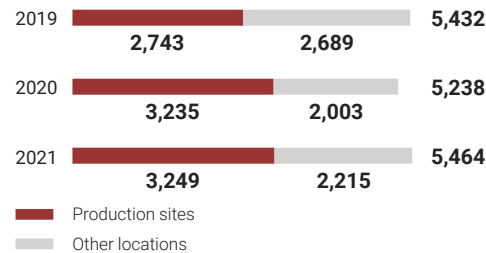


Fig. 35 - Scope 2 indirect emissions, tons of CO₂ [GRI 305-2]

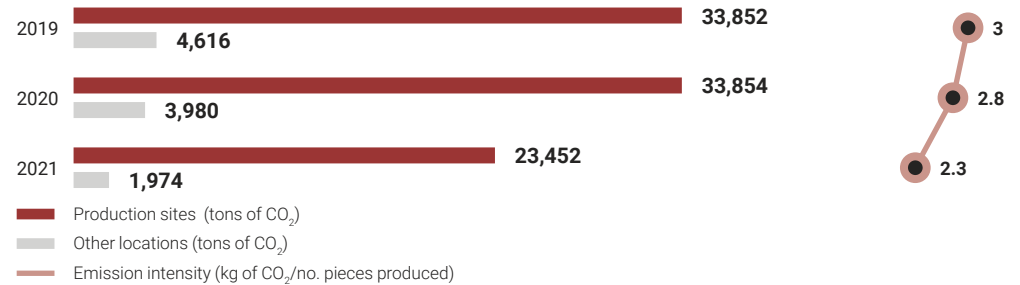
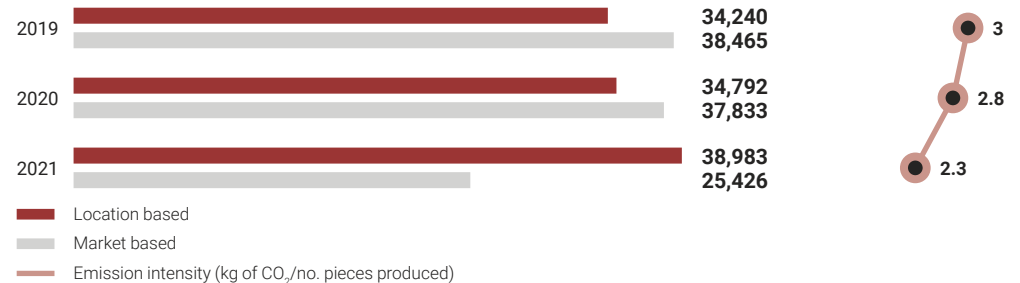


Fig. 36 - Indirect Scope 2 emissions, tons of CO₂ [GRI 305-2]



In 2021 **direct CO₂ emissions** amounted to 5,464 tons, explained mainly by the energy consumption at production plants (59% versus 41% at other types of sites).

In 2021, **indirect CO₂ emissions** amounted to 38,983 tons, of which approximately 91% attributable to production plants.



In 2021, the Scope 2 CO₂ emissions calculated using the **market based** method were approximately 13,500 lower than the emissions calculated using the **location based** method and were down considerably compared to 2020 (-33%): this is explained by the Group's purchase of guarantees of origin to cover the electricity consumption of all the offices in Italy, the plant in Cluj (Romania) and part of the office in the UK.

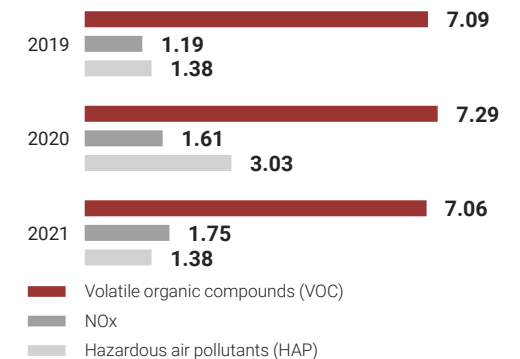
The CO₂ Scope 2 "*location based*" emissions per unit produced were down around 18% compared to the prior year (from 2.8 kg of CO₂ per unit produced in 2020 to 2.3 kg CO₂ per unit produced in 2021), explained partially by the contribution of the numerous energy saving initiatives implemented by the Group and, in part, by the higher production volumes seen in the year. In the Group's production plants there is structural energy consumption which remains constant regardless of the production volumes. [\[GRI 305-4\]](#)

Pollutants

The pollutants, comprising mainly elements like **NO_x, SO_x, particulate matter** and organic volatile compounds, are harmful to health and the environment. For the De' Longhi Group, the most significant pollutants emitted at the production facilities are the volatile organic compounds (**VOCs**), of which slightly more than 7 tons were emitted in 2021, in line with the two previous years, 2018-2019. Other types of pollutants emitted include the HAPs (Hazardous Air Pollutants), which, at slightly less than 1.4 tons, were considerably lower than in 2020 (-54%). The NO_x emitted in 2021 were slightly higher than in 2020 (+9%). Negligible or no amounts of POPs (Persistent Organic Pollutants), SO_x and particulate matter (PM) were emitted. [\[GRI 305-7\]](#)

Fig. 37 - Other pollutants emitted, in tons

[\[GRI 305-7\]](#)



Waste management

The De' Longhi Group's commitment to environmental sustainability also includes dedicating attention to responsible waste management. The Group, in fact, works to incentivize recycling at both the offices and the production facilities, in order to minimize the quantities disposed of. In the offices, employees are made aware of these issues and encouraged to both reduce waste as much as possible, as well as to constantly recycle any waste correctly. The use of digital solutions has also given a strong boost to reducing the use of paper, as well as single-use plastic.

In the production facilities special attention is paid to the handling of waste and the separation of hazardous from non-hazardous waste through initiatives designed to raise the awareness of employees. Toward this end, the Group uses different recycling methods to dispose of its **electronic waste**. There are different initiatives focused on packaging which include reducing volume, the use of recycled materials and recycling of the packaging in-house. Particularly noteworthy are the recycling initiatives implemented at the OnShiu plant in China, where the crates used to move material internally are made out of recycled metal, finished products are warehoused using recycled pallets and all internal movements are made without using paper and cardboard packaging. At the same plant, the warehouse used to store hazardous waste was also remodeled in order to make waste collection more efficient and safe. At the Dongguan production facility, all the pallets used for finished

products and the containers used to package parts in plastic, metal and other components are 100% recycled and, as of 2021, no wooden pallets or cardboard boxes are used. As a result of these initiatives, the packaging for the units produced was about 14% lower than in 2020.

In 2021, the Group's production facilities produced 12,670 tons of **waste**, of which 98% was non-hazardous, while the remaining 2% is classified as hazardous; the increase in the waste produced over the last three years is explained by the gradual increase in the reporting perimeter due to the opening of the production facility in Salonta (Romania) and the acquisition of Eversys, as well as the constant increase in production volumes. Of the total waste produced, approximately 88% (90% of the non-hazardous waste and 11% of the hazardous waste) was recovered through activities like reuse, recycling and composting. 100% of the waste produced by the De' Longhi Group in 2021 was treated offsite.

Fig. 38 - The waste produced by the production facilities in 2021, expressed in tons



On the one hand, and as regards the **non-hazardous** waste produced in 2021, the majority was sent to recycling (69.2%) and recovery (19.4%), including energy recovery. On the other hand, most the **hazardous** waste produced was sent to landfills (23%) or treated chemically (20%).

Fig. 39 - Hazardous waste produced in 2021 broken down by disposal method, expressed as a percentage

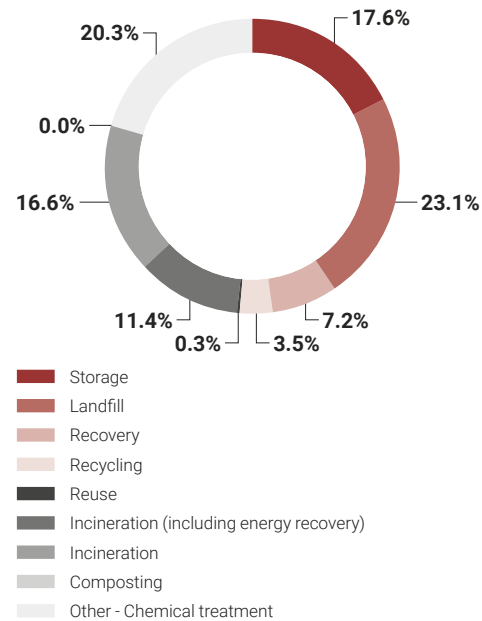
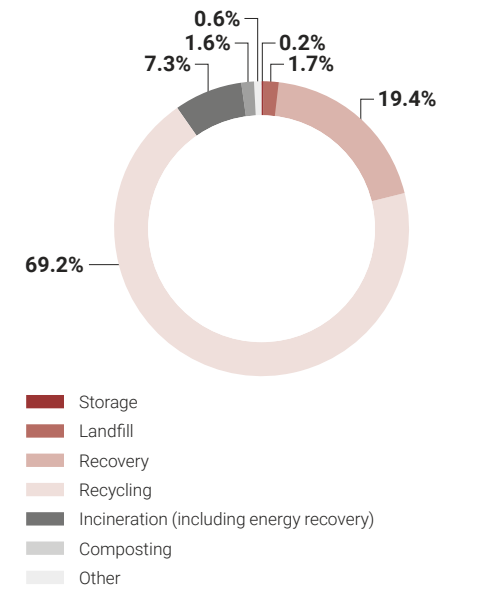


Fig. 40 - Non-hazardous waste produced in 2021 broken down by disposal method, expressed as a percentage

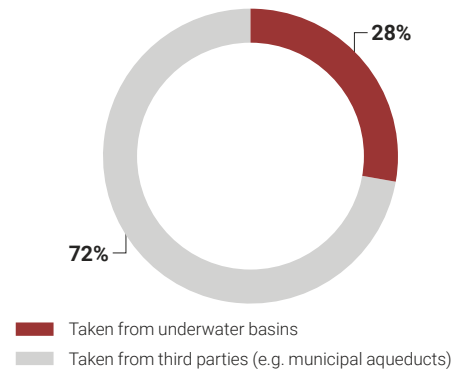


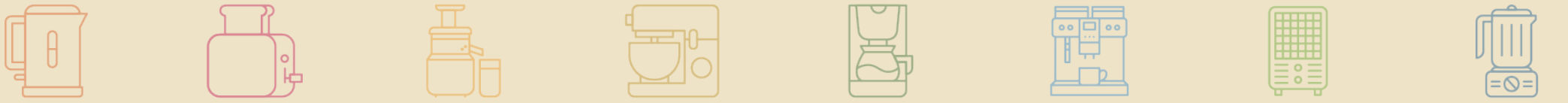
Management of water resources

The De' Longhi Group is committed to ensuring that its water resources are managed in a responsible and sustainable manner; these resources are used for sanitary purposes in the corporate cafeteria and services, as well as in the production facilities for testing, cooling of machinery, molds and air conditioning. No water is consumed during production as any amount used is then returned to the water supply. Before this happens, the Group carries out the necessary quality tests which may be followed by any water treatment so that current local laws are being complied with.

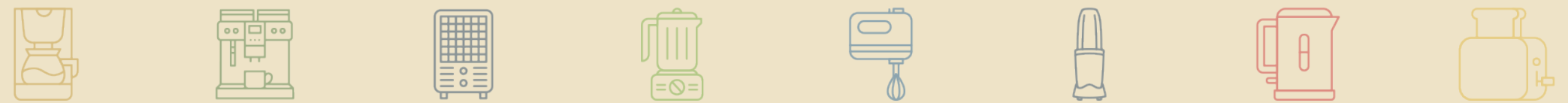
In 2021, 72% of the water used at the production facilities was taken from third parties, like, for example, the municipal aqueducts. The remaining 28% was taken from underwater basins.

Fig. 41 - Total water sourced expressed as a percentage





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Methodological note



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The principles for defining the content and quality of the report

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

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

- **Completeness:** the material issues discussed in the report are covered in their entirety and represent the most relevant environmental, social and economic aspects for the Group's activities, thus allowing a complete assessment of the Group's performance in the reporting year.
- **Sustainability context:** the performances of the De' Longhi Group discussed in this Report are part of the broader context of the Group's business sustainability.



- **Inclusion of stakeholders:** this document shows the stakeholders of the Group and the ways in which their interests were considered in defining the contents of the report.
- **Materiality:** the topics reported on were selected based on their importance to the Group's business, as well as its stakeholders.

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

- **Accuracy:** the level of detail in the Report is adequate and makes it possible to understand and assess the De' Longhi Group's sustainability performance in the reporting period.
- **Reliability:** the data presented in the document were collected, processed and validated by the managers of each department with collaboration of a consulting company. The economic data are consistent with those reported in the Group's annual financial report.

- **Clarity:** the choice of a clear and accessible language and the use of graphs and tables to represent the performance of the Group make this Report available and easy to understand for stakeholders.
- **Comparability:** the indicators in the Report are shown for the three-year period 2019-2020-2021 and are accompanied by comments on the performance in order to allow for the comparison of the Group's performance over time.
- **Equilibrium:** the contents of this document report in a balanced way De' Longhi Group's performance in the reporting period.
- **Timeliness:** the Report takes into account events that occurred after 31 December 2021 that may be significant for the stakeholders when assessing the Group's performance. [\[GRI 102-46\]](#)

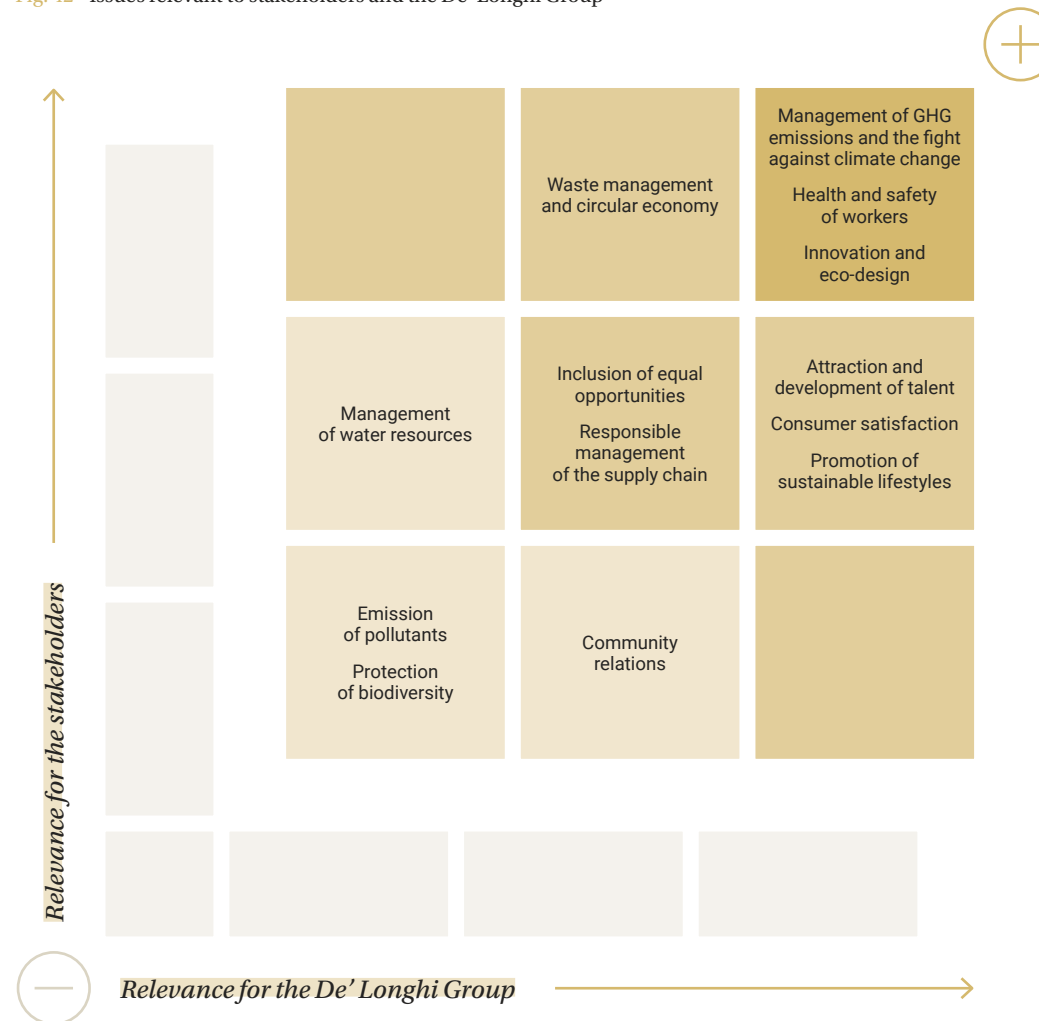
Relevant topics: materiality analysis

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

When updating the material topics for 2021 the decision was made to exclude the following topics: "Respect for human rights", "Ethics and business integrity", "Use of consumer data" and "Product safety and labeling" as these are an essential part of all the company's activities and, therefore, material by definition.

In addition to the material topics above, the following topics were also discussed in this Report: local communities, pollutants and management of water resources which have proven to be significant to the planning and strategy adhered to by the De' Longhi Group over the years.

Fig. 42 - Issues relevant to stakeholders and the De' Longhi Group





The reporting scope

This document represents the fifth edition of De' Longhi Group's Sustainability Report and contains the description of the initiatives and activities related to the 2021 financial year, as well as the performance trends of the 2019-2021 three-year period. The collection of performance indicators and the reporting frequency occur on a yearly basis.

The reporting scope coincides with that of the Consolidated Financial Statements, i.e. it includes the fully consolidated companies for financial reporting with reference to Continuing Operations, unless otherwise stated. In 2021:

- the companies De'Longhi Brasil - Comércio and Importação Ltda and De'Longhi Bosphorus Ev Aletleri Ticaret Anonim Sirketi were excluded insofar as they are currently being liquidated or are inactive and had no employees at 31.12;
- the figures shown include the companies belonging to the Capital Brands Group, acquired at the end of December 2020 and Eversys, the control of which was acquired in 2021. Inclusion in the scope of consolidation coincides with the financial effects of the transactions. As a result of the above-mentioned acquisitions, the figures for 2021 may not be entirely consistent with the prior three-year reporting period.

The reporting year to which the information and data included in this section refers is 2021. Any exceptions are indicated in the individual sections below of this methodological note. [\[GRI 102-50, GRI 102-52\]](#)

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

- Europe.
- America and Asia-Pacific.
- MEIA (Middle East, India and Africa).

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

Fig. 43 - Relevant topics: framework [GRI 103-1]

Topic	GRI Disclosure	Scope		Scope reporting limitations	
		Internal	External	Internal	External
Compliance					
Ethics and business integrity	Anti-corruption, Anti-competitive behavior, Environmental compliance, Socioeconomic compliance Customer privacy Economic performance Public policy	Group	-	-	-
Use of consumer data	Customer privacy	Group	Contact Center	-	-
The De' Longhi Group's people					
Attraction and development of talent	Training and education	Group	-	-	-
Inclusion and equal opportunities	Diversity and equal opportunities Employment	Group	-	-	-
Health and safety of workers	Health and safety on the job	Group	Suppliers, Contact Center	-	Reporting does not include Suppliers and the Contact Centers
Our products, to improve everyday life					
Product safety and labeling	Consumer health and safety Marketing and product labeling	Group	OEM suppliers	-	-
Promotion of sustainable lifestyles		Group	-	-	-
Consumer satisfaction		Group	-	-	-
Innovation and eco-design		Group	OEM suppliers	-	-
Sustainability in all phases of production					
Respect for human rights	Human rights assessment Zero tolerance for discrimination	Group	Suppliers	-	Reporting does not include Suppliers
Responsible supply chain management	Environmental evaluation of suppliers Social evaluation of suppliers	Group	Suppliers	-	-
Management of GHG emissions and battle against climate change	Energy Emissions	Group	Suppliers, Contact Center	-	Reporting does not include Suppliers and the Contact Centers
Waste management and circular economy	Waste	Group	-	Reporting does not include the offices	-

The calculation methodology

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

The De' Longhi Group's people

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

Anti-corruption training

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

Health and safety indices

Accident rates are calculated as shown below:

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

- **the absentee rate** is the percentage ratio between the days of absence (due to inability to work) during the reporting period and the total number of workable days during the same period.

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

Energy consumption

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

During the three-year period 2019 - 2021, 6.5, 57.6 and 2.5 GJ of electricity generated from renewable sources were produced at the Group's plants, which were subsequently transferred to the national grid. It should be noted that, in relation to the electricity consumption of the Campi Bisenzio offices during 2018, a change in measurement methodology took place.

Greenhouse gas emissions

Greenhouse gas emissions were calculated according to the principles set out in the ISO 14064-1 international standards. Specifically, it should be noted that the only greenhouse gas taken into consideration was carbon dioxide (CO₂). Self-generated energy from renewable sources is not included in the calculation of greenhouse gas emissions, as it is considered to have zero greenhouse gas emissions.

The emission factors used to calculate CO₂ emissions were determined as follows:

- **Direct emissions (Scope 1):** the emissions linked to the consumption of natural gas, diesel heating fuel, gas, diesel fuel and LPG for the company cars was determined based on the emission factors reported in the *Table of national standards* published by the Italian Ministry of the Environment, for the years 2019, 2020 and 2021.
- **Indirect emissions (Scope 2):** indirect emissions are linked to the consumption of electricity and district heating; the emissions linked to electricity were calculated using a location and market-based approach:
 - For the calculation of location-based emissions, the factors used, for each country in which the Group operates, were those presented in *Table 49 - Main socio-economic and energy indicators* published by Terna in the International Comparisons sections, which have Enerdata as their source. These emission factors are updated periodically; therefore, they were used in their most recent version (2019) to calculate indirect emissions in 2021, in the 2018 version for those relating to 2020 and in the 2017 version for those relating to 2019. In the event a country was not listed in the above table, we used the emission factor for the continent. When there were several branches in several countries, the highest of the emissions factors among these countries was used.
 - For the calculation of market-based emissions, when available, the residual mixes found in the *"European Residual Mixes"*, published by ABI for the years 2018- 2020, were used. An average residual mix per NERC Region, calculated based on the residual mixes shown in the document *Green-e Energy Residual Mix Emissions Rates*, were used for America and Canada for the years 2018-2020. As for the countries for which no residual mix figures were available, location-based

emissions factors found in the above mentioned Terna table were used.

Emissions associated with district heating were calculated using the emission factors reported in the tables of the "UK Government GHG Conversion Factors for Company Reporting" document published by the *Department for Environment Food & Rural Affairs* (DEFRA) available for the three-year period 2019-2020-2021.

Quality indicators

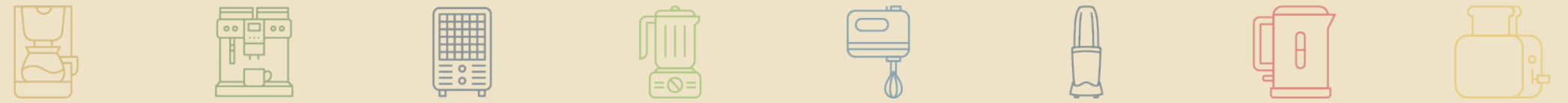
The **first-time quality (FTQ) indicator** is the percentage ratio between products that have not shown functional or aesthetic defects on the total production of the year;

The **service call rate (SCR)** is the percentage ratio between the machines repaired in the first year of warranty and the total number of products sold during the year. This indicator is calculated quarterly on a 12-month mobile base;

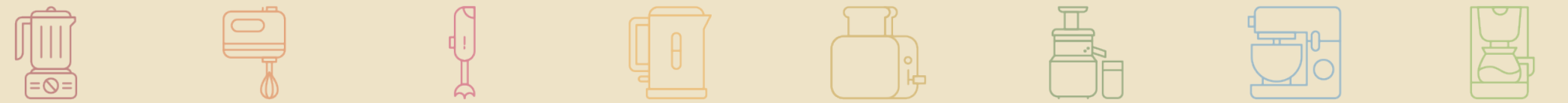
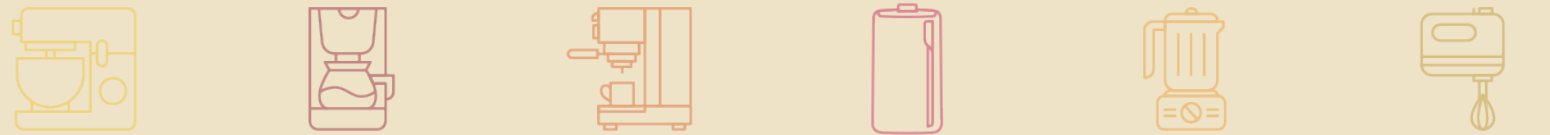
The **first-time fix (FTF) indicator** is the percentage ratio between repaired products that did not need new assistance in the following six months and the total of repaired products. [\[GRI 102-53\]](#)



6



Appendices



A

Appendices

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

The De' Longhi Group's People

GRI 102-8: Information on employees and other types of workers															
Employees, by contract type	Italy			Europe			America & Asia-Pacific			MEIA			De' Longhi Group		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Number of employees by contract type															
Permanent	1,577	1,651	1,708	3,084	4,284	4,624	2,551	2,621	2,710	61	51	58	7,273	8,607	9,100
<i>of which women</i>	611	646	676	1,767	2,617	2,776	1,209	1,250	1,273	25	22	23	3,612	4,535	4,748
<i>of which men</i>	966	1,005	1,032	1,319	1,667	1,848	1,342	1,371	1,437	36	29	35	3,661	4,072	4,352
Fixed-term	14	34	31	26	131	417	536	605	803	1	1	1	577	771	1,252
<i>of which women</i>	11	17	17	16	76	211	241	273	358	1	1	-	269	367	586
<i>of which men</i>	3	17	14	10	55	206	295	332	445	-	-	1	308	404	666
Total	1,591	1,685	1,739	3,110	4,415	5,041	3,087	3,226	3,513	62	52	59	7,850	9,378	10,352
Number of employees by contract type															
Full-time	1,472	1,567	1,637	3,028	4,302	4,784	3,074	3,214	3,484	61	51	58	7,635	9,134	9,963
<i>of which women</i>	506	549	594	1,717	2,601	2,789	1,438	1,512	1,613	25	22	23	3,686	4,684	5,019
<i>of which men</i>	966	1,018	1,043	1,311	1,701	1,995	1,636	1,702	1,871	36	29	35	3,949	4,450	4,944
Part-time	119	118	102	82	113	257	13	12	29	1	1	1	215	244	389
<i>of which women</i>	116	114	99	66	92	197	12	11	18	1	1	-	195	218	314
<i>of which men</i>	3	4	3	16	21	60	1	1	11	-	-	1	20	26	75
Total	1,591	1,685	1,739	3,110	4,415	5,041	3,087	3,226	3,513	62	52	59	7,850	9,378	10,352
Number of employees by gender															
Total women	622	663	693	1,783	2,693	2,987	1,450	1,523	1,631	26	23	23	3,881	4,902	5,334
Total men	969	1,022	1,046	1,327	1,722	2,054	1,637	1,703	1,882	36	29	36	3,969	4,476	5,018

GRI 401-1 (a): Total number and rate of new permanent employees hired by gender and geographical area, 2021

Geographical area	Women		Men		Total	
	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)
Italy	71	10.5%	91	8.8%	162	9.5%
Europe	1,068	38.5%	893	48.3%	1,961	42.4%
America & Asia-Pacific	433	34.0%	646	45.0%	1,079	39.8%
MEIA	4	17.4%	9	25.7%	13	22.4%
Group	1,576	17.3%	1,639	18.0%	3,215	35.3%

GRI 401-1 (b): Total number and rate of permanent employees terminated by gender and geographical area, 2021

Geographical area	Women		Men		Total	
	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)
Italy	25	3.6%	48	4.6%	73	4.2%
Europe	994	33.4%	852	41.4%	1,846	36.6%
America & Asia-Pacific	443	27.2%	610	32.4%	1,053	30.0%
MEIA	3	13.0%	1	2.8%	4	6.8%
Group	1,465	27.5%	1,511	30.1%	2,976	28.7%

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

Composition of De' Longhi Group S.p.A. Board of Directors		Unit of measure	Italy		
			2019	2020	2021
Men	Less than 30 years	n	-	-	-
	From 30 to 50 years	n	1	1	-
	Over 50 years	n	5	7	8
Total men		n	6	8	8
Women	Less than 30 years	n	-	-	-
	From 30 to 50 years	n	1	1	1
	Over 50 years	n	3	3	3
Total women		n	4	4	4
Total		n	10	12	12

GRI 405-1: Composition by age and gender of employees			
Personnel composition - Detail to 2021		Unit of measure	De' Longhi Group
Managers			
Men	Less than 30 years	%	-
	From 30 to 50 years	%	2.0
	Over 50 years	%	1.2
Total men		%	3.2
Women	Less than 30 years	%	-
	From 30 to 50 years	%	0.7
	Over 50 years	%	0.1
Total women		%	0.9
Total		%	4.0
White-collar workers			
Men	Less than 30 years	%	2.3
	From 30 to 50 years	%	10.2
	Over 50 years	%	3.4
Total men		%	15.9
Women	Less than 30 years	%	2.4
	From 30 to 50 years	%	9.1
	Over 50 years	%	2.1
Total women		%	13.5
Total		%	29.4
Blue-collar workers			
Men	Less than 30 years	%	7.7
	From 30 to 50 years	%	15.5
	Over 50 years	%	6.2
Total men		%	29.4
Women	Less than 30 years	%	6.7
	From 30 to 50 years	%	22.5
	Over 50 years	%	7.9
Total women		%	37.1
Total		%	66.5

GRI 403-9 - Work-related injuries				
Group Aggregate		2019	2020	2021
Total hours worked	h.000	18,246	20,017	21,227
Accidents	n.	63	50	82
<i>Of which in progress for transport organised by the Group</i>	<i>n.</i>	<i>17</i>	<i>4</i>	<i>4</i>
Accidents with serious consequences	n.	-	-	-
Fatal accidents	n.	-	-	-
Occupational illnesses	n.	3	4	2
Frequency index	-	3.5	2.5	3.9
Frequency index of accidents with serious consequences	-	-	-	-
Mortality index	-	-	-	-
Occupational disease rate	-	0.2	0.2	0.1

GRI 403-9 - Work-related injuries (contractors)				
Group Aggregate		2019	2020	2021
Total hours worked	h.000	1,377	2,644	5,343
Accidents	n.	2	4	12
<i>Of which in progress for transport organised by the Group</i>	<i>n.</i>	<i>-</i>	<i>-</i>	<i>7</i>
Accidents with serious consequences	n.	-	-	-
Fatal accidents	n.	-	-	-
Frequency index	-	1.5	1.5	2.2
Frequency index of accidents with serious consequences	-	-	-	-
Mortality index	-	-	-	-

Reducing our environmental footprint

GRI 302-1: Energy consumption										
Energy consumption	um	Production sites			Offices ⁴			De' Longhi Group		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
Direct consumption from non-renewable sources										
Petrol	GJ	3,017	2,824	3,984	9,606	6,646	7,181	12,623	9,470	11,129
Diesel	GJ	6,170	5,180	6,991	22,942	16,010	18,274	29,112	21,189	25,265
Natural gas	GJ	36,298	46,388	42,869	5,145	5,034	5,115	41,443	51,422	47,984
LPG	GJ	568	587	518	-	667	712	568	1,254	1,231
Fuel oil	GJ	-	-	-	203	142	61	203	142	61
Total	GJ	46,053	54,979	54,327	37,896	28,498	31,343	83,949	83,477	85,670
Direct consumption from renewable sources										
Electricity produced from renewable sources and consumed	GJ	3,548	3,567	3,423	39	40	-	3,587	3,607	4,423
Total direct consumption	GJ	49,601	58,546	57,751	37,935	28,538	31,343	87,536	87,084	89,093
Indirect consumption										
Electricity	GJ	232,701	257,881	296,557	31,186	28,984	34,291	263,887	286,865	330,848
District heating	GJ	-	-	-	2,359	2,113	2,322	2,359	2,113	2,322
Cooling	GJ	-	-	-	-	-	-	-	-	-
Total indirect consumption	GJ	232,701	257,881	296,557	33,545	31,097	36,613	266,246	288,978	333,170
Total consumption	GJ	282,301	316,427	354,307	71,480	59,635	67,956	353,782	376,062	422,263

⁴ The item "Offices" includes offices, distribution branches, warehouses and, in general, all non-production facilities of the De' Longhi Group.

GRI 305-1 and GRI 305-2: Direct and indirect emissions of greenhouse gases (GHG) Scope 1 and Scope 2									
Emissions [tonnes of CO ₂]	Production sites			Offices			De' Longhi Group		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Direct	2,743	3,235	3,249	2,696	2,003	2,215	5,439	5,238	5,464
Indirect - Location Based	30,549	31,567	35,523	3,690	3,225	3,460	34,240	34,792	38,983
Indirect - Market Based	33,852	33,854	23,452	4,613	3,980	1,974	38,465	37,833	25,426
TOT (Direct + Indirect - Location Based)	33,293	34,802	38,772	6,386	5,228	5,675	39,679	40,030	44,447
TOT (Direct + Indirect - Market Based)	36,596	37,089	26,701	7,309	5,983	4,189	43,905	43,072	30,890

GRI 306-3, 306-4 and 306-5 (2020): Waste produced broken down by type and disposal method ⁵												
Disposal method	Hazardous waste [tonne]						Non-hazardous waste [tonne]					
	2019	%	2020	%	2021	%	2019	%	2020	%	2021	%
Reuse	2.0	1.2%	1.7	0.9%	1	0.3%	-	0.0%	-	0.0%	-	0.0%
Recovery	10.5	6.5%	9.2	4.7%	21	7.3%	1,765.2	22.2%	1,907.0	20.3%	2,396	19.4%
Incineration (including energy recovery)	9.2	5.7%	16.2	8.2%	33	11.4%	146.8	1.8%	549.8	5.9%	904	7.3%
Incineration	1.3	0.8%	38.4	19.4%	48	16.4%	-	0.0%	-	0.0%	-	0.0%
Recycling	3.7	2.3%	33.8	17.1%	10	3.4%	5,790.5	73.0%	6,658.1	70.9%	8,572	69.2%
Composting	-	0.0%	-	0.0%	-	0.0%	68.0	0.9%	98.0	1.0%	198	1.6%
Storage	75.8	46.5%	82.6	41.7%	51	17.6%	6.4	0.1%	21.5	0.2%	23	0.2%
Landfill	60.4	37%	16.1	8.1%	67	23.0%	68.9	0.9%	91.1	1.0%	215	1.7%
Other - Chemical treatment	0.2	0.1%	0.2	0.1%	59	20.4%	-	0.0%	-	0.0%	5	0.0%
Other - Biological treatment	-	0.0%	-	0.0%	-	0.0%	91.4	1.2%	64.3	0.7%	67	0.5%
Total waste produced	163.1	100%	198.3	100%	290	100%	7,937.2	100%	9,389.7	100%	12,379	100%

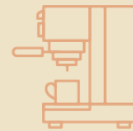
⁵ The waste reporting methodology has been updated according to the new GRI 306 (2000) indicator, both for 2021 and for previous years.



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102-49	Changes in reporting		No relevant changes compared to the Sustainability Report 2020	
102-50	Reporting period		From 1st January 2021 to 31st December 2021	
102-51	Date of the most recent report		August 2021	
102-52	Reporting frequency		Annual	
102-53	Contact details for enquiries regarding the report		sustainability@delonghigroup.com	
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