

Our brands, our products
and our people who work
with enthusiasm and courage
every day to build our
Group's future.

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

2017

DēLonghi Group

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We started a journey

[GRI 102-14]

Dear readers,

Over forty years ago, when the very first De'Longhi oil filled radiator was launched, we started a journey full of challenges and great successes that, in the year just ended, has allowed us to achieve almost Euro 2 billion in turnover and consolidate our role as market leader for small electrical household appliances.

The De'Longhi Group is now an international enterprise, present with its four brands in 128 countries worldwide, with over 8,000 collaborators who, year after year and with enthusiasm and ambition, develop highly innovative and technologically excellent products with a distinctive design, combining high quality with maximum performance.

We know that people are the secret of our success, so we have worked over the years to create a pleasant, stimulating and safe working environment. In order to consolidate and strengthen the new organizational set-up introduced in 2016, we launched the new Success Factor management system during the year. This system, which will be completed during 2018, will allow all aspects relating to our people, from personal details to training and assessment of performance, to be managed in a unified manner.

We also continued with the Group identity awareness and consolidation initiatives, through a communication campaign of the new mission and vision and company values, and also through specific and broad training activities to improve managerial skills.

As global market players, we are well aware that we must continue to invest in innovation in order to remain competitive and ensure business continuity. Several strategic initiatives were carried out in 2017 that resulted in an agreement to acquire a minority stake in the Swiss group Eversys, with which we entered into the professional espresso coffee makers sector, and in purchase of the building housing the Treviso headquarters, for construction of a new building for expansion of the spaces available to the R&D departments and other corporate divisions. We also continued with the investment plan for the production complex in Romania.

Lastly, construction of the Northern European hub, as part of the logistics services centralization and optimization project started in 2016, has allowed and will allow us to manage the new sales volumes in an increasingly effective and efficient manner. In this context, the "Swim Lanes" project successfully completed during the year introduced a new production management model, with a consequent reduction in order fulfilment times and an increase in the quality of the service we offer to our customers.

1_ The topics of the report: how we have created this document

The purpose of the De'Longhi Group Sustainability Report is to report on relevant topics for the Group and its main stakeholders. It has been drafted in accordance with the "GRI Sustainability Reporting Standards", the most recent and widely used non-financial reporting standards, defined in 2016 by the Global Reporting Initiative (GRI), according to the "In accordance - Core" option. [\[GRI 102-46\]](#)

The relevant topics: materiality analysis

The relevant topics were identified starting with documentary analysis of the principal expectations and pressures of the Group stakeholders, identified through media analysis and benchmark analysis of the leading companies operating in the sector. In detail, the highest attention was focused on the topics which reflect the expectations of stakeholders with a significant degree of dependency on the Group and who can most influence company strategies. The topics identified were then evaluated and supplemented by company management on the basis of priorities and strategic objectives.

The Sustainability Report also reports on topics considered relevant by Italian Legislative Decree no. 254/2016, transposing European Directive 2014/95/EU, the so-called "Barnier Directive", on non-financial reporting for large Public Interest Entities.

The De'Longhi Group has also chosen to adopt the GRI Standards for comprehensive reporting on these topics.

Fig. 1 - The relevant topics for stakeholders and the De'Longhi Group.

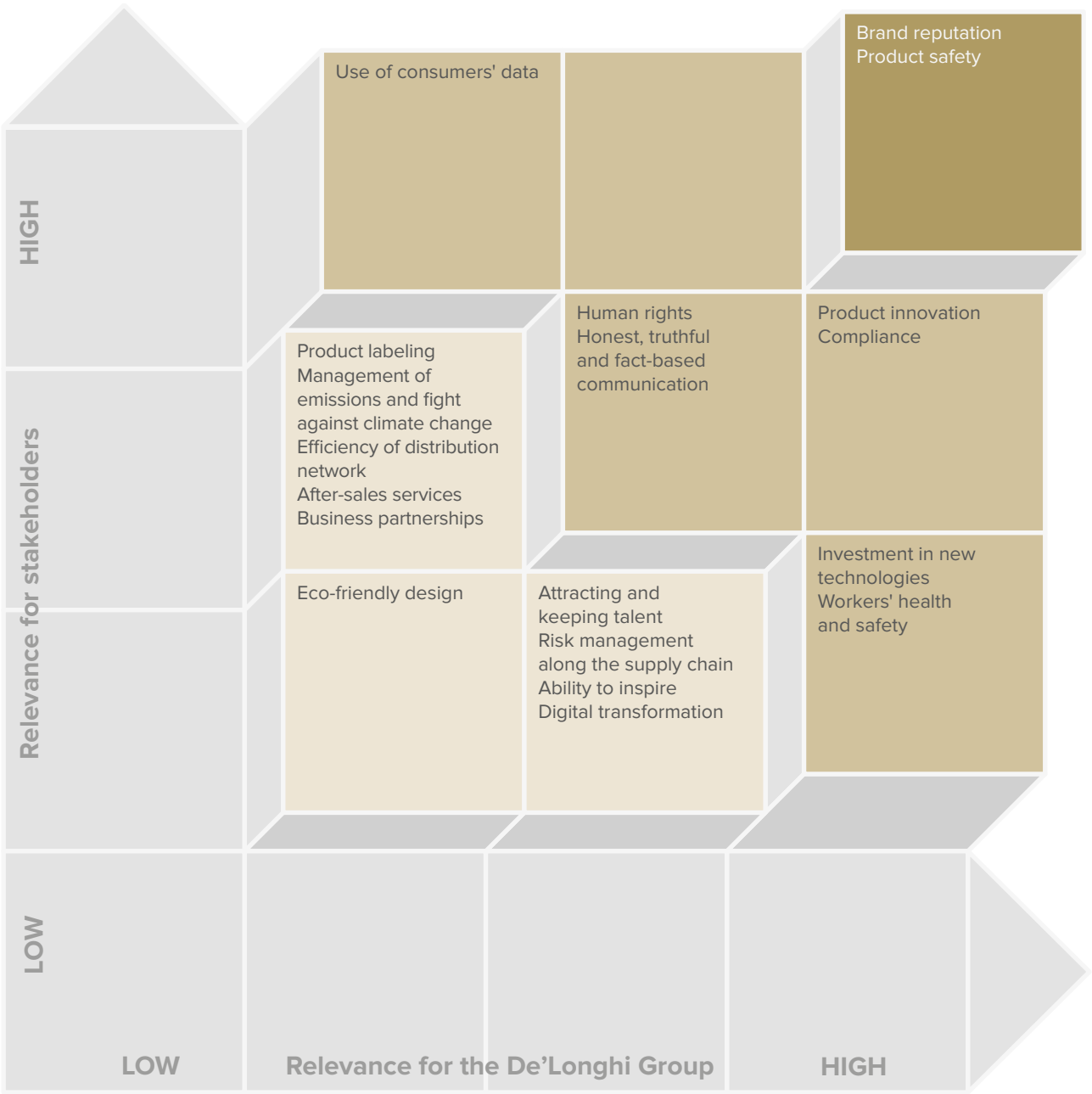


Fig. 2 - The relevant topics: description. [GRI 102-46]

TOPIC	DESCRIPTION	CHAPTER/PARAGRAPH
Corporate Governance and development of business		
Brand reputation	Maintaining and strengthening the reputation of the Group's brands with all the principal stakeholders, and primarily customers, investors and employees, supports Group leadership of its sector	2.1 Everywhere
Ability to inspire	As an international leader on many of the markets where it operates, the Group wants to be a company able to inspire new behaviors and habits along its value chain, primarily by final consumers and suppliers	4.1 How to offer a unique experience
Business partnerships	Maintaining and consolidating business partnerships creates value along the Group value chain and allows it to offer the market increasingly innovative and competitive products that satisfy customers' needs	4.2 It starts at our plants, with our partners
Investment in new technologies	Investment in new technologies is the cornerstone of product innovation and increased sustainability and efficiency of production processes	4.1 How to offer a unique experience
Digital transformation	In an increasingly digitalized world, product innovation is becoming steadily more linked to the ability to propose new technological and digital solutions (Internet of Things, Applications, Domotics)	4.1 How to offer a unique experience
Compliance	The Group's bases its activities on compliance with the laws and regulations on the markets where it operates	2.2 By your side every day
Product		
Product safety	Product safety, including food products, is essential to guaranteeing consumer confidence in a company's products and brands	4.1 How to offer a unique experience
Product innovation	In an exponentially evolving technological context, the ability to offer innovative products that satisfy customers' new needs is the basis of company competitiveness and a method of implementing the De'Longhi Group mission	4.1 How to offer a unique experience
Product labeling	Correct and clear product information is vital not only to comply with regulations, but also to maintain a long-lasting relationship with consumers and keep their loyalty	4.1 How to offer a unique experience
Eco-friendly design	Focus on environmental issues in product development means designing products, for specific categories, with a reduced environmental impact, including in use by consumers	4.1 How to offer a unique experience

TOPIC	DESCRIPTION	CHAPTER/PARAGRAPH
The supply and production chain		
Risk management along the supply chain	Preventing and managing the risks associated with the supply chain is essential to ensuring Group business continuity	4.2 It starts at our plants, with our partners
Human rights	Ensuring working conditions that protect basic human rights is a responsibility of the Group with its employees and suppliers	3.1 Starting with what we are now 4.2 It starts at our plants, with our partners
Management of emissions and fight against climate change	Climate change and its consequences require businesses to manage the emission of greenhouse gases carefully and responsibly	Focus: Reduction of environmental impacts
The De'Longhi Group people		
Workers' health and safety	The Group is responsible for the health and safety of all its employees	3.2 Cultivating our skills and our know-how
Attracting and keeping talent	Attracting and keeping talent at the Group and ensuring people are highly satisfied is a strategic element in achieving business objectives	3. The De'Longhi Group people, the builders of the future
Consumers		
Honest, truthful and fact-based communication	In a context characterized by use of communication to reach an increasingly wider public, particular attention is focused on correct communication	2.2 By your side every day 4.1 How to offer a unique experience
Use of consumers' data	Use of consumer and customer data means protecting the rights of the data subjects and forms the basis for maintaining their confidence in the Group	4.1 How to offer a unique experience
Efficiency of distribution network	The ability to make the Group distribution system more efficient and effective is vital to offering a quality service to its customers and reacting promptly to market demands	4.3 Reaching consumers' homes worldwide
After-sales services	An assistance service with the ability to listen to consumers' needs and respond rapidly and fully to their demands is a key factor in consolidating relations with them and strengthening the reputation of the Group's brands	4.1 How to offer a unique experience

2_ The De'Longhi Group

Fig. 3 - Our brands.

KENWOOD

Havant, UK.

The UK brand was founded in 1947 by Kenneth Wood and became part of the De'Longhi Group in 2001. It is a world leader in kitchen appliances.

BRAUN

Frankfurt, Germany.

The German brand, which was created in Frankfurt in 1928 and is recognized worldwide for its electrical household appliances, became part of the Group in 2013 following the purchase of a perpetual license on use of the brand for the development, manufacture and sale of small electrical household appliances.



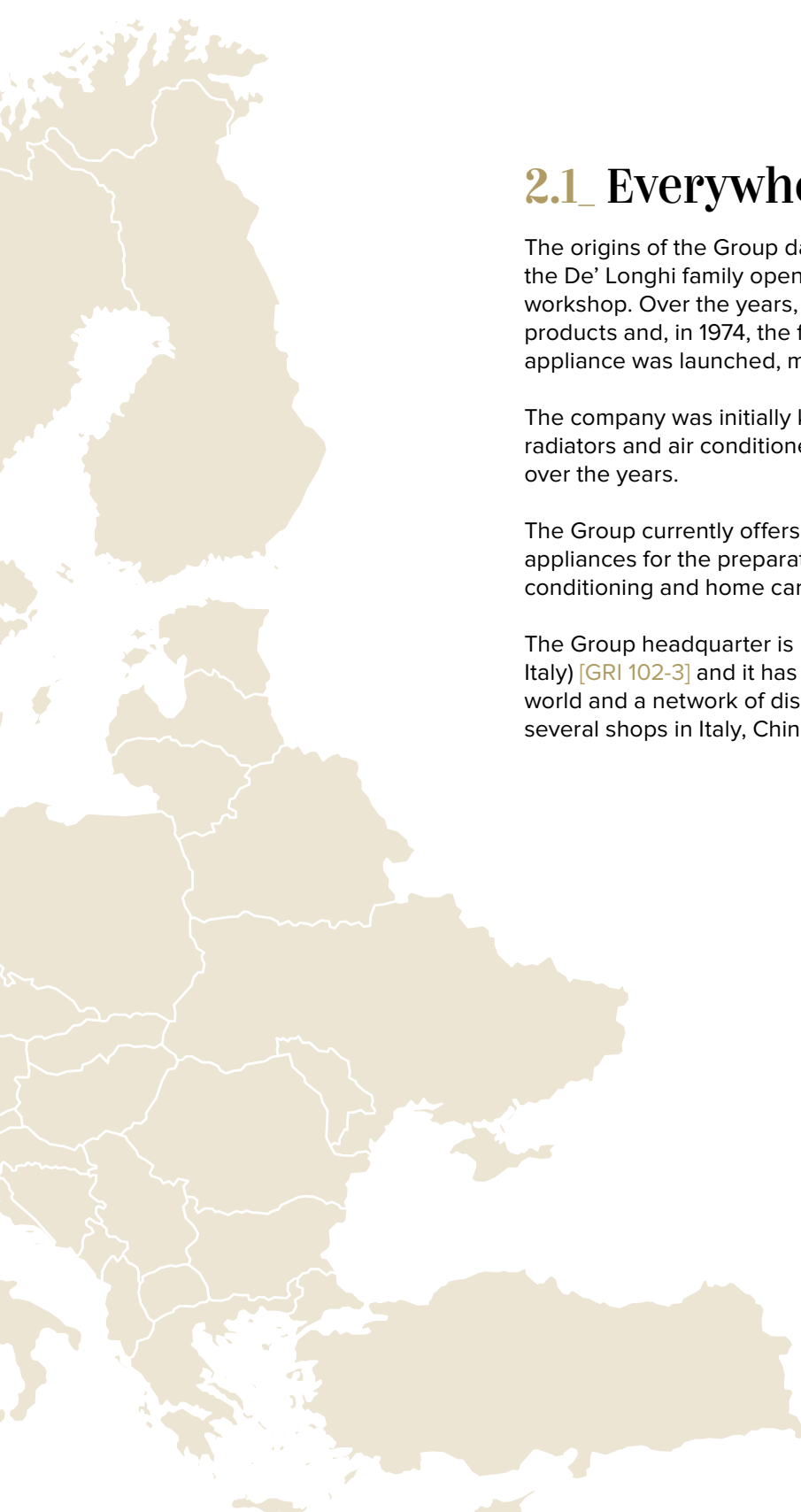
Treviso, Italy.

This is the historical Group brand and was created in 1974, with manufacture of the first oil-filled radiator bearing the brand name. Starting in the 1980s, the range was diversified to include products associated with coffee, comfort, cooking and ironing.

Ariete

Florence, Italy.

The Tuscan brand, which was created in 1964 and became part of the De'Longhi Group in 2001, offers solutions for the home in the kitchen, ironing and cleaning sectors.



2.1 Everywhere

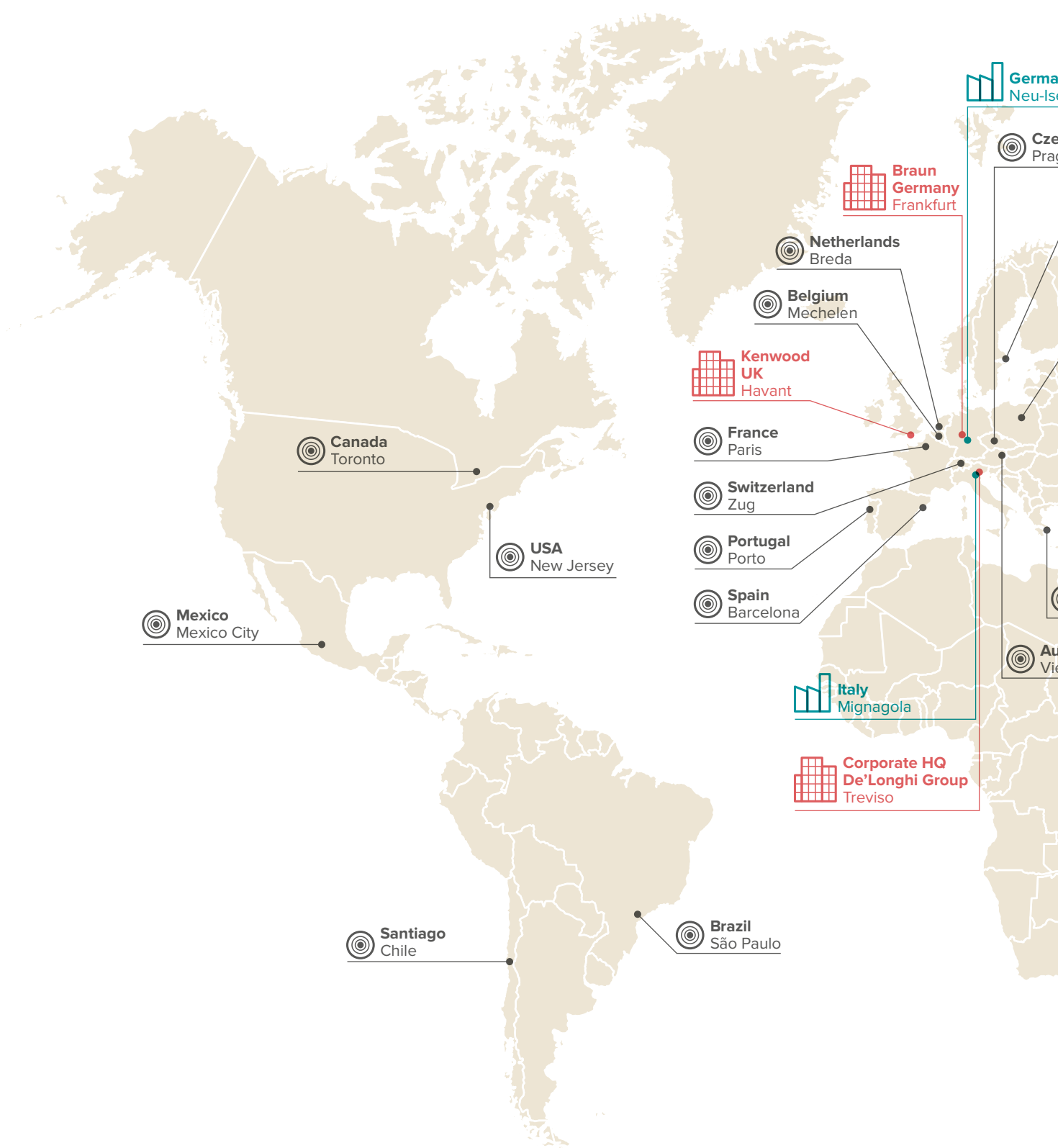
The origins of the Group date to the early twentieth century, when the De' Longhi family opened an industrial component production workshop. Over the years, it became a toll manufacturer of finished products and, in 1974, the first De'Longhi electrical household appliance was launched, marking the creation of the Group.

The company was initially known as a manufacturer of portable electric radiators and air conditioners, but has extended its range of products over the years.

The Group currently offers a range of small electrical household appliances for the preparation of coffee and cooking of food, air conditioning and home care, marketed under 4 brands.

The Group headquarter is located in Treviso (in the Veneto region of Italy) [GRI 102-3] and it has 34 direct foreign subsidiaries throughout the world and a network of distributors. It also possesses four plants and several shops in Italy, China, Japan, Korea and France.

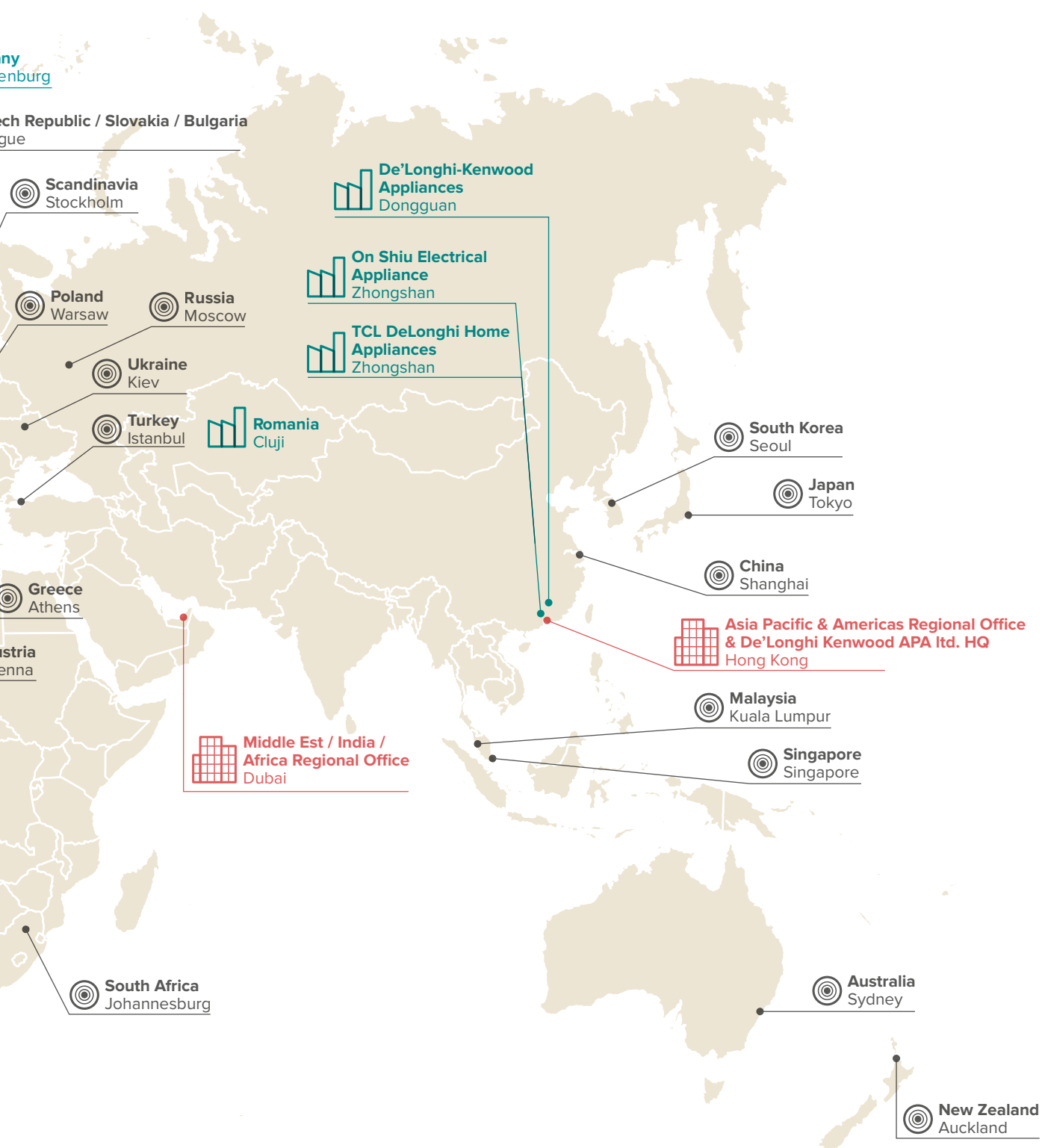
Fig. 4 - The De'Longhi Group worldwide.



 **Brand Head Office
& Regional HQ**

 **Group
Manufacturing
Facilities**

 **Commercial
Subsidiaries**



2.2_ By your side every day

The De'Longhi Group understands the importance of maintaining a long-lasting relationship of trust with its stakeholders, in order to pursue the company's business objectives and ensure its success. Communication and listening, which form the basis of any dialogue with stakeholders, is monitored and controlled by the competent divisions and is based on principles of transparency and propriety, and also clear and complete disclosure, to ensure that informed decisions are made.
[GRI 103-2, GRI 103-3]

Fig. 5 - The De'Longhi Group stakeholders. [GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44]

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

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

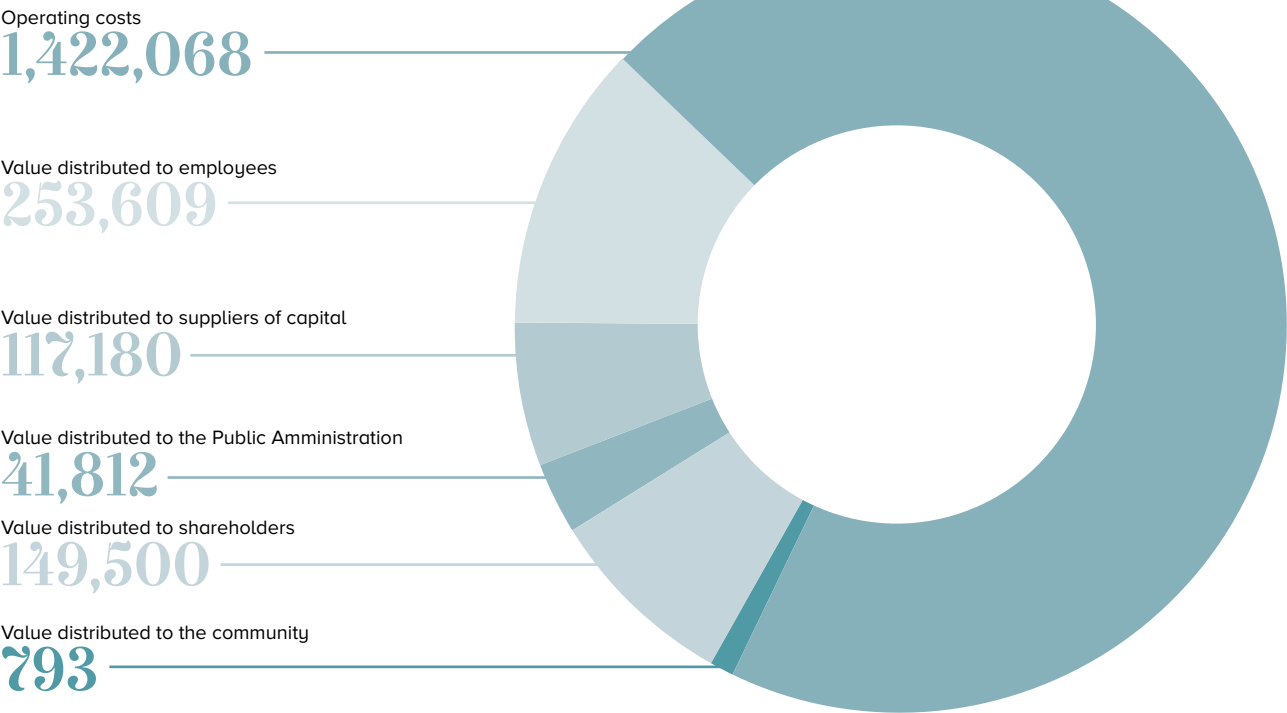
The value produced and distributed by the De'Longhi Group

Total value produced by the Group in 2017 was Euro 2,090,560 thousand, of which around 95% was distributed. Over Euro 1,984 million was distributed in the form of payment of suppliers of goods and services (Euro 1,422,068 thousand), payment of employees (Euro 253,609 thousand), dividends to shareholders (Euro 149,500 thousand), interest to suppliers of capital (Euro 117,180 thousand), taxes to the public administration (Euro 41,812 thousand) and charitable contributions to the community (Euro 793 thousand).

Fig. 6 - Value generated, thousands of € [GRI 201-1]



Fig. 7 - Value distributed, thousands of € [GRI 201-1]



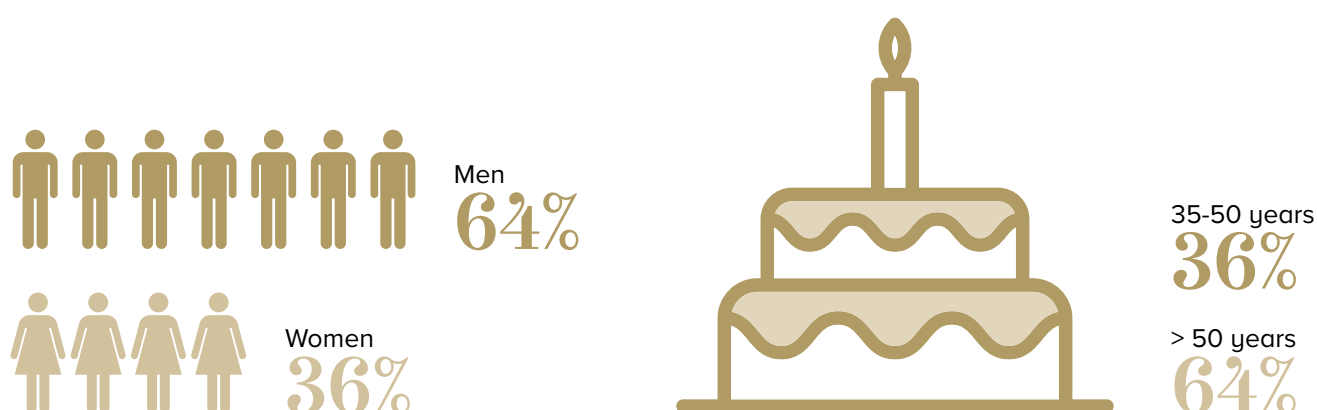
Ethics and the system of governance

[GRI 103-3]

The **system of governance** adopted complies with the Code of Self-regulation of listed companies which the Group upholds. The corporate bodies of the De' Longhi parent company are the shareholders' meeting, the Board of Directors and the Board of Statutory Auditors. Within the administrative body, there is the Control, Risks and Corporate Governance Committee and the Remuneration and Appointments Committee.

The Board of Directors is assisted in monitoring and implementation of corporate governance regulations both by the aforesaid Control and Risks Committee and by the Internal Audit Office and by the Financial Reporting Officer [GRI 102-18]

Fig. 8 - Composition of the Board of Directors of De'Longhi SpA by gender and age [GRI 405-1]



The De'Longhi Group Board of Directors was formed of seven men and four women in 2017 and 64% are over 50 years of age.

The conduct of people at the De'Longhi Group is governed by the Group **Code of Ethics**, which regulates all relations between the company and external parties, such as suppliers, customers and the Public Administration. These relations must be characterized by transparency, propriety, honesty, integrity and loyalty. [GRI 102-16]

The Italian companies of the De'Longhi Group have also adopted an "**Organization, control and management model**" pursuant to and in accordance with Italian Legislative Decree 231/2001, which calls for the appointment of a Supervisory Board to oversee the correct functioning and compliance with the Model.

Compliance is managed and monitored by the Legal Office, by the Internal Audit Division and by the Financial Reporting Officer, as well as by the Quality Office for product compliance and supplier qualification and assessment.

During 2017, the Group started a dedicated project to ascertain whether, irrespective of regulations, consistent behavioral models have been defined and implemented that reduce to a minimum the risk of actions being committed that are punishable according to regulations. The project included a trial phase in 2017, in which an assessment was carried out on the methods adopted by seven companies in the following areas: administrative liability of the entities, compliance with privacy regulations, antitrust, protection of consumers in e-commerce, compliance with internal legal, anti money laundering and anti-corruption policies. The seven Group companies assessed were selected by adopting criteria of economic relevance, regulatory resemblance and overall sustainability of the project as a function of the ability to achieve the objective using the available resources.

The audit program

As part of traditional audit operations on Group company transactions, the Internal Audit Division and the Financial Reporting Officer carry out annual monitoring and assessment, at the Group subsidiaries, on the accounting control and audit area, in order to ensure that financial disclosure is reliable, complete, correct and prompt. Audits are carried out with the aim of progressively covering all companies and simultaneously focusing on the most important ones, following an audit program agreed with the Director appointed and the Control and Risks and Corporate Governance Committee.

Risk management

Overall, company risks assessment and monitoring activities are carried out as part of a company ERM project, developed in previous years and constantly revised and monitored by the Internal Audit Division.

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

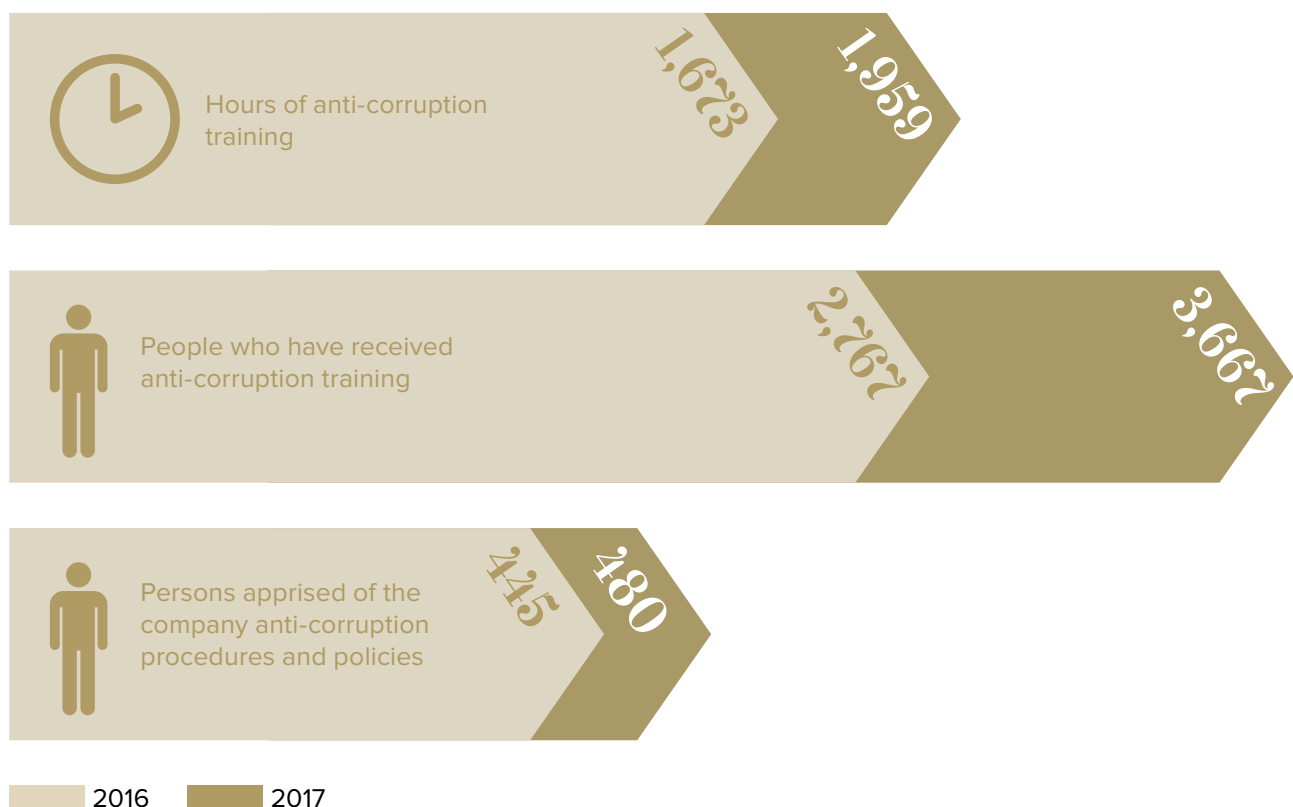
- Compliance (financial disclosure, administrative liability of legal persons, business relations with related parties).
- Management of human resources in terms of the ability to attract people and develop their skills.
- Information systems, both as far as concerns security of the information and data integrity and service continuity.
- Logistics system (amount of stocks and prompt shipment)
- Product innovation (the Group's ability to continue offering innovative products and to protect its R&D activities by filing patent and trademark applications).
- Product quality and liability.
- Supply chain (risks associated with strategic alliances and supply agreements, relations with suppliers, raw materials cost trends).
- Environment (evolution of the various regulations applicable to the Group, possible environmental damage caused by production activity).

In order to monitor company risks periodically, the Internal Audit Division checked the state of progress of work sites opened after the 2013 risk assessment in 2017 as well. At the end of 2017, the Internal Audit Division, together with the CFO/Financial Reporting Officer, also supplemented this risk analysis on foreign subsidiaries considered strategic for company governance, in order to update the relative perceived risk mapping.

In order to ensure that the duties are appropriately distributed to minimize the risk of possible errors and/or fraud, the Group carried out a global analysis and assessment of the risks relating to separation of functions. The anti-fraud program developed during the 2014-2016 three-year period and based on the guidelines laid down by the Association of Certified Fraud Examiners (ACFE) will result in the Group adopting a specific Anti-fraud policy in 2018.

In order to increase monitoring of compliance with internal regulations and laws of the different countries in which it operates, in 2015 the Group started a program of specific audits on episodes of abuse of office and corruption, even though the Group does not have business relations with the Public Administration. Furthermore, in order to monitor transactions with related parties and the relative risk, in accordance with the regulations established by the Supervisory Authority with CONSOB Regulation n. 17221 of 12 March 2010, the Parent Company has also defined a procedure to identify related party transactions subject to specific rules and approval, based on the degree of materiality.

Fig. 9 - Anti-corruption training [GRI 205-2]



3,667 people were given specific anti-corruption training during 2017, including employees, partners and staff from other organizations. A total of 1,959 hours of training were provided, up on 2016. 88% of the total hours of training was provided to blue collars, 4% to white collars and 8% to managers.

Fig. 10 - People trained in 2017, by category [GRI 205-2]



Fig. 11 - Hours of training provided in 2017, by category [GRI 205-2]



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

No legal action relating to anti-competitive, anti-trust and monopolistic practices was taken in 2017. In 2016, the proceedings begun in 2015 by the Austrian anti-trust authorities relative to monopolistic behavior was settled with payment of a fine of € 0.6 million.

Two complaints were received in relation to compliance with marketing and communication laws at the end of 2017 and were settled with alteration or removal of the message. No complaints of this nature were received in 2016.

[GRI 417-3]

3_ The De'Longhi Group people, the builders of the future

3.1_ Starting with what we are now

Knowing the De'Longhi Group people who work hard every day for the success of the company is a key factor in identifying the right way to achieve long-term objectives.

It is therefore essential to be able to attract, motivate and retain people in accordance with the Group's changing needs, in terms of both numbers and key professional skills and attitudes in line with the Group's values and philosophy. This is why the De'Longhi Group is committed to furthering professional growth of its people and providing a workplace based on values such as ambition, courage, passion, competence, heritage, teamwork and respect, encouraging employees to act in a loyal, correct and mutually respectful manner, based on the value of diversity and avoiding any type of discrimination.

Professional growth of De'Longhi people and providing a workplace based on the values of loyalty, propriety and mutual respect, encouraging diversity and avoiding any type of discrimination, is the responsibility of the central Human Resources and Organization Office, coordinated by the Chief Corporate Services Officer. There are also Human Resources offices providing qualified support in the main geographical areas, with particular focus on management and development of skills. At local level, there are Human Resources offices in the main countries, in order to guarantee

monitoring and continual support of business and all employees. In order to ensure harmonious and uniform management of its human resources at international level, the De'Longhi Group introduced a new management system in 2017: SuccessFactors of SAP, and particularly the *Core HR* module, is a cornerstone in ensuring well-organized and harmonized management and governance of the office's main processes (recruitment, salary reviews, promotions, MBO, development of skills) and relating to all management and office staff, as well as factory personnel in the European production plants and one of the production plants in China. The project for harmonization of human resources management processes will continue during 2018, with implementation of further new management modules serving for information mapping and management of "compensation", "performance management" and "learning and development" processes.

During 2017, the Human Resources and Organization Office continued to implement the plan of action prepared on the basis of the evidence obtained from the first *Employee Engagement Survey* – "Your Voice: to Make the Difference" carried out in late 2015. The survey, which involved all Group management and office staff, allowed greater understanding of employees' perception and expectations on eight strategic Group factors, namely leadership ability, sense of belonging to the company, relationship with supervisors, professional growth, well-being, equal pay, social initiatives, team relationships. The results of the survey identified areas of improvement, relating to an increase in organizational clarity and strengthening of the Group identity, for which a plan of precise actions has been defined. The initiatives were focused particularly, in 2017, on development of managers' skills in development and management of their own teams



and on definition of a new Group identity - company vision, mission and values - and were distributed and shared with all employees through specific communication campaigns during the year. There was also a photography contest for all employees during the year, asking them to use images to combine Group values in their professional and personal lives through a spontaneous and creative process.

In September, 2017, the second edition of the Survey was launched and all Group personnel was involved for the first time, including operatives at production plants, through a specific questionnaire dedicated to them. The results of the Survey were presented to Group management in the second half of December. It is planned to present the Survey to all personnel in 2018 and this will be followed by definition of new plans of action for the entire Group (with two new corporate initiatives) and locally, with the involvement and contribution of employees of the individual companies and implementation of specific planned initiatives. [GRI 102-16, GRI 103-2, 103-3]



“Let's have a coffee together”

During the year, the “Let's have a coffee together” event was launched at the Mignagola plant in Italy. This initiative is directed at the employees of Italian offices and their families and forms part of the actions for improvement linked to the survey. The participants spent the day learning about the production plant where their family members work. The initiative also encouraged socialization and strengthened the sense of belonging to the Group.



Summer Camp

Every year, the De'Longhi Group organizes a summer camp, in collaboration with the Romanian forest rangers corps, for the children of employees of the Cluj plant in Romania. The Summer Camp is attended by an average 100 youngsters each time, who are given the opportunity to enjoy outdoor activities and learn about the surrounding territory.



Rewarded for workplace quality

According to the TOP 400 survey, in 2017, the De'Longhi Group was among the ten leading finished products and consumer durables producers for quality of the workplace in Italy. The survey was conducted by the independent German company Statista, for Panorama, on a sample of over 15,000 employees of companies with over 250 employees and over 1,900 firms were involved.

Our vision

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

Our mission

To be a global leader in the industry of Small Domestic Appliances by developing categories, segments and geographies through a clear competitive edge generated by: listening to consumer diversities, a source of inspiration for superior solutions that can anticipate and influence new market trends.

Building up our brands' value potential, with a clear strategy to support all markets. Accelerating the offer of distinctive products with a strong focus on design, innovation and technology, that enables us to win the trust of today's and tomorrow's consumers.

Strong growth in markets with the greatest potential, to balance our presence globally. Strong commitment to draw on the diversity and talents of our people to accomplish challenging goals through determination and passion of each and every one.

Moreover

To explore expansion opportunities in related categories, with the ambition to be a leader, leveraging the De'Longhi Group's strengths.

Our values Everyday Makers

We build things that make life better

And we got really good at it

We believe in shaping the world with our hands

We are makers

Making to us isn't just about producing and selling products

It's about the endless dedication and drive to create

It's about people working together to make the difference

We're part of a global community that shares the same passion

We improve everyday to offer unique experiences,

brick by brick, stitch by stitch, code by code

We are quality craftsmen and innovators

Feeding our knowledge with

Ambition Courage Team Work Passion

Competence Heritage Respect

We are Everyday Makers.

We are the ones that make it happen.

At 31 December 2017, the Group had a workforce of 8,197 people, up 17% on the 2016 workforce, mainly due to expansion of the production platform in Romania.

Women account for 48% of the total De'Longhi workforce. 91% of employees are on permanent contracts, a figure basically in line with the previous year (92%). Around 48% of them are women. 9% (766) are on fixed-term contracts and 46% of this figure are women.

Several of the detailed figures are contained in the annexes to this document.

Fig. 12 - The De'Longhi Group people, number [GRI 102-8]

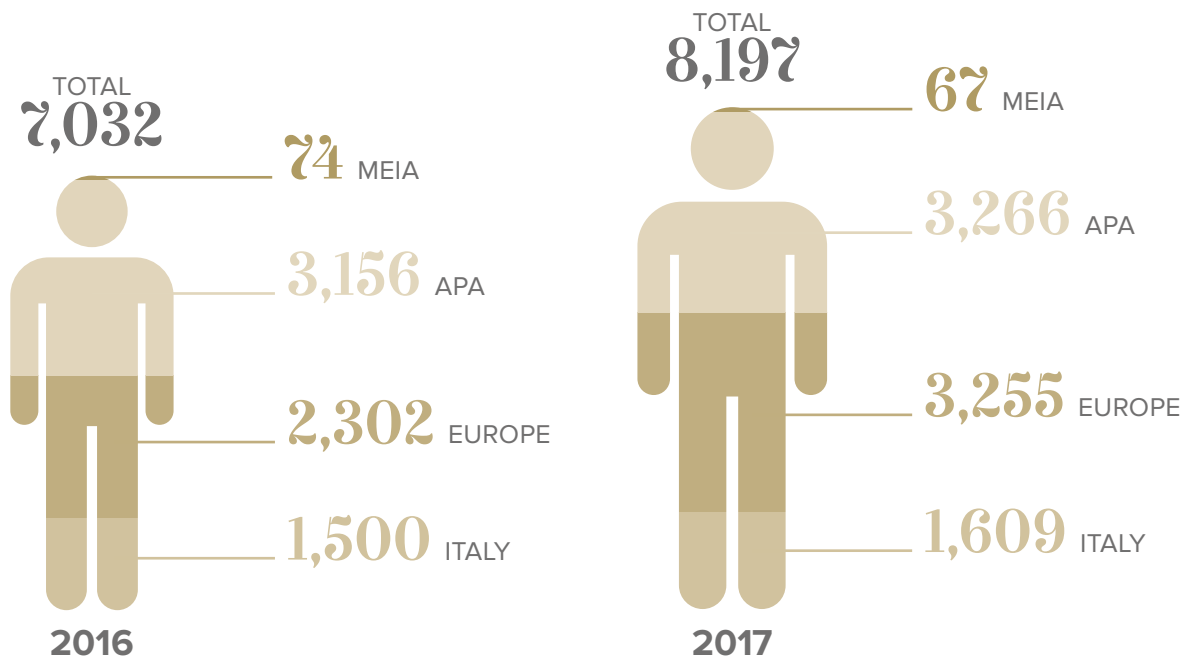


Fig. 13 - The De'Longhi Group people, percentage [GRI 102-8]

Men  Women 

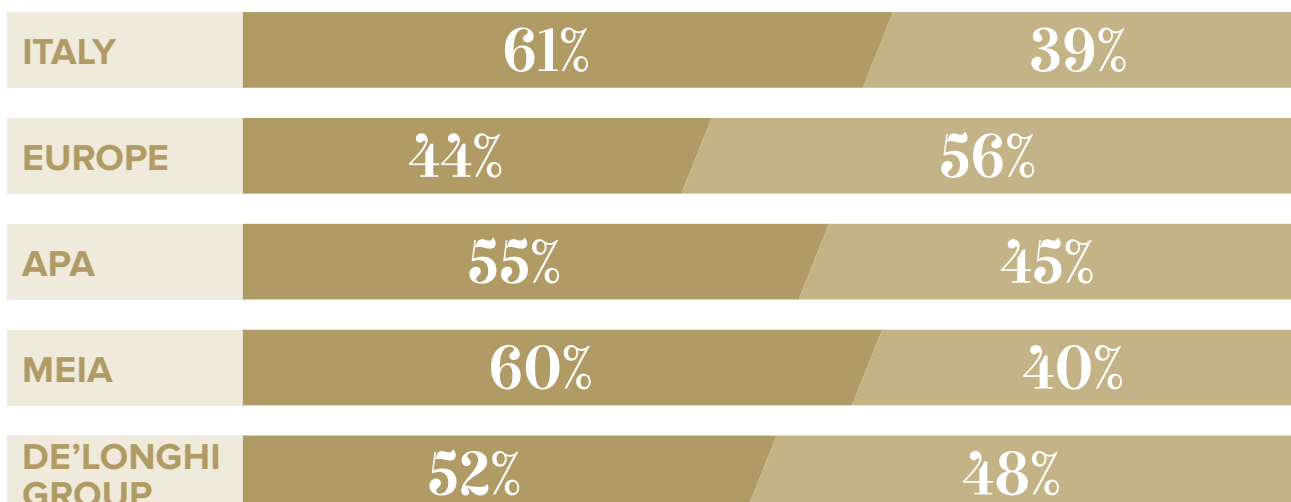


Fig. 14 - The De'Longhi Group people, percentage [GRI 102-8]

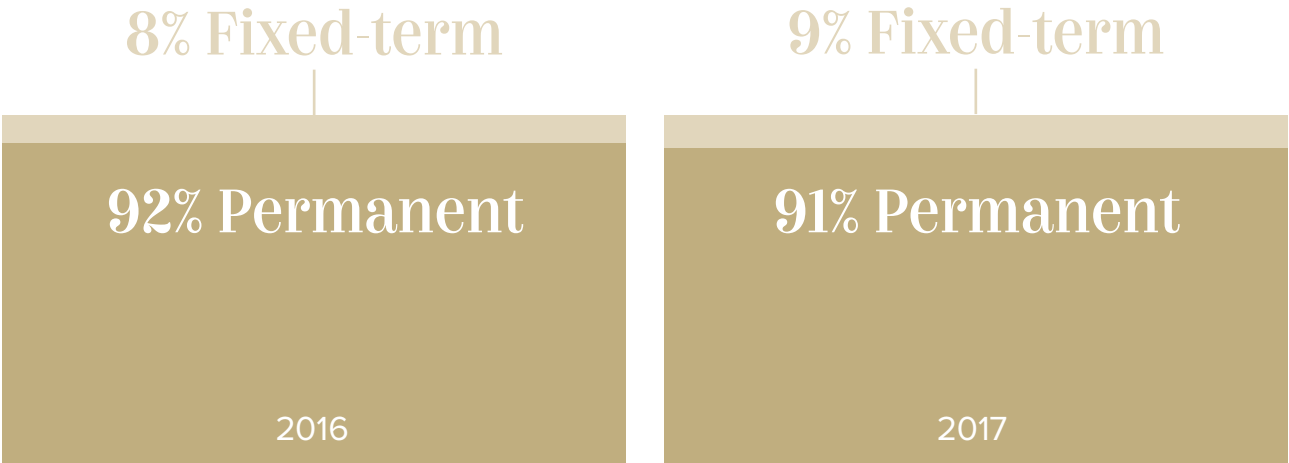
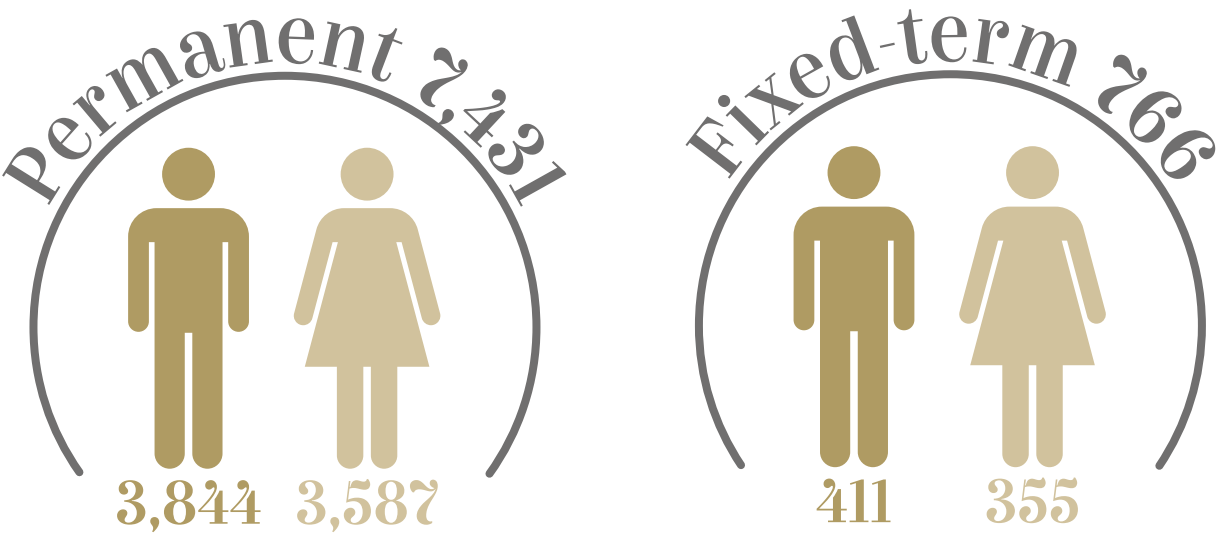


Fig. 15 - The De'Longhi Group people, number [GRI 102-8]




New recruits of the De'Longhi Group "Welcome on Board"

During 2017, there were two editions of "Welcome on Board", the international event organized by the Human Resources Office for all new recruits in Italy during 2017 and the new recruits of the sales and marketing office of our foreign subsidiaries, around 100 people in total. The event has been completely reorganized and more space given over to the new Values, the new Vision and the new Mission.

During the two days, participants were given the opportunity to attend presentations by the Group Management Team and to visit the Mignagola production plant, to interact and to get acquainted with each other, through team building activities. The event helped to improve and consolidate the sense of belonging to an international group, by increasing the involvement of each participant.

University talent

The Group is constantly on the lookout for new talent and specialized profiles to join its workforce and strengthened its relations with the academic world in 2017 by confirming collaboration with Ca' Foscari University in Venice, Padua University, Strate Ecole University in Paris, HfG University in Offenbach and with Coburg University in Germany, which started several years ago. The partnerships with Milan Polytechnic, Turin Polytechnic, Bocconi University and Donghua University in Shanghai also continued. In addition to improving awareness of De'Longhi brands in the territory and creating new recruitment channels, these partnerships allow creation of a knowledge sharing network that boosts the spread and internalization of specialist know-how.



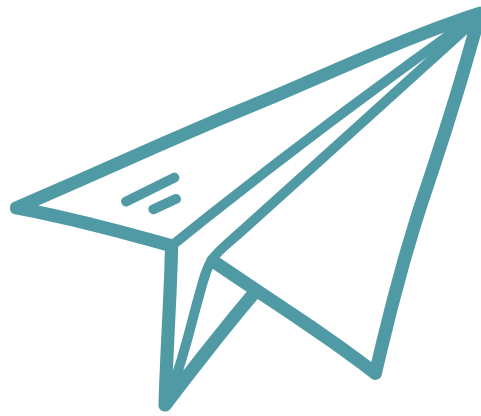
In 2017, a complaint was received at the UK branch alleging discrimination based on the sexual orientation of an employee, while in 2016 a complaint was received alleging discrimination tied to a handicap. These complaints were managed based on internal rules, which call for an investigation to be carried out by heads of other divisions and for a report on the results to be issued. If the employee is not satisfied with the result, another investigation is carried out. [GRI 406-1]

All employees in Italy, Romania, France, Portugal, Spain, Austria, the Ukraine, the Netherlands and Belgium are covered by **collective bargaining agreements**. These agreements cover employees to a differing extent in Germany, for De'Longhi Braun Household (2%), Croatia (2%), Brazil (24%), Australia and New Zealand (11%), South Africa (8%). There is no mandatory collective bargaining for the remaining countries, with the result that no employee is covered. [GRI 102-41]

The De'Longhi is also committed to safeguarding its employees' human rights in management of human resources. These aspects are also checked during audits conducted by customers, during which checks are carried out on working practices, such as use of child labor and overtime. [GRI 103-2, 103-3]

Towards a shared approach to social commitment

The social commitment of the De'Longhi Group with the communities and in the territories where it operates involves the development and promotion of a series of precise initiatives that satisfy local needs and can be grouped into three categories: the territory, health and well-being and sport. The Group examined the various methods used by each subsidiary to promote and manage its own personnel's interest in social commitment independently through the Employee Engagement Survey. It therefore decided to define and implement common guidelines to promote and consolidate charitable and voluntary work initiatives over the next few years, increasing knowledge within the Group and sharing best practices.



3.2_ Cultivating our skills and our know-how

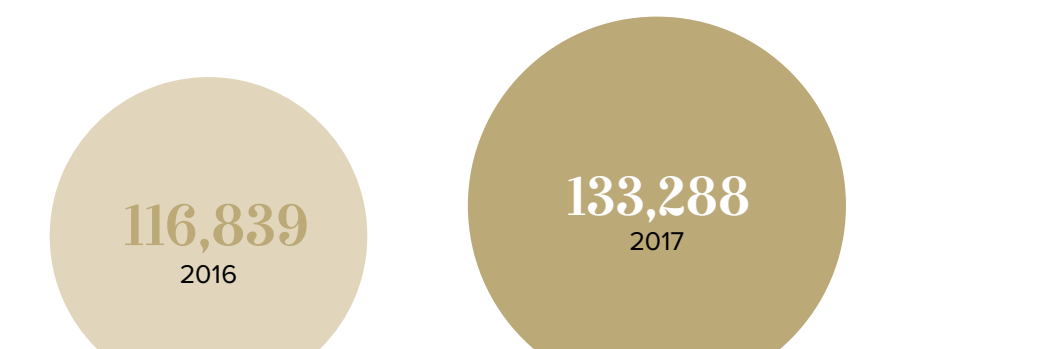
People are behind the success of De'Longhi products. In order to cultivate their skills and know-how and guarantee sufficient **training** on health and safety, the De'Longhi Group provided an average 16.3 hours of training per employee during 2017, for a total of 133,288 hours, up by around 14% on the previous year.

In detail, following a general overall increase in the workforce, the Group promoted a set of initiatives for **management**, aimed at providing them with all the means necessary and with sufficient training to manage their own teams. In particular, 2017 saw implementation of the “U-Connect” development program, which was the result of the 2015 survey, followed by a trial scheme in 2016. Around 500 managers were involved over the course of 2017, with over forty editions worldwide, at headquarters, subsidiaries and plants.

The program was organized into two days of workshops and another workshop day six months later, as well as two follow-ups lasting two hours each that helped to maintain the pace and keep attention focused on the issues examined. The purpose of the program was to support development of management with respect to new business challenges, concentrating on our managers' ability to connect with their people in a deep, authentic and efficient manner and thus allow creation of a more “engaged” and better performing organization together.

Training courses on leadership and development of collaborators also continued in 2017, as well as investments in specialist/technical training. These included a trial workshop in English, alongside traditional classroom courses at our Italian offices and training on our new Siemens NX design software at the headquarters and our plants, involving numerous resources from our R&D and Industrial Design technical offices and providing basic and advanced know-how.

Fig. 16 - Training for people, hours [GRI 404-1]



The contribution of our people to quality

During 2017, the De'Longhi Group promoted a training initiative for employees of the Mignagola plant in Italy, in order to emphasize the importance of their contribution to quality of the final product, and also to update their technical skills. The sessions were held in small groups and a variety of training methods were used, including video animations and frontal training. They ended with a cup of coffee, to allow everyone involved to try the quality of fully automatic coffee makers. The training sessions were held entirely by in-house company personnel.

Performance assessment

The Group uses a performance assessment system to ensure professional growth and development of its people worldwide. The annual assessment starts with dialogue between manager and collaborator and allows the strengths and critical aspects of each employee to be identified and the training areas on which to base an improvement plan to be defined. It is obligatory to apply the assessment model to all managers and anyone who holds a managerial position in Italy and abroad. The model was revised this year and the system of competences deriving from the new company values was added. The performance assessment process for career development was carried out on 1,747 employees in 2017.



Health and safety of our people

The De'Longhi Group promotes and supports **health** and **safety** in the workplace through the Human Resources Office and the people responsible for compliance with health and safety obligations, such as the Prevention and Protection Service Officer for Italy and the factory managers for China and Romania.

In addition to applicable standards in the countries where it operates, the De'Longhi Group has developed an organizational model certified OHSAS 18001, aimed at monitoring health and safety of people at the Group's plants. In detail, the Group plans to obtain UNI-INAL validation, through specific audits, for the production plant in Italy. This model will also be extended to the Romanian plant over the next few years.

Last year, the De'Longhi Group also set aside major investments, totaling around Euro 1 million, for purchase of personal protection equipment (PPE) for employees of the plants in Italy, Romania and China, a figure substantially in line with the previous year.

[GRI 103-2, 103-3]

Employee well-being

The De'Longhi Group works constantly to develop and implement actions that improve the well-being of its employees, with particular reference to employees at the four production plants.

In 2017, following analysis conducted at the Italian plant in late 2016, a plan was launched for redesign of the production lines and working activities aimed at improving the ergonomics of workstations and reducing the main risks to health associated with manual handling of loads, repetitive movements and prolonged exertion. The redesign activities led to elimination of load repositioning and lifting activities on all new generation lines, apart from the final unloading part, and consequently reduced the associated risks. The "Benessere" (Well-being) project, in collaboration with Padua University, involved information and training initiatives, such as pre-work gymnastics courses, targeted interviews with employees to devise a personal exercise plan and informational videos on the correct posture to hold during specific activities, thus spreading a culture of health and prevention of the associated risks.

As is the case in Italy, the plant in Romania has production lines that limit the lifting and repositioning of loads by the operators to the final unloading phase only. A healthcare prevention plan that provides all employees with free medical check-ups has also been in place for many years. Temperature control systems are also implemented throughout the site to differentiate between heating and cooling according to the work areas involved.

Anti-fatigue mats were also installed at the Chinese plants during 2017 and frequent breaks were introduced for operatives who work standing up. As part of the plan, condensation air coolers will be installed in 2018 to reduce the temperature inside the plants.



Despite a 6% increase in the number of accidents during 2016-2017, with 87 accidents recorded in 2017, compared with 82 in 2016, the accident frequency rate fell by 14% to 4.64 in 2017, compared with 5.40 in 2016, indicating that, with the same hours worked, the risk of having an accident is lower. The accident frequency rate for men fell by 12% compared with 2016 and by around 19% for women. Further information on the accident frequency rate calculation method is provided in the Note on Methodology.

The occupational diseases frequency rate, for which there was an extremely limited number of cases (four recorded each year) fell in 2017 to an overall value of 0.21. The figure fell by 59% for male employees and rose by around 21% for female employees. Further information on the occupational diseases frequency rate calculation method is provided in the Note on Methodology.

The accident severity rate increased in 2017 for both men and women, by around 62% and 34% respectively. The total figure for the group is 111.83, compared with 72.82 for 2016.

There was a drop in the absenteeism rate for men and women, with a total figure of 19.94 in 2017, compared with 22.61 in 2016.



Fig. 17 - Accident frequency rate [GRI 403-2]

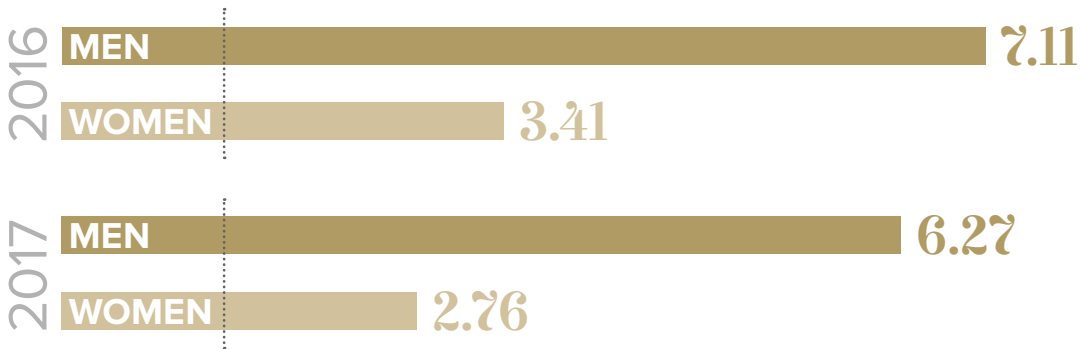


Fig. 18 - Occupational illness frequency rate [GRI 403-2]

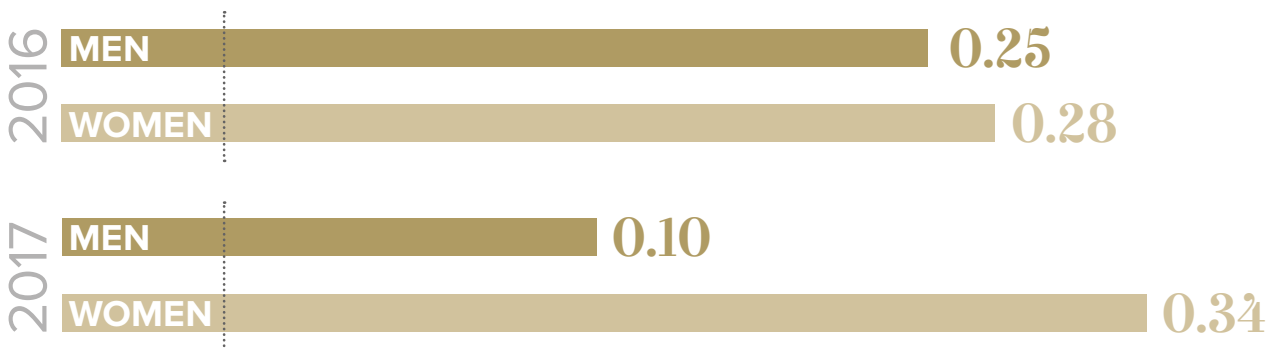


Fig. 19 - Severity rate [GRI 403-2]

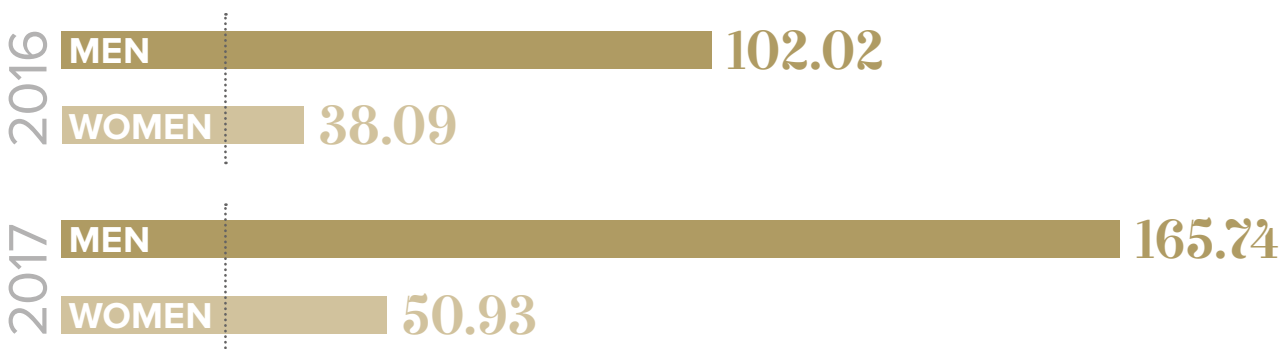
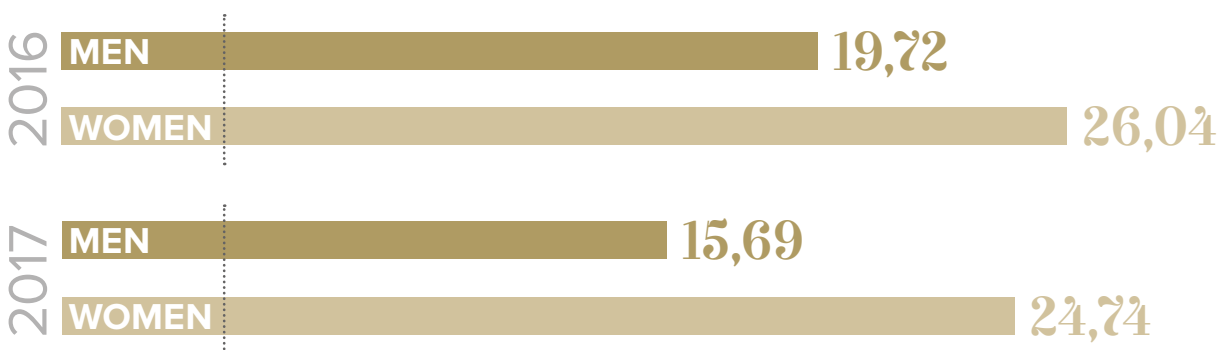


Fig. 20 - Absenteeism rates [GRI 403-2], in thousandths





4_ Our products, to be experienced and shared

4.1_ How to offer a unique experience

As a leader on most markets where it operates, the De'Longhi Group uses its ambition, courage, skills and passion to anticipate the needs of its final consumers and customers.

Innovation, a company asset and strategic means of differentiating ourselves from our competitors, is protected through specific patents managed by central office. The new product planning process is shared across the entire De'Longhi Group and is guided by specific NPD (New Project Development) procedures used by the technical departments, as well as by the Marketing and Design offices. The technical departments are comprised of more than 350 people located in offices in Treviso and Gorgo al Monticano in Italy, Frankfurt in Germany and Havant in the UK. These offices, together with the Regulatory team of the Quality Division, develop solutions and find materials which comply with applicable laws. The Group's "local for global" approach calls for the development of products which comply with the most stringent standards applicable in the more than one hundred countries where the Group's solutions are marketed. In the Hong Kong branch, there is also a technical office responsible for research projects developed in partnership with local providers.

[GRI 103-2, GRI 103-3]

In addition to evolution of the regulations that define standards in terms of energy efficiency, food safety and noise pollution, the De'Longhi Group pursues innovation based on the concept of **maximum multi-functionality and easy-use, design, ergonomics, silent, reliable and long-lasting products, carefully chosen materials and energy efficiency**, with particular focus on comfort, and is also committed to development of technologies capable of facilitating and supporting **healthy lifestyles**. In a sector where planned obsolescence is one of the main obstacles to creating a virtuous model of a circular economy, the De'Longhi Group continues to invest in product research and development with long-term performance and with components that are easy to remove and clean (see box on *The features of De'Longhi Group innovation*).

The increasing drive towards digitalization of markets and consumers has also turned the attention of the De'Longhi Group to the development of innovative solutions linked with digital technology (*Internet of Things*) and remote-control connectivity. These technologies, which form part of the smart cities and smart homes environment, will allow control of consumption and remote activation of devices, with consequent benefits in terms of reduction of energy consumption (see box on *The main products launched in 2017*).

Consumers' approval of the product and the consequent impact in terms of brand reputation are then assessed through panel tests, both before and after the market launch.



The development of innovative products is also promoted and supported by profitable collaboration with several business partners, such as Nestlé Nespresso and Nescafé Dolcegusto, for which the De'Longhi Group designs and manufactures a range of coffee products. [GRI 103-2, GRI 103-3]

During 2017, the Group continued to enhance its ability to innovate with the **investment plant** started in 2015, on human resources and equipment in China and in Romania, with the dual purpose of supporting the corporate structures in product research and development and supporting local production more efficiently. Overall, investments in research and development activities totaled Euro 51 million (2.6% of revenues) during 2017, a slight increase compared with the Euro 49 million invested in 2016 (2.6%). Euro 12 million of R&D investment expenditure in 2017 was capitalized in intangible assets. [GRI 103-2, GRI 103-3]

Young designers in research: The “Symbiosis Project”

Alongside the research conducted by the technical offices, the design contest called the “Symbiosis Project” for the Design and Architecture Faculties of ten Italian universities was concluded in 2017. The intention of the project, which involved a total of 300 students, was to stimulate and encourage young people to explore crafts and manufacturing activities in the territory and to rediscover and enhance the identity of the *Made in Italy* brand, through research into new materials and alternative methods of using coffee makers and the relative accessories.

The initiative was organized into a series of meetings between the company and young Italian designers and concluded with an exhibition of the projects at the Milan Museum of Culture (MUDEC). The students involved in the three winning projects among the 66 participants were awarded a scholarship and a paid internship at the De’Longhi Group R&D center.

New Designers Kenwood Appliances Award

During the year, the Group participated, through the Kenwood brand, in the “New Designers” event, which every year brings together around 3,500 graduates from the UK’s leading design universities in order to offer them an area to exhibit their work, bringing it to the attention of the public and the world of employment. The De’Longhi Group sponsors the “2018 New Designers Kenwood Appliances Award” with the aim of supporting young designers, with particular focus on products for the preparation of food and the kitchen, offering a cash prize and the possibility of completing a design project under the guidance of the Kenwood design office and to present it to the product development team. The event will be held in June and July 2018 at the Business Design Centre in London.



The features of De'Longhi Group innovation



Well-being is just a click away

The De'Longhi fully automatic coffee makers with Bluetooth technology - first presented on the market in 2015 - can be remotely controlled via a mobile device and therefore allow the highest degree of customization of beverages. The Group intends to continue investing in development of connected machines, through various systems and networks, such as Wi-Fi, based on their promising potential. The evolution of connected machines will allow continual improvement of remote choice of recipes and also any operating anomalies to be anticipated, guaranteeing an efficient and prompt assistance service.

Research into new user interfaces and products enabled for network connection has also guided the Group's development activities in the kitchen and comfort products sector as well. In addition to the Apple Homekit heating products already available on the Japanese market, an integrated solution that offers better sleep quality is also being developed. The solution, which is integrated with Apple Watch, allows the device temperature to be set as a function of the different phases of sleep, measured with biometric parameters.

The first Kenwood brand connected products were also launched recently, in collaboration with the International Centre of Design & Research of Cardiff Metropolitan University, with which the Group has been collaborating continually for six years on a study on the influence of connectivity on kitchen products.

**Tested products that
can be dismantled,
for maximum
functionality
and the environment**

Numerous tests are conducted on coffee makers during the development phase, on both the components, the sub-groups and the final product. In detail, several thousand beverage dispensing operations are performed in standard conditions of use, in order to check product reliability.

The reliability in terms of durability of the products marketed by the Group is confirmed by the fact that the warranty on the motors of all kitchen machines was extended to 10 years in 2017. Besides guaranteeing a significant number of cycles, Group design activities also focus on development of products that can be dismantled, to ensure that they can be repaired easily. Easy dismantling of the fully automatic coffee makers and Braun hand blenders, together with the "Dishwasher safe" feature, also reduces water consumption and use of chemical pollutants in washing.

The fully automatic coffee makers also have several patented systems that reduce the amount of maintenance and use of detergents and water for washing. The coffee unit can be dismantled and washed under running water, without detergents and lubricants, while the milk system is cleaned with steam and hot water each time a beverage is dispensed, so that the remaining milk can be placed in the fridge and used later. The milk jug can also be fully dismantled and is dishwasher safe.

A system of innovative features was also patented for the new Lattissima machine, which was launched in 2017, making the product easy to dismantle into five, dishwasher-safe pieces, including the jug. The new system allows only the milk in the jug to be used and thus reduces waste. The machine can also function with various types of milk, including vegetable milk, making it suitable for various dietary needs.

The De'Longhi coffee maker also requires no maintenance other than the normal lime-scale removal cycle, for which the Group has developed a specific product containing lactic acid, called "Ecodecalc", a natural, safe and eco-friendly product.

Towards energy efficient products

Research into increasingly energy efficient products, on which regulations focus heavily, is one of the drivers of Group design activities, in all areas of development.

In the coffee sector, starting from 2009, the FEA (Swiss household appliance industry association), in accordance with the Swiss authorities, introduced the energy mark for espresso coffee makers, which became obligatory in 2014 for all machines sold on the Swiss market. The De'Longhi Group therefore decided to extend certification in compliance with standard EN 60661/2014 "Methods for measuring the performance of electric household coffee makers" to all coffee makers, irrespective of the market on which they are sold. The energy mark proposed in the Swiss agreement classifies espresso coffee makers on the basis of their energy performance, on a scale from class D to class A+++.

All De'Longhi fully automatic coffee machines are in at least class A, as are all the Lattissima machines and the manual machines with electronic controls, such as Dedicà.



Furthermore, all the manual coffee makers, which consume more energy than the fully automatic ones, as the latter optimize consumption during use and therefore minimize energy costs, have a patented system that allows them to be disconnected from the mains network or to switch off automatically after a period of inactivity, thus saving electricity.

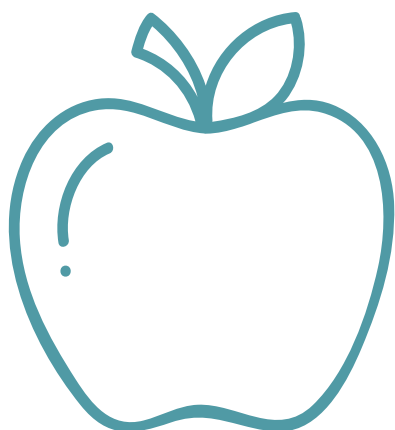
In its comfort products range, the Group launched the Pinguino PAC EX100 SILENT in 2016, which, with an A++ energy efficiency rating, is the most efficient portable air conditioner on the European market. Thanks to the DC technology used for the fan motors, utilized for the first time with this type of product, and the dedicated remote software which allows for a greater and more precise range of controls, the product obtains a significant reduction in energy consumption.

Attention to health in preparation of food

The recent trend for healthy living and diet has shifted the attention of a growing number of consumers to kitchen products that maintain the nutritional properties of foods, for example.

The De'Longhi fully automatic and manual coffee makers satisfy these needs perfectly. Due to the boiler with electronically controlled temperature, these machines can keep the extraction temperature within the limits recommended by international sector standards, leaving the organoleptic properties of the coffee unaltered and enhancing its taste and aroma. Over recent years, the Group has also started collaborating with Padua University, resulting in development of a coffee maker that uses vegetable milk for preparation of beverages, satisfying new consumer food needs.

Research into products that satisfy consumers' desire for healthy foods has also guided the development of Kenwood products. The Pure Juice juicers range (see: [The main De'Longhi Group products](#)), thanks to the Scrolling Technology that allows the juicer to function with slow rotation (48 rotations per minute), reduces the risk of overheating and oxidation of the ingredients, allowing fruit and vegetables to be squeezed without affecting the nutritional properties. The beverages thus retain the flavor and natural color of the ingredients for longer. Developments in this sector have been possible thanks to profitable collaboration with Reading University, which led the Group to fund research into nutritional aspects. This work has allowed better knowledge and understanding of the effects of heat, oxygen, blade speed and the mixing action of blenders on the nutritional properties of foodstuffs.



This includes the new Multifry range of fryers, which cook the foods with hot air and considerably reduce the fat content. According to the laboratory tests performed, the De'Longhi Multifry can be used to cook a kilo of fresh potatoes with a spoonful of vegetable oil and still keep the crunchiness and flavor of chips.

This cooking technique also eliminates the problem of disposal of vegetable oils, thus reducing the environmental impact of frying oil and limiting its domestic management.

The results of consumer approval are shown in the box *"Satisfaction of our consumers"*. [GRI 302-5]

The main De'Longhi Group products



Coffee

Fully automatic coffee makers

Primadonna Class and Primadonna S Evo, launched in 2017, are Primadonna “class” products. These latest generation products offer the excellence of technology in brewing the coffee and foaming the milk. Together with the colour touch display, they are also connected to the “Coffee Link” APP, which allows easier customization of the beverages and, with the instruction manual included, easier day-to-day use and management of periodic maintenance operations.



2017
PRODUCT

Primadonna Elite is the De' Longhi top of the range: together with other solutions that offer better results and easier use, it adds the multibeverage function, for making of previously unavailable beverages such as hot chocolate, cold coffee and foamy cold milk. During 2017, the PrimaDonna Elite Experience ECAM 656.85. MS machine was chosen by the German ETM Test Magazine as the best product in its category for the results obtained in the test phase.



2017
PRODUCT



All De'Longhi fully automatic coffee makers are also equipped with electronically controlled thermoblock technology, which allows only the quantity of water needed for the beverage to be heated, and automatic switch-off after a period of inactivity, to minimize energy consumption.



Lattissima One

The new Lattissima One, launched in 2017, completes the Lattissima range of coffee capsule machines and allows milk-based beverages to be prepared in combination with Nespresso coffee. Lattissima One has a “zero waste” use mode, as it only uses the quantity of milk set by the user. The automatic switch-off function also reduces energy consumption.





Manual coffee makers

Dedica is a successful product worldwide in the manual espresso coffee makers category, where De' Longhi is the world leader; they are simple and easy to use machines that combine a contemporary design with high quality of the espresso coffee. The coffee maker has an automatic switch-off and allows the user to prepare an espresso coffee in the same way as a barman. The thermoblock technology and the electronic panel improve performance and maintain extraction temperature control, enhancing the quality of the coffee and allowing easy use at the same time. During the year, Dedica received the Best Purchase award in its category from Altroconsumo magazine.



TEST
WINNER

Colors

Colors is the latest product in the Dolce Gusto range and, through the new Flow Stop interface, allows the dilution of the coffee to be selected. The new easy clean compact capsule ensures proper cleaning. The ECO mode, which starts after one minute of inactivity, makes the range energy efficient.



2017
PRODUCT

TEST
WINNER



Kitchen

Multifry the Multicooker

Multifry the Multicooker is the new De'Longhi electrical cooking appliance that combines the features of an air dryer with those of a genuine Multicooker, allowing fresh or frozen food to be fried with a minimal quantity of oil and preparation of hundreds of other recipes, thanks to its numerous cooking functions, such as oven, frying pan, desserts, grill. Multifry has the patented De'Longhi "SHS surround heating system", which guarantees excellent cooking performance. During the year, the Multifry FH1133 was judged best product in its category for the results obtained during tests carried out by WDR 3 German broadcaster.



Multigrill

MultiGrill is an innovative De'Longhi digital grill, with separate temperature regulation of the two plates, both removable, and has a dedicated mobile App and a fat drip tray. Multigrill also has five different functions, ideal for the various ways of cooking different foods.





Avvolta Collection

Avvolta is the innovative collection of De'Longhi products for breakfast, comprising two toasters and a kettle. Avvolta is characterized by a stylish Italian design and the high quality of the materials.

During the year, the Avvolta KBA 3001R kettle was judged by Which? magazine in the UK as the best purchase and most energy efficient product for the results obtained in the test phase.



BEST
BUY

ENERGY
SAVER



Comfort

Pinguino EX Silent A++

With a new and innovative design, the latest Pinguino, EX100 Silent portable air conditioner, unique in its category, has an A++ efficiency rating, guaranteeing up to 38% energy saving with a silent function.





Tasciugo AriaDry Multi

The AriaDry Multi Humidifier in the Tasciugo range has been designed to eliminate the problem of excess humidity in the air. Its extraordinarily silent operation and high energy efficiency make it effective in any conditions.



HFS Fan Heater

The HFS fan heater, certified IP 21 for protection from vertical falls, is the ideal product for use in bathrooms, as the risk of a short-circuit due to falling is reduced to a minimum. The three different levels of performance also allow optimal regulation of heating.



2017
PRODUCT



Series HFX Ceramic Fan Heaters

The series HFX ceramic fan heaters have ceramic heating technology that allows a high level of efficiency, resistance and safety. The PTC element allows the energy input and output to be regulated automatically according to the surrounding temperature. The dust filter also ensures totally clean air.



2017
PRODUCT

HX Convactor Heater

The new HX convactor heater has a radial ventilation system with tangential fans, allowing optimal heat distribution with extraordinarily silent operation: HX is three times more silent than the HCX series. With the ceramic technology as the heating element, the power can be automatically adjusted to guarantee optimal performance with extra power (+20%), extra efficiency (16%) and extra safety.



2017
PRODUCT

Kenwood Chef and Cooking Chef

The Kenwood Chef and Cooking Chef kitchen machines have a planetary movement for easy kneading, beating and blending of any ingredient. The Cooking Chef Gourmet kitchen machine has induction cooking and is the only mixer that allows cooking up to 180°C.

During 2017, the Kenwood Chef KVL7325S was judged by the German magazine Haus und Garten Test Magazin as the best product in its category for the results obtained in the test phase.



2017
PRODUCT



2017
PRODUCT

Multipro Compact

The Multipro Compact food processor has a powerful motor and a wide range of accessories for easy and rapid cutting, grating, grinding and blending. Both the bowl and the blender are connected to the same base, for easier and more practical use and saving space on the worktop. Its compact size makes it ideal for small quantities.



2017
PRODUCT

Kenwood KFLEX

KFLEX is the new and highly versatile Kenwood food processor. The single base can be used for stirring, chopping and mixing. The integrated scale and incorporated timer also allow total precision in preparation of recipes.



2017
PRODUCT

KCook Multi Smart

The kCook Multi Smart is the first Kenwood connected product. In addition to chopping, cutting, grilling and cooking, the dedicated mobile application can be connected to a mobile telephone, from which to select over 400 recipes and monitor preparation of each dish, step by step.



Blend-X Pro Blender

The Blend-X Pro blender, with the new MultiZone Blade technology and a 1400 W motor, allows easy stirring, blending, chopping, grinding and mixing of ingredients. The large glass jug, made of ThermoResist material, can be used for both hot and cold foods. Both the jug and the lid are also dishwasher safe.



Triblade Hand Blender

The new range of hand blenders has the Triblade system for rapid stirring and chopping without dirtying the worktop. The new motor makes these products 14% more powerful than the old models and capable of blending 20% more food.



2017
PRODUCT

Pure Juice PRO

The Pure Juice PRO juicer has a high percentage of extracted juice - up to 81% - and is designed for use with a wide range of ingredients without damaging the nutritional substances, due to the low rotation, retaining the flavor and natural color of the ingredients for longer. The rinse function also means the juicer can be easily cleaned after every use (see *Attention to health in preparation of food*).



kMix Collection

kMix is the exclusive and stylish range of Kenwood products with a high technological content, designed for easy cleaning and a long life. The collection comprises: a planetary kitchen machine, a blender with ThermoResist glass jug and Multizone blades that mix and blend without forcing frozen and hot ingredients, a hand mixer, a hand blender that uses TriBlade technology to improve cutting efficiency, a kettle and a toaster, together with a series of accessories.

During 2017, the kMix TCX750RD toaster and the kMix HDX750 hand blender were judged respectively by the German magazines ETM Test Magazine and Haus und Garten Test Magazin as the best products in their category for the results obtained during the test phase.



Food preparation

MultiQuick 9

The new MultiQuick 9 is based on ACTIVEBlade technology, developed in-house by the Group, which allows easy blending of even difficult foods with 40% less effort than a Braun hand blender without ACTIVEBlade, due to the vertical movement of the blades. During 2017, MultiQuick 9 was judged by the German magazine ETM Test Magazine as the best product in its category for the results obtained during the test phase.



MultiMix 5

Multimix 5 has SmartMix technology and allows optimal distribution of the weight due to vertical alignment of the 750-watt motor, powerful enough to prepare numerous recipes. The VarioContol system also allows for easy adjustment of the speed.



Ironing

CareStyle 7

The new generation of CareStyle 7 ironing systems by Braun ensures optimal performance thanks to the continual steam levels and easy gliding of the Eloxal plate with 3D BackGlide technology. The ICare technology also allows ironing of all types of garments without the risk of marks or damage.



TexStyle 7Pro and TexStyle 9

The Braun TextStyle 7 Pro and TexStyle 9 irons offer excellent performance for all types of fabric. The plate with 3D BackGlide technology and the safe system on fabrics ensure optimal ironing. The irons in the TexStyle 9 series also have ICare technology, for easy and intuitive ironing of garments without the risk of marks or damage, and the Saphir plate, which is up to four times more resistant than stainless steel.



2017
PRODUCT

Coffee

PurAroma 7

Like all the Braun filter coffee makers, the PurAroma 7 range has OptiBrewSystem technology to enhance the aroma of the coffee, due to the perfect combination of temperature and dispensing time. The intuitive interface can be used to customize the coffee easily. During the year, the KF7120 coffee machine in the PurAroma 7 range was judged by the Test-Aankoop & Test-Achat and Consumentenbond consumer associations as a best purchase.



TEST
WINNER

Ariete

XSteam no stop

A portable steam cleaner with unlimited autonomy. Thanks to the natural force of steam, XSteam no stop cleans all household surfaces for maximum hygiene without the aid of chemical detergents, killing up to 99.9% of germs and bacteria. The steam regulation ensures the correct dispensing according to the type of floor selected.



2017
PRODUCT

Satisfaction of our consumers

The manufacture and supply of quality products that satisfy the needs of final consumers and meet contractual requirements is an integral part of the De'Longhi Group market philosophy and contributes to protecting the company's image and reputation, as established in its Code of Ethics.

Overall consumer satisfaction is monitored with the **Net Promoter Score (NPS)**, defined on the basis of the response of consumers – on a scale from 0 to 10 - to the following question *"To what extent would you recommend purchase of the product to a relative or a friend?"*.

During the last year, the Group also launched a trial project to introduce a new indicator to monitor satisfaction with the after-sales service. The new **Customer Effort Score (CES)**, constructed in a similar manner to the NPS, aggregates the response, on a scale of 0 to 10, to the question: *"Did the service supplied allow you to manage and solve the problem encountered easily?"*.

The central and brand marketing offices of the De'Longhi Group also conduct precise surveys to examine in greater depth certain specific aspects of consumer approval of products present on the market or to test potential approval of a product in the launch phase, and also to measure brand reputation. [GRI 103-2, GRI 103-3]. Details of several surveys conducted over recent years are provided below.



Kenwood Cooking CHEF Gourmet



Survey sample	1,500 customers who use the Cooking CHEF Gourmet
Markets	France
Survey start and end date	March 2017 - May 2017
Main results	97% of the sample would recommend the product to a relative or to an acquaintance, due to the performance benefits during cooking. The most popular feature is versatility of the machine, which can be used to prepare a large number of recipes without needing other dedicated products, with a consequent saving of preparation space and time.

kCook Multi food processor



Survey sample	1,106 customers who purchased a kCook Multi
Markets	France
Survey start and end date	February 2017
Main results	94% of the participants in the survey declared that they would recommend the product to friends and relatives. In 84% of cases, the product was graded with 4 or 5 points on a scale of 1 to 5, with an average grade of 4.1. 98% of the sample also said that the kCook Multi allows a significant time saving and 87% declared that they use it several times a week.

Fully automatic coffee makers



Survey sample	around 2,000 customers selected from those who have purchased a De'Longhi fully automatic coffee maker over the last few years and who, 6-12 months after purchase, responded voluntarily to a questionnaire sent by the Group.
Markets	Austria and Germany
Survey start and end date	2011-2016
Mechanics	The questionnaire was sent 6 to 12 months after purchase and allowed customer satisfaction to be monitored on a scale of 1 to 10 for each product type
Main results	On a scale from 1 (totally dissatisfied) to 10 (very satisfied), overall customer satisfaction was never lower than 8 and the average total grade was 8.4.

The Multicooker Multifry



Survey sample	100 people, between 25 and 55 years of age
Markets	Russia, Italy, Australia
Survey start and end date	December 2015 (Russia and Italy) – June 2016 (Australia)
Mechanics	The product was tested for a month at least 4 times a week, using at least one recipe from each section of the recipe book provided through the App. At the end of the trial period, an on-line questionnaire was sent to the sample to obtain and monitor overall satisfaction.
Main results	<p>After a test four times a week for one month, the product obtained an average grade of satisfaction of 9.6 out of a maximum of 10 on the Russian and Italian markets and 9 out of 10 on the Australian market.</p> <p>In 69% of cases, the features of the Multifry exceeded the expectations of Russian and Italian consumers and 70% of them declared that they would definitely recommend purchase of the product. Excellent results were also obtained on the Australian market, where around 54% of participants emphasized that Multifry had exceeded their expectations and 59% said they would recommend its use. In conclusion, 82% of the Russian and Italian consumers and 59% of the Australian consumers declared that the brand reputation had increased for them.</p>

Hand blenders



Survey sample	460 people with different experience in use of immersion blenders.
Markets	Germany
Survey start and end date	May 2016
Main results	One month after the test, around 49% of the sample stated that they were highly satisfied and 42% particularly satisfied for the easy use, excellent performance, versatility of the accessories and the time saved. In conclusion, 97% of users expressed a positive opinion on future use of the product.

Hand blenders – second edition

Survey sample	the same sample that participated in the 2016 survey was contacted again
Survey start and end date	2017
Main results	The results of the new survey confirmed the excellent results obtained: 95% of the participants declared they were highly satisfied or satisfied with the product and 83% said they used the product at least once a week. Around 56% also declared that they use the product more than they expected when they purchased it. The most popular feature of the hand blenders is their versatility and easy use; around 64% of the participants stated that they use the product for activities that they performed before with other types of products and 32% declared that, thanks to the new product, they now perform activities in the kitchen that they did not perform before.

Product safety

Development of new products requires a proactive approach to avoiding any substances affected by regulatory developments, which are monitored by the Group through the Quality Office and, in particular, by the Regulatory Affairs team, which supervises all aspects linked to compliance with current regulations and standards on product safety, including food products, establishing product guidelines and control criteria applicable at all companies. [GRI 102-11]

The Group voluntarily decided years ago to introduce an organizational model for the food safety management system according to Good Hygienic Practices (GHP) and food safety standards ISO 22000 and ISO 1672-2, which lay down the requirements for health and hygiene of foods and the products with which they come into contact. The 22000 standard is based on the HACCP principles and the Codex Alimentarius and makes it possible to identify and manage the possible risks, prevent incidents along the entire production chain and assess the compliance of products with 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.

During the year, traceability in the food contact area was extended to and implemented at the Chinese plants, where the Group also started an initiative to ensure food safety of all products.

In detail, in order to ensure compliance with stringent hygiene requirements, three different areas were identified at the Mignagola plant and segregated from each other, with progressive levels of protection, based on the activity performed inside them.

Lastly, with a view to guaranteeing electrical and food safety, during the pre-production phase all Group products are certified by a third party with respect to compliance with electrical safety and food contact standards. Subsequently, once production has begun, the electrical safety of all products is tested, while a sample group of products is tested periodically for food safety compliance.

[GRI 103-2, GRI 103-3, GRI 416-1]

There were no significant cases of non-compliance linked to product health and safety during 2017. There was one case of non-conformity with European Directive 2014/35/EU, the so-called “Low Voltage Directive” in 2016, in relation to the VC6850 Vacuum Cleaner marketed in Turkey. [GRI 416-2]

With regard to product information, the Regulatory Affairs team of the Quality Division assists the Research and Development and Marketing office with the creation of labels and booklets which comply with the regulations specific to each country. In order to comply with laws relating to product information and labeling, the country of origin and the presence of any refrigerants is reported for each electrical appliance distributed by the Group. Instructions on safe use and disposal of the product at the end of its life cycle are also provided in the product manuals. [GRI 417-1]

There were no significant cases of non-compliance concerning product information and labeling in 2017, whereas there were two episodes in 2016, relating to incorrect indication of the mains frequency on the plate indicating the product features (“60Hz” instead of “50/60Hz”) and to the absence of instructions in the language of the country of marketing for four products. [GRI 417-2]

HACCP and the Codex Alimentarius

Scenario BOX: HACCP and the Codex Alimentarius

HACCP (Hazard-Analysis and Control of Critical Points) is a protocol aimed at preventing possible contamination of foods with which all companies operating in the primary production of foodstuffs and in the processing, preparation, transformation, packaging, transport, distribution, sale or supply of them must comply.

The 7 principles of HACCP are:

1. Conduct a hazard analysis.
2. Identify Critical Control Points (CCP), meaning procedures or steps at which control must be applied and a food safety hazard can be prevented, eliminated or reduced to acceptable levels.
3. Establish critical limits, meaning reference values within which food safety is guaranteed.
4. Establish monitoring.
5. Establish and plan corrective actions.
6. Establish verification.
7. Establish documentation and records

The Codex Alimentarius is a set of rules and regulations established by the Codex Alimentarius Commission set up by the FAO and by the WHO with the aim of protecting consumers' health, ensuring correct international trade of foodstuff and correct production and storage of foods.



Assistance of end consumers

The De'Longhi Group offers an assistance service for end consumers on all products marketed, through a network of contact centers and technical assistance centers managed by the After Sales Division, which defines reference standards applicable to the entire Group.

The contact center network – managed in outsourcing and in place at almost all of the Group's branches – manages the requests for assistance received from the end consumers, provides product information and continuous support with a view to constantly improving the customer journey through a dedicated Customer Relation Management system.

The technical assistance service is formed of around 1,800 centers owned by the Group, of which around 300 are in Italy, and 12,000 centers served by partner distributors. In order to ensure a high level of control of these activities, over the years the Group has internalized a series of repair activities, previously managed by third party suppliers in Germany, the UK, Switzerland, Belgium, the Netherlands, Japan and South Africa. In addition to sharing joint guidelines and standards, the After Sales Office constantly monitors the quality of the technical assistance teams and contact centers through inspections and use of specific indicators, and periodically provides training. The training of employees and specialized external technical assistance service partners takes place during the year in classrooms, through web training and the e-learning platform, with a final exam at the end. When new products are launched, specialized training courses are also organized. In 2017, training was provided to around 500 people through 51 courses for a total of 5,000 hours of training and an international event for employees and distributors. In addition, together with Marketing, each year After Sales offers a dedicated training course to contact center operators. The quality of the assistance service is monitored through a set of indicators, mainly average assistance time, which was 5 days for around 95% of products in 2017.

The quality of the repairs performed by technical assistance is monitored based on the First Time Fix (FTF) which measures the percentage of repaired products that did not need further repairs in the following six months. In 2017, the FTF was above 95%, which indicates that almost all products received adequate, quality repairs.

[GRI 103-2, GRI 103-3]

Use of consumers' data

In line with the principle of confidentiality in its Code of Ethics, the De'Longhi Group is committed to protecting the confidentiality of the client and consumer information and data in its possession. This information is collected and stored at two data centers, located in Italy and China, where security is guaranteed with physical and computer security systems, with the support of the central IT division.

The information provided by consumers on the institutional websites is stored on Google Cloud Platform web servers, the security of which is guaranteed by Google's modern service technologies, as well as Google's commitment to compliance with data protection laws and the main international standards for information security (ISO 27001) and cloud services (ISO 27017 and ISO 27018).

During the year, the project for implementation of the Information Security Management System (ISMS) was launched and the first guidelines on compliance with the new requirements of the General Data Protection Regulation (GDPR 2016/679) were issued.

No breaches of privacy laws have been recorded in the last three years.

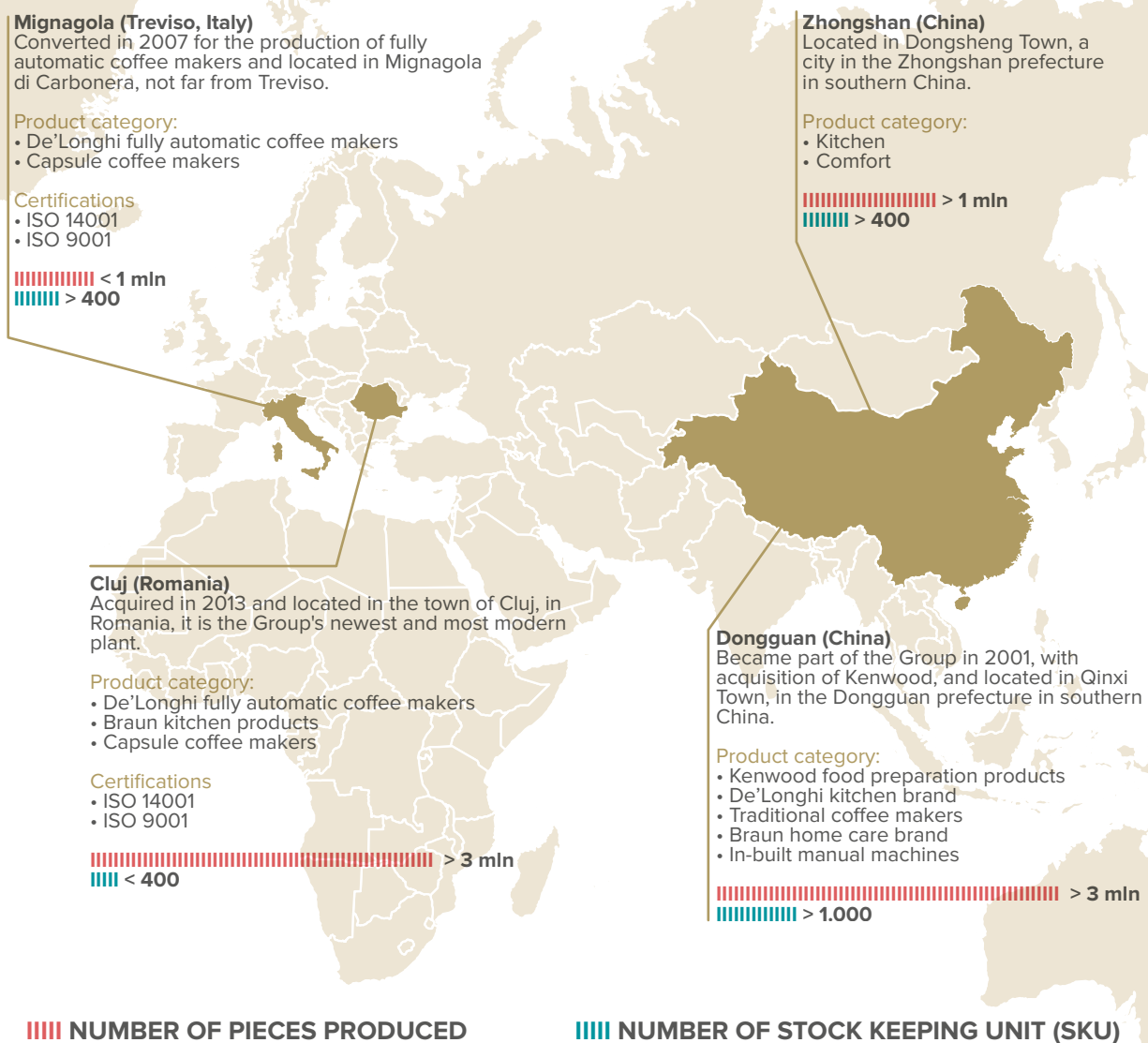
[GRI 103-2, GRI 103-3, GRI 418-1]

4.2_ A unique experience that starts at our plants, with our partners

The De'Longhi Group production model is based on **four plants located in Italy, Romania and China**, which manufacture the final product and cover more than 60% of sales, and on a group of qualified partners, or ***“Original Equipment Manufacturers”***. The German plant in Frankfurt, where a component for Braun electrical household appliances was manufactured, was sold off in 2016. 2017 also saw conclusion of the investment plant to upgrade the production platform in Romania, which resulted in expansion of the plant from around 40,000 m2 to 60,000 m2, and also extension of the plant and production lines.

According to the Group's **“local for global”** approach, manufacture of products is plant specific. However, the technology used allows Group business continuity, as products can be manufactured at different plants to the main one.

Fig. 21 - Production at our plants



Supply chain management is performed by the Supply Chain and Quality divisions, together with Purchasing, with a view to ensuring compliance with the quality standards laid down by company procedures and economic purchasing parameters, specific environmental requirements and correct labor practices and business continuity.

Purchasing of finished products is planned by offices in Italy, the UK and Hong Kong, according to product type and geographical proximity of production.

This set-up makes it possible to respond to the specific needs of the markets effectively and quickly. In the case of components functional to production, two teams at the Supply Chain Division are responsible for materials management - in terms of quantity and logistics - for European production, whereas production needs in China are handled directly by the plant managers, with the support of three purchasing offices.

At the Group's own production plants, monitoring of **product quality** is guaranteed by a two-level team: the team at the plant deals with quality control of the products manufactured both by the Group and by suppliers of finished products; the other teams deal with quality management in the product development phase and when any market feedback is received, for each Group brand. Product quality is monitored and checked right from the design phases, in order to limit the causes of product breakage or malfunctioning. In order to ensure this activity is increasingly efficient, the De'Longhi Group has organized a team that operates in both the design and market feedback phases.

In this context the Group started the SAP PLM project for sharing and standardization of documents in the Quality area in 2017. Quality standards for the main product categories were also established during the year.

The main indicator, constructed in the same way at all the plants and which measures process quality efficiency, is the **First Time Quality Indicator (FTQ)**, which checks for functional or visual defects associated with the individual products. In detail, the indicator expresses the number of perfect products as a percentage of total production. A stable trend has been seen for the period 2015-2017, confirming excellent performance at Group level.

Group product quality is also monitored through audits by several customers and business partners, for which the Group manufactures products in the coffee and air conditioning sectors. Another purpose of these audits is to monitor and assess aspects linked to ethics, overtime, employee training and hygiene conditions on production lines.



The quality of products manufactured by “Original Equipment Manufacturers” is assessed through another set of specific indicators.

- > **Technical Factory Audit (TFA):** measures the effectiveness of the processes and evaluates the results of tests relating to product life.
- > **Quality Evaluation (QE):** measures product quality, through statistical sampling on each individual lot before shipment of OEM suppliers of the finished product based in China (Pre Shipment Inspection)
- > **On Time Delivery (OTD):** measures the delivery time of the supplier and, more specifically, the difference between the delivery date agreed upon and the actual one.
- > **Order Fill Rate (OFR):** measures the ability of the supplier to supply the entire quantity requested by the Group.

The De’Longhi Group uses the **Service Call Rate (SCR)** to measure defects of products that have malfunctioned or broken within two years of purchase, monitoring the percentage of machines repaired in the first year under warranty as an indicator for improvement. In this case as well, the overall value of the SCR in 2017 and its constant improvement over the three-year reporting period confirm the De’Longhi Group’s commitment to design and manufacture of high-quality products. [\[GRI 103-3\]](#)

Our partners

Suppliers are key to the De'Longhi Group's business activities and, therefore, the focus of supply chain management is on promoting the best practices for product quality, human rights, working conditions, health and safety and environmental responsibility. In addition to the Group Code of Ethics, De'Longhi has adopted the "Quality Supply Agreements" and assigned implementation of a program of audits on environmental ethical, social and product quality aspects to an external entity.

Annual environmental assessment is performed on new suppliers of the Cluj and Mignagola plants.

In order to ensure respect for human rights and compliance with the values and principles of the Code of Ethics on working practices, in countries most exposed to the risk of violation of human rights, the Quality Division of the De'Longhi Group carries out social audits on suppliers at the plants in China, in accordance with Standard SA 8000 (Social Accountability).

In 2017, almost all the new suppliers (94.7%) were subject to an assessment based on social criteria, consistent with standard SA 8000 [GRI 414-1]. In 2017, a total of 47 audits were carried out in order to verify the working conditions at 45 suppliers and 2 Group sites. While there was not a significant difference in the number of sites audited, the overall percentage of sites audited was down in 2017 as a result of the greater number of suppliers [GRI 412-1]. Assessment of environmental aspects and product quality leads to a vendor rating which is used to classify partners as preferred, approved, probation and exit plan and subsequently to evaluate the conditions and intensity of future partnerships.

Social Accountability

Social Accountability Standard (SA) 8000 is an international standard, drafted in 1997 by the US entity SAI (Social Accountability International).

Based on ILO (International Labour Organization) conventions, on the Universal Declaration of Human Rights and on the United Nations Convention on the Rights of the Child, it is the first international standard that offers a measurement of the ethics and accountability of a company as far as concerns the following social aspects:

1. Child labor
2. Forced labor
3. Workers' health and safety
4. Freedom of association and collective bargaining
5. Discrimination
6. Disciplinary measures
7. Working hours
8. Wages and Salaries
9. Management system



Fig. 22 - New suppliers assessed according to social criteria, number and percentage [GRI 103-3, GRI 414-1]

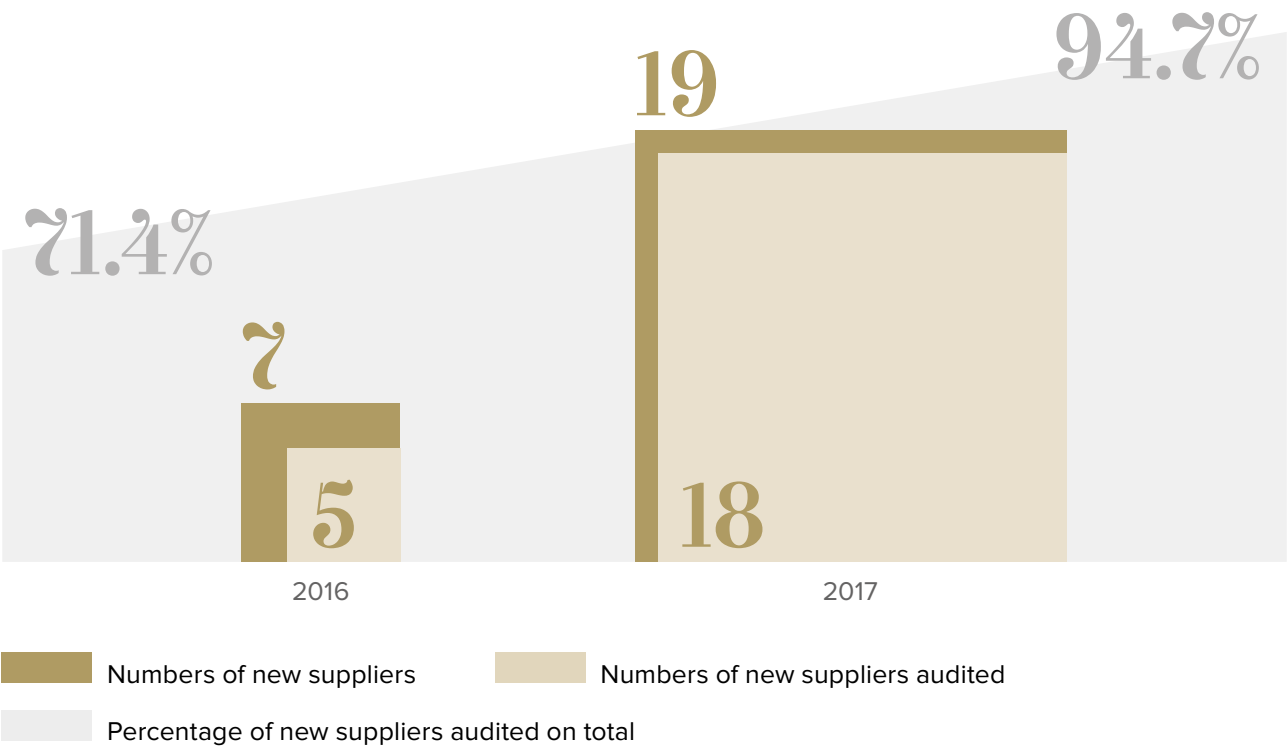
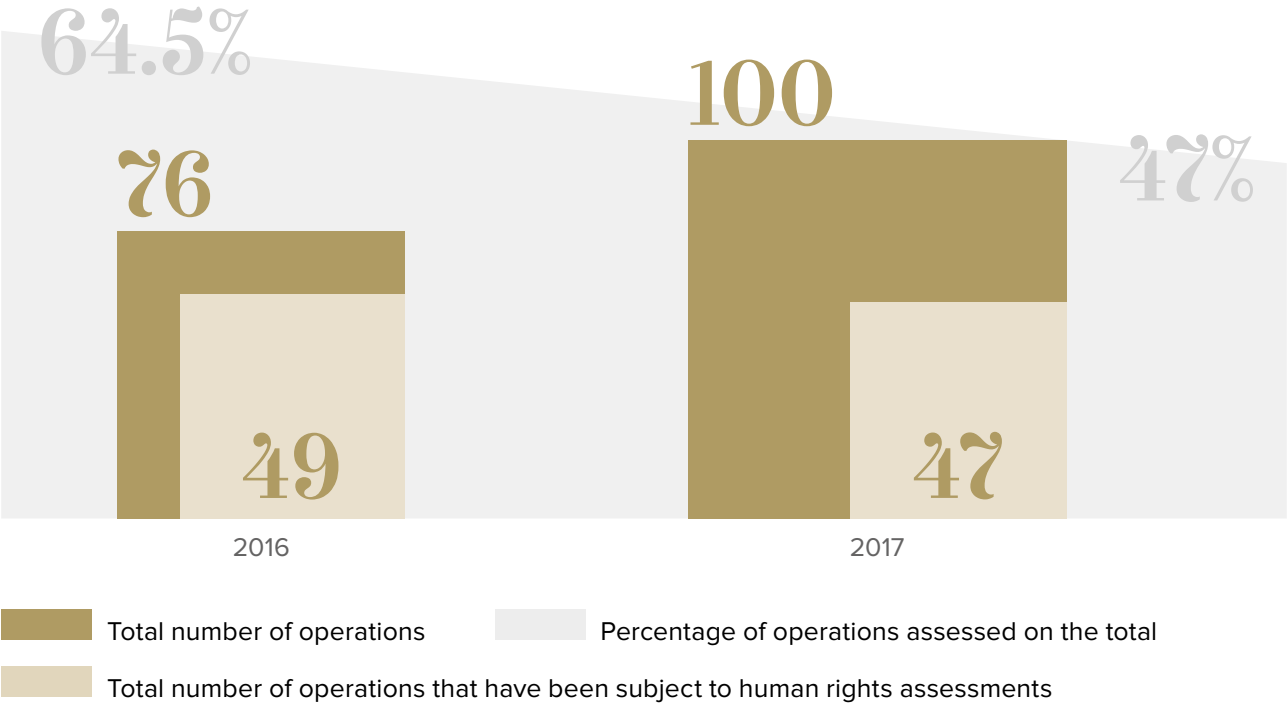


Fig. 23 - Operations assessed in terms of human rights, number and percentage [GRI 103-3, GRI 412-1]



The excellence of Italian coffee roasters

With the aim of spreading knowledge and awareness of the variety of coffees present in Italy, the De'Longhi Group started "The excellence of Italian coffee roasters" project during the year, in collaboration with Slow Food Educa. The digital guide - which can be consulted and downloaded for free from the project website - brings together 60 of the most prestigious coffee roasters with the aim of guiding coffee lovers and simple enthusiasts in choice of the best coffees available in Italy and in the places - mainly small or medium sized workshops - where the best locally roasted, exclusive or historical coffees can be found.



4.3_ Reaching consumers' homes worldwide

Product and production management at warehouses is a key factor on a market characterized by highly volatile demand. The warehouses, located throughout the world, are the fulcrum of the De'Longhi Group logistics system.

During 2017, with creation of a new distribution hub for Northern Europe in the Netherlands, the logistics processes centralization project started in 2016 with the first distribution hub in Mignagola for Southern Europe entered the executive phase. [GRI 102-10]
The initiative will lead to progressive consolidation of outbound logistics activities from the warehouses of the individual country branches to a single centralized warehouse, allowing better allocation of available products with respect to the volatility of the individual markets and therefore an improved service level, guaranteeing suitable cost synergies overall as well. In 2017, the Dutch hub supplied the Benelux countries, France and Scandinavia.

Improved operational efficiency is also planned, due partly to availability of a new building used as a warehouse since 2015 at the main plant in China. [GRI 103-2, GRI 103-3]

Furthermore, in 2017, the "Swim Lanes" project was implemented in a trial phase on the fully automatic coffee makers sector. Through the integration of management procedures and an organization that integrates market, component suppliers and production, this project has led to a significant improvement in the order fulfilment times and therefore in the level of service provided to customers. Extension of the project to other product categories that could benefit from a similar management model is currently being assessed.

More efficient logistics

The objective - The purpose of the project, which started in 2016, is to increase the efficiency and flexibility of logistics of local suppliers for the plants in Italy and Romania.

The project - The Milk Run approach for suppliers within a radius of 200 km from the plants allows the goods to be shipped according to the customer's actual needs, rather than in a few shipments containing large quantities of goods. The risk of travelling with half-empty vehicles is overcome by the possibility for several suppliers of the same customer to use the same vehicle.

The benefits - The Milk Run model allows the necessary raw materials to be allocated efficiently and flexibly, thus avoiding the need to store surplus material at the plants.

Focus: reduction of environmental impacts

The De'Longhi Group's commitment to reducing its environmental impacts focuses particularly on management of production site performance. In detail, an ISO 14001 certified environmental management system is in place at the production sites in Mignagola and Cluj. The Group has carried out an environmental analysis which made it possible to define the actions needed to reduce the environmental impact of these plants, examining the entire production chain.

In particular, photovoltaic panels that allow self-production of electricity were installed at the Mignagola plant and cover 9% of the total electricity consumed. The entire lighting system has also been replaced with led bulbs that, with the same performance, have reduced consumption. Replacement of the bulbs has also been started and is nearing completion at the plant in Cluj, which has production lines equipped with electric plastic molding machines that consume considerably less than traditional machines.

This technology has also been adopted at the Group plants in China, where activities to replace the traditional plastic molding machines with electrical presses have also started. Furthermore, cargo motors that reduce energy consumption have been installed on the remaining traditional pneumatic machines. In conclusion, the lighting system of the assembly lines, the warehouse and the outside area at the Chinese plant has been replaced with led bulbs. The efficiency initiatives described above have reduced electricity consumption at the Chinese plants, resulting in a saving of around 240,000 kWh, corresponding with around 156 t of CO₂ avoided.

A set of precise initiatives have also been carried out by the R&D offices over the years, centrally and locally, to reduce the environmental impact of the Group's products during used by consumers.



These initiatives focus primarily on improved energy efficiency and maximizing product durability, and also on simplifying the component cleaning process (see the section on *The features of De'Longhi innovation*). With particular reference to the environmental performance of the Italian plant in Mignagola, several projects for **recovery of production process by-products** have been started over the years, boosting the circular economy. For example, production waste from plastic molding activities is now returned into the production cycle, with consequent saving on incoming raw materials and a reduction of waste requiring disposal. Waste from processing of ferrous materials is sold as a raw material.

Production waste recycling initiatives have also been started at the Chinese plants and resulted in recycling of around 3,250 t of material in 2017, up around 20% on 2016 (2,717 t).

A plan to recycle washing water from the painting plants has also been started. Use of ultra-filtration systems also allows reuse of civil waste water, resulting in an estimated saving of around 13,000 m³ of water in 2018.

During 2017, in particular, the Group continued and started analysis and improved efficiency initiatives and **reduction of materials used for product packaging**, which obtained highly satisfactory results in both environmental and economic terms, with reduction of the costs of procuring these materials. This included resizing of the cardboard boxes used for food processors and kitchen machines, for example, which obtained an improvement of around 8% in reduction of the volume for several product categories.

At the Chinese plants, packaging produced using waste material from production is used for internal handling of goods. Software that optimizes container loads has also been implemented, reducing the environmental costs of transport associated with each individual product.

At the plant in Romania, where a person responsible for optimizing product packaging has been operating for many years, a new packaging design has been developed that not only reduces the product packaging material by around 20%, but also increases the number of packages per pallet. For the Dolce Gusto coffee makers, for example, the number of boxes per pallet has increased from 24 to 36, with consequent benefits in terms of reduction of product transport costs, both economic and environmental.



A thinner plastic film

Objective - Reduce the costs and consumption of the plastic film used to wrap the boxes on the transport pallets.

Start - 2017

Description - The first initiative related to replacement of the rotary table, the tool used to package products, with a more modern and efficient machine. In the second phase of the project, tests were performed on various types of film to identify the best material usable and the related improvement in efficiency.

Benefits - Replacement of the rotary table resulted in a saving of around 50% in film used. A particular film was then identified that guarantees excellent performance in terms of tightening torque and saving of material, guaranteeing pallet stability and a reduction in the film used of up to 47%.



In conclusion, the introduction of a laser measurement system for coffee grinding and replacement of coffee with water in several quality testing phases on the fully automatic coffee makers led to considerable reduction in coffee consumption and elimination of potential contamination of the water discharged by the Mignagola plant with coffee residues.

Over recent years, development of automatic processes in the testing phase and the possibility of sharing the data between various production lines has drastically reduced effective consumption of coffee, with an improvement not only in efficiency and productivity, but also in the environmental impact.

[GRI 103-2; GRI 103-3]

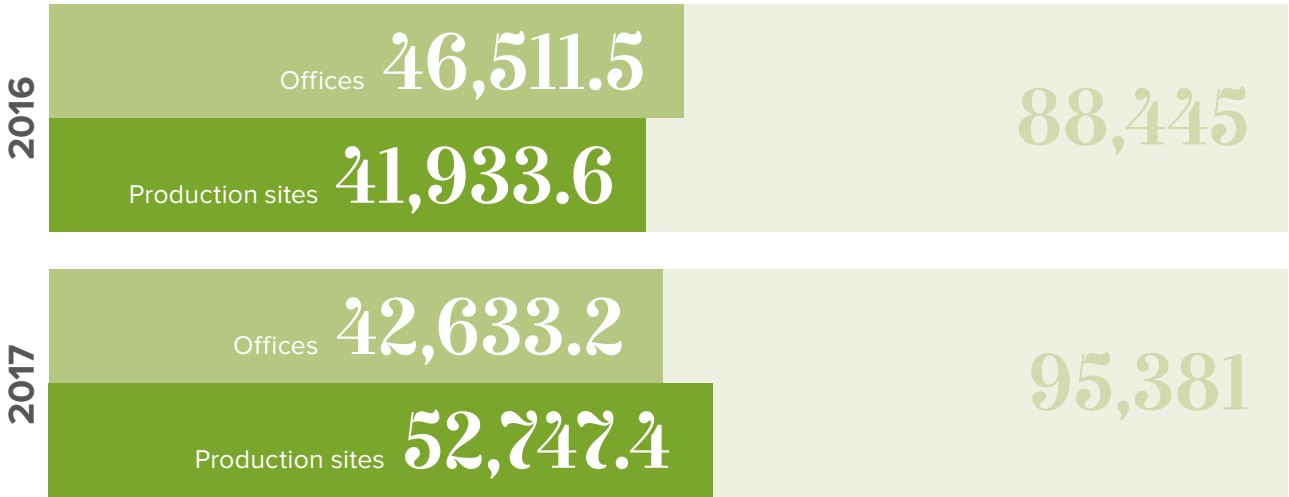
Energy consumption and emissions

In 2017, as a result of higher production volumes, total energy consumption increased by around 11% compared with the previous year (346,833.8 GJ in 2017, compared with 313,491.8 GJ in 2016). The ratio between direct consumption for heating and transport and indirect consumption, meaning electricity consumption associated with district heating and cooling, is practically constant over the two-year reporting period.

Fig. 24 - Direct and indirect consumption, percentage and GJ [GRI 302-1]



Fig. 25 - Direct consumption, GJ [GRI 302-1]

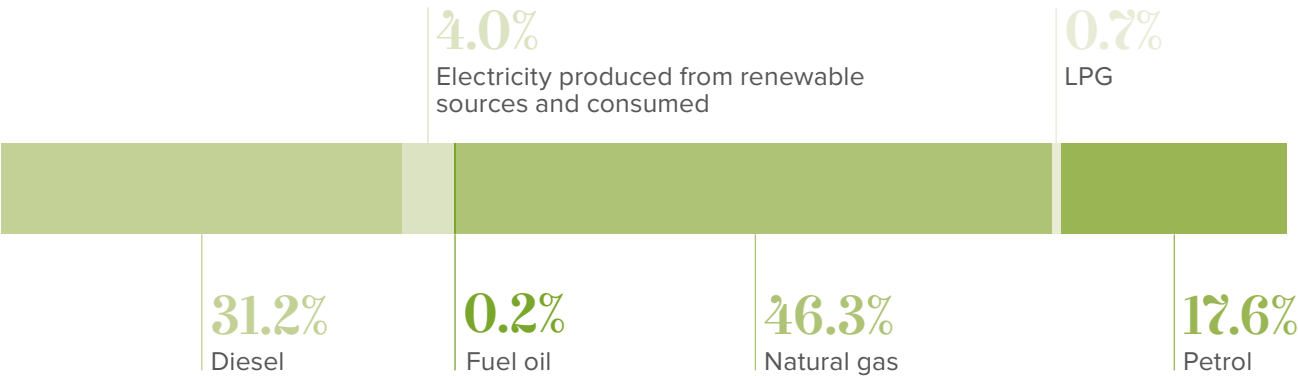


The graph shows that consumption of primary energy increased by 8% (95,380.6 GJ) in 2017, compared with 88,445.1 GJ in 2016, as a result of higher consumption at production sites, which increased by 26 %, in relation to the increase in production volumes, against an 8% reduction in office consumption.

The majority of primary energy consumption in 2017 is associated with the production plants, which alone require around 55% of primary energy.

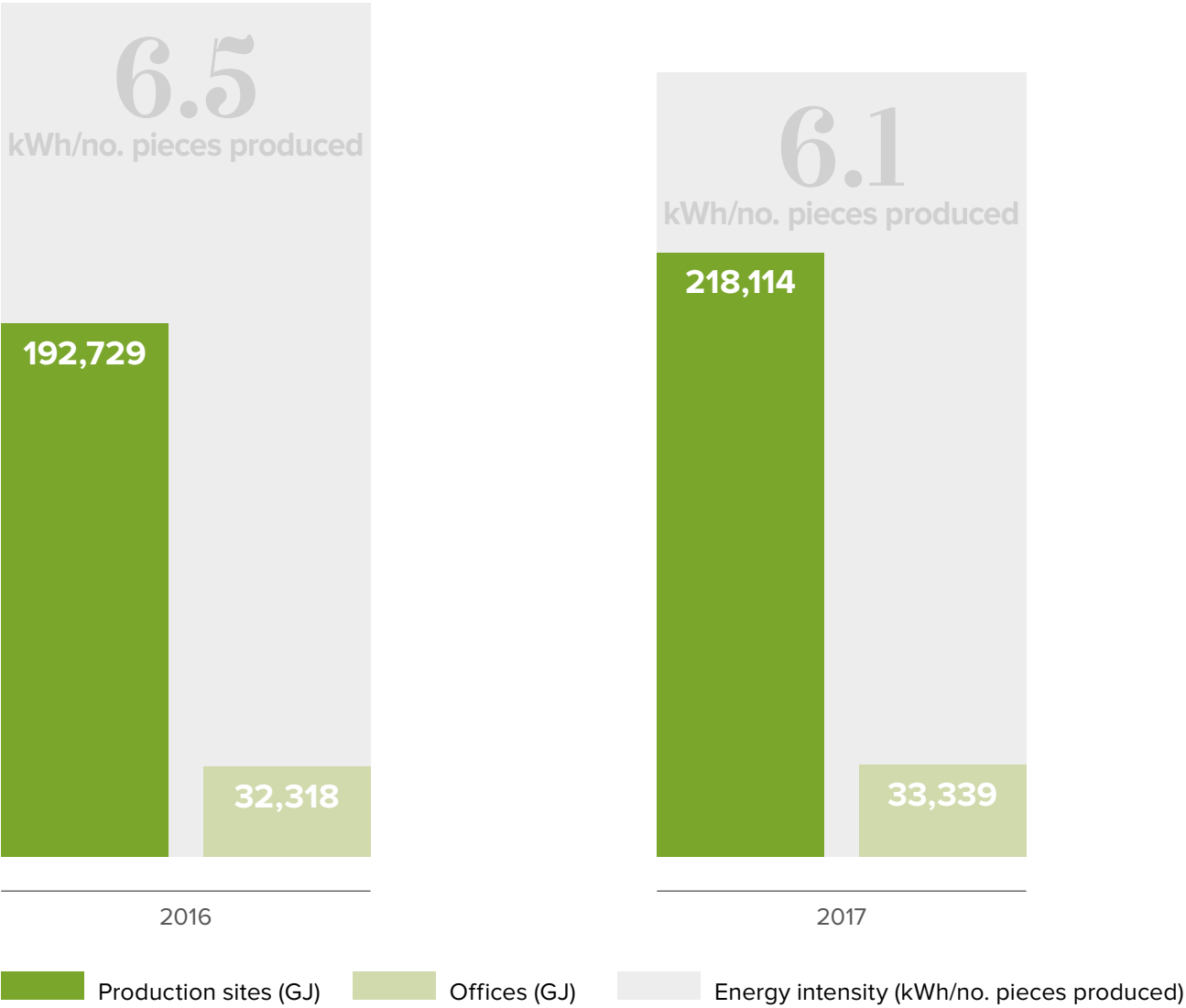
The graph below shows the energy mix forming direct energy consumption: 46.3% is associated with heating, mainly through use of natural gas, and 31.2% and 17.6% are attributable respectively to consumption of diesel fuel and petrol for the company vehicle fleet.

Fig. 26 - Composition of direct consumption in 2017, percentage [GRI 302-1]



Direct energy consumption in 2017 had a positive growth trend of around 12% in 2016-2017. The increase is linked mainly to higher consumption of electricity at the production plants in 2017 (up 13% on 2016). This increase is linked to the increase in production in 2017 (up 20% on 2016). There was, in fact, a reduction in energy consumption, per piece produced, from 6.5 kWh per piece produced in 2016 to 6.1 kWh per piece produced in 2017 (-6%), confirming the effectiveness of the efficiency initiatives started during the year. [GRI 302-3]

Fig. 27 - Indirect consumption, GJ [GRI 302-1]



In 2017, CO₂ emissions totaled 38,991 tons, an increase (8%) compared with 36,027 tons in 2016. In line with energy consumption trends, CO₂ emissions are due mainly to consumption of electricity, which accounts for 85% of the total value of Group CO₂ emissions.

Fig. 28 - Total CO₂ emissions, tons of CO₂ [GRI 305-2 and 305-2]

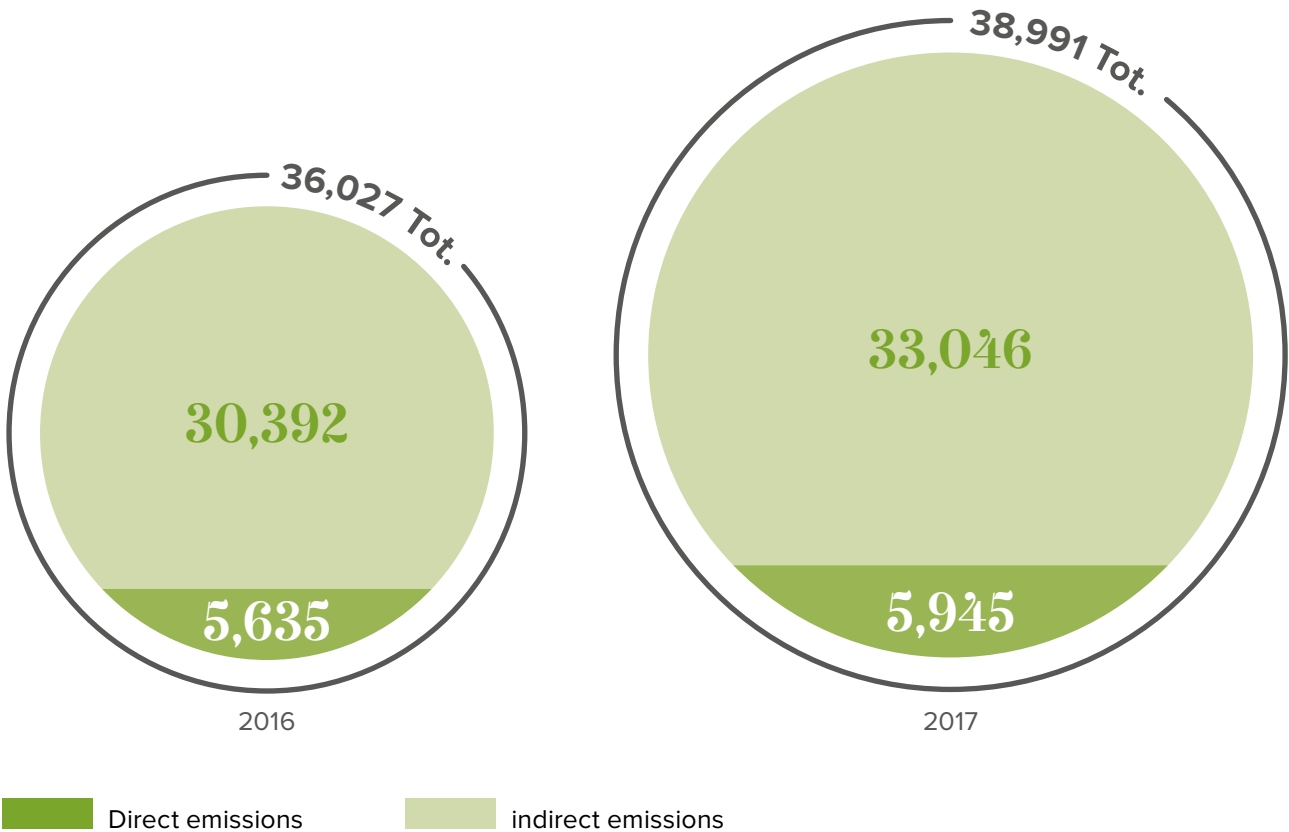


Fig. 29 - Scope 1 direct emissions, tons of CO₂ [GRI 305-1]

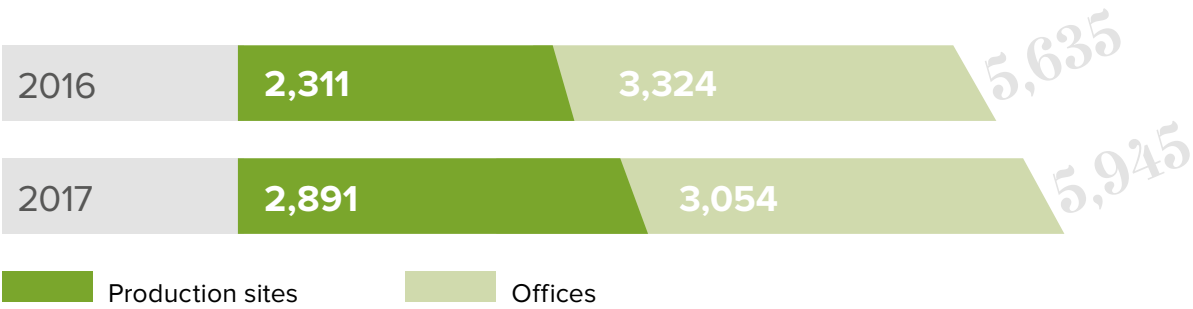
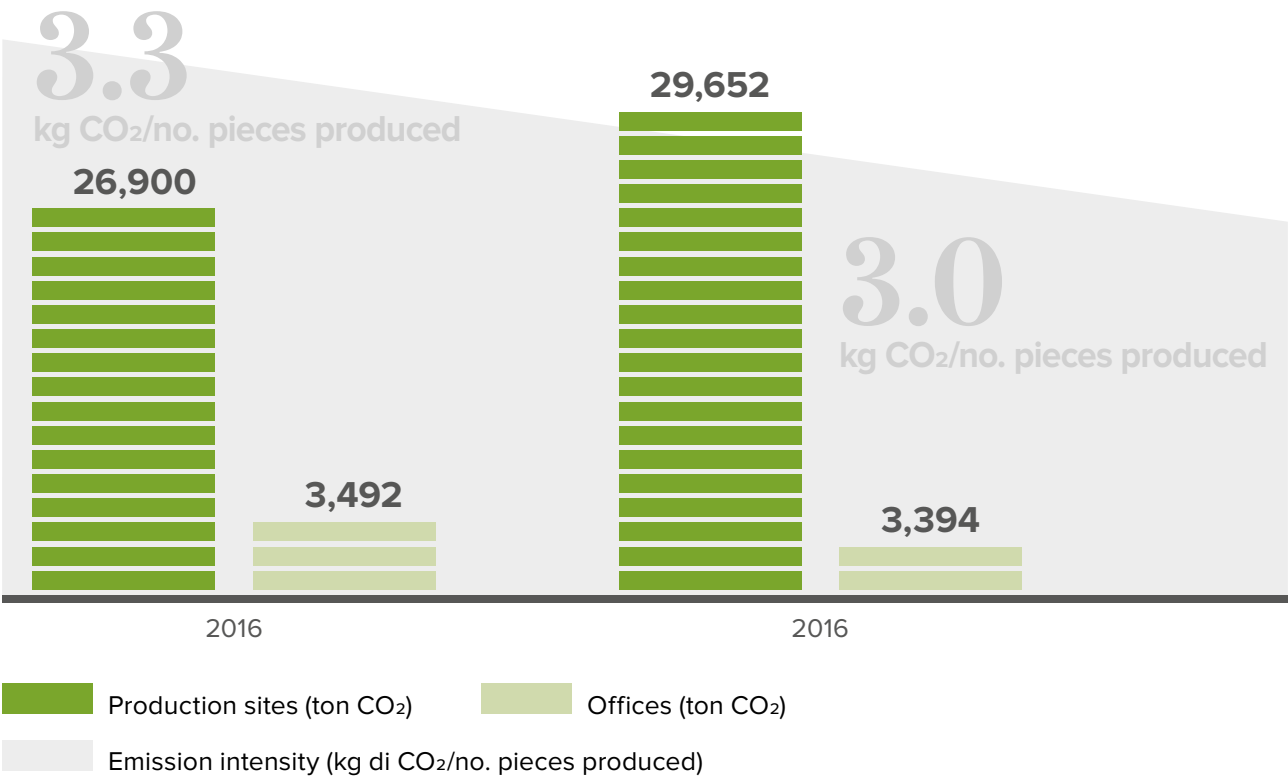


Fig. 30 - Scope 2 indirect emissions, tons of CO₂ [GRI 305-2]



Direct CO₂ emissions in 2017 totaled 5,945 t, of which 51% was linked with energy consumption by offices and the remaining 49% with consumption of production sites.

Indirect CO₂ emissions in 2017 totaled 33,046 t, of which around 90% was linked with the production sites, and particularly the Chinese plants, which contribute 61% of total indirect CO₂ emissions (20,043t CO₂).

Comparison of Scope 2 CO₂ emissions per piece produced shows that they decreased in the two-year reporting period by around 8%, from 3.3 kg of CO₂ per piece produced in 2016 to 3 kg of CO₂ per piece produced in 2017. [GRI 305-4]

Fig. 31 - Other significant emissions, kilograms [GRI 305-7]

Energy consumption	Unit of measurement	2016	2017
NOx	t	1.09	1.27
SOx	t	0.17	0.10
Persistent organic pollutants (POP)	t	0.03	0.04
Volatile organic compounds (VOC)	t	6.99	6.99
Hazardous air pollutants (HAP)	t	1.38	1.38
Particulate matter (PM)	t	0.61	0.61

The De'Longhi Group also annually monitors emissions of other pollutants associated with production at its plants. These emissions remained virtually stable in 2017 compared with the previous year. In particular, there was a slight increase in emissions of nitrogen oxides and persistent organic pollutants, due to the increase in production during the year.

The constant trend recorded over the two-year period in volatile organic compounds, hazardous air pollutants and particulate matter is linked to the estimation methods used to calculate these compounds. In conclusion, SOx emissions were down 41% on 2016.



5_ Note on methodology

The principles for defining report content and quality

The De'Longhi Sustainability Report has been drafted in accordance with the "GRI Sustainability Reporting Standards" established in 2016 by Global Reporting Initiative (GRI), according to the "In accordance - Core" option, which envisages reporting of at least one GRI for each relevant topic. [\[GRI 102-54\]](#)

This document has been drafted according to the principles for defining report content suggested by the GRI:

- **Completeness:** the report includes coverage of material aspects and their boundaries, sufficient to reflect the most significant economic, environmental and social impacts of Group activities, allowing assessment of the company's performance in the reporting period.
- **Sustainability context:** the performance of the De'Longhi Group is presented in this report in the wider context of sustainability of the company business.
- **Stakeholder Inclusiveness:** The stakeholders of the Group are identified in this report and how it has taken account of their interests in defining the report content is explained.
- **Materiality:** the topics reported have been identified in terms of their relevance for the Group and its stakeholders.

The quality of the information reported has been guaranteed by following the report quality principles suggested by the GRI.

- **Accuracy:** the reported information is sufficiently detailed for an understanding and assessment of the De'Longhi Group's sustainability performance in the reporting period.
- **Reliability:** the information presented in the report has been gathered, analyzed and validated by the managers of each division, with the assistance of a consultancy firm. The economic data corresponds with the data in the financial report.
- **Clarity:** the choice of clear and accessible language and the use of graphs and tables to represent Group performance is provided in a manner that makes the information understandable and accessible to stakeholders using the Report.
- **Comparability:** the indicators presented in the Report are reported for the 2016-2017 two-year period and accompanied by comments on their performance that allows comparison with the Group's performance over time. Where available, the indicators on the 2015-2017 three-year period have also been reported.
- **Balance:** the contents of this Report provide a balanced view of De'Longhi Group performance in the reporting period.
- **Timeliness:** the Report considers events occurring after 31 December 2017 that could be significant for assessment of the Group's performance by its stakeholders. [\[GRI 102-46\]](#)

The reporting framework

This document is the first De'Longhi Group Sustainability Report and contains a description of the initiatives and activities in 2017, as well as performance trends for the 2016–2017 two-year period. Where available, the data refers to the 2015–2016–2017 three-year period. Performance indicators are collected annually and reporting is also annual.

The reporting framework coincides with the area of the Consolidated Financial Statements with reference to *Continuing Operations*, and therefore excludes the values relating to the company NPE S.r.l., in consideration of the industrial partnership agreement on disposal of the controlling stake in said company. Any exceptions are indicated in the individual sections of this note on methodology below. [GRI 102-50, GRI 102-52]

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

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



For each reported topic, a description is provided, together with the boundaries of its impact along the entire value creation chain of the De'Longhi Group, explaining whether this is internal or external.

Fig 32 - The important topics: framework [GRI 103-1]

TOPIC	GRI DISCLOSURE	SCOPE		BOUNDARIES ON THE SCOPE OF REPORTING	
		Internal	External	Internal	External
Corporate Governance and development of business					
Brand reputation	Economic performance	Group	-	-	-
Ability to inspire	-	Group	-	-	-
Business partnerships	-	Group	Partners	-	-
Investment in new technologies	-	Group	-	-	-
Digital transformation	-	Group	-	-	-
Compliance	Anti-corruption Anti-competitive behavior Environmental compliance Socio-economic compliance Customer privacy	Group	-	-	-
Product					
Product safety	Consumer health and safety	Group	OEM suppliers	-	-
Product innovation	-	Group	-	-	-
Product labeling	Product marketing and labeling	Group	OEM suppliers	-	-
Eco-friendly design	Energy	Group	-	-	-
The supply and production chain					
Risk management along the supply chain	Supplier assessment on environmental aspects Supplier assessment on social aspects	Group	Suppliers	-	-
Human rights	Non-discrimination Freedom of association Child labor Forced or compulsory labor	Group	Suppliers	-	Reporting does not include suppliers
Management of emissions and fight against climate change	Energy Emissions	Group	Suppliers, Contact Centers		Reporting does not include suppliers and Contact Centers
The De'Longhi Group people					
Workers' health and safety	Occupational health and safety	Group	Suppliers, Contact Centers		Reporting does not include suppliers and Contact Centers
Attracting and keeping talent	Training and education	Group	-	-	-

TOPIC	GRI DISCLOSURE	SCOPE	BOUNDARIES ON THE SCOPE OF REPORTING		
Consumers					
Honest, truthful and fact-based communication	Product marketing and labeling	Group	OEM suppliers	-	-
Protection of consumers' data	Customer privacy	Group	Contact Centers	-	-
Efficiency of distribution network	-	Group	Partners	-	-
After-sales services	-	Group	Contact Centers, Partners	-	-

The calculation method

The methodological information for certain indicators reported in the Sustainability Report is provided below.

The De'Longhi Group people

Group personnel divided by geographical area, gender and contractual type has been calculated on the basis of the data received from the various offices and subsidiaries.

Statistics on training carried out in the Czech Republic, USA, Scandinavia and Canada are not available.

Statistics on anti-corruption training are not available for offices in: Romania, Greece, Shanghai, Shenzhen, Hong Kong, USA, Canada. Statistics for offices in the Ukraine are available only for 2017.

Accident indicators

The accident indicators have been calculated as follows:

- **the accident frequency rate** is the ratio between the total number of accidents expressed as a percentage of the total number of labor hours multiplied by 1,000,000, excluding commuting accidents;
- **the severity rate** is the ratio between the total number of work days lost due to injuries expressed as a percentage of the total number of workable hours multiplied by 1,000;
- **lost days** is the number of calendar days lost due to injury as of the day following the injury;
- **absentee rate** is the ratio between days of absenteeism in the reporting period and the total number of workable days in the same period multiplied by 1,000;

The calculation of the indicators throughout the two-year includes employees only and personnel on internships or a project-based contract are excluded.

Statistics relating to accidents and diseases in 2016-2017 are not available for offices in the Czech Republic, Scandinavia, USA and Canada. Statistics for offices in South Africa and Brazil are available only for 2017. Statistics on workable hours are not available for Romanian offices.

Energy consumption

The conversion factors used to standardize energy consumption are from the table “*UK Government GHG Conversion Factors for Company Reporting - Fuel properties*” of the DEFRA, in the most recent version available.

Statistics for the offices in the Czech Republic, Scandinavia, Dubai, Canada and Shenzhen are not available. Statistics on energy consumption for freehold stores and the Japanese branch are available only for 2017. Statistics on electricity consumption for E-Services are available only for 2016.

Greenhouse gas emissions

Greenhouse gas emissions are calculated based on the principles of international standard ISO 14064-1. The only greenhouse gas considered was carbon monoxide (CO₂). The emission factors used to calculate the CO₂ emissions indicated in the reported were determined as follows:

Direct emissions (Scope 1): the emissions linked to the consumption of natural gas, diesel heating fuel, petrol, 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 2015, 2016 and 2017.

Indirect emissions (Scope 2): indirect emissions are linked to the consumption of electricity; the emissions were calculated by taking into account, for each country, the factors referred to in the most recent version (relative to 2015) of *Table 49 – Primary socio-economic and energy indicators* published by Terna (Italian grid operator) in the International Comparison section.

Self-produced energy from renewable sources is excluded from the calculation of greenhouse gas emissions.

Statistics on direct and indirect CO₂ emissions are not available for offices in: Dubai, Czech Republic, Scandinavia, Canada, Shenzhen.

Quality indicators

The first time quality (FTQ) indicator is the number of products with no functional or visual defects as a percentage of total production for the year;

The service call rate (SCR) is the number of machines repaired in the first year under warranty as a percentage of total yearly sales. This indicator is calculated quarterly on a rolling 12-month basis. The figure for 2017 was updated as at the month of September as the figure for December was not available at the reporting date.

[GRI 102-53]



6_Annexes

The detailed tables of indicators are shown below, in accordance with the GRI Standards.

The De'Longhi Group people

GRI 102-8: Information on employees and other workers

Employees by contract type	Unit of measurement	Italy		Europe		APA		MEIA		De'Longhi Group	
		2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Number of employees on a											
Permanent contract	n	1,471	1,469	2,255	3,202	2,663	2,692	74	67	6,463	7,431
of which women	n	554	554	1,181	1,781	1,237	1,225	38	27	3,010	3,587
of which men	n	917	915	1,074	1,422	1,426	1,467	36	40	3,453	3,844
Fixed-term contract	n	29	140	47	52	493	574	-	-	569	766
of which women	n	12	78	28	30	211	247	-	-	251	355
of which men	n	17	62	19	22	282	327	-	-	318	411
Total	n	1,500	1,609	2,302	3,255	3,156	3,266	74	67	7,032	8,197

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

Type	Unit of measurement	Italy				Europe			
		2016		2017		2016		2017	
		Men	Women	Men	Women	Men	Women	Men	Women
Accidents	n.	24	10	20	10	14	14	10	12
of which commuting accidents	n.	9	7	4	6	1	-	-	-
Work-related fatalities	n.	-	-	-	-	-	-	-	-
Frequency rate	-	9.0	3.3	9.4	4.2	6.3	6.2	4.0	4.0
Occupational disease rate	-	1.2	2.2	0.6	2.1	-	-	-	0.3
Severity rate	-	247.7	148.6	348.6	319.6	23.7	2.1	41.2	0.9
Absentee rate	-	27.0	39.2	31.7	37.1	40.2	52.9	28.3	49.3

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

Composition of the De'Longhi Group S.p.A. Board of Directors		Unit of measurement	Italy	
			2016	2017
Men	Up to 30 years	n	-	-
	From 30 to 50 years	n	1	1
	After 50 years	n	6	6
Men total		n	7	7
Women	Up to 30 years	n	-	-
	From 30 to 50 years	n	3	3
	After 50 years	n	1	1
Women total		n	4	4
Total		n	11	11

APA				MEIA				De'Longhi Group			
2016		2017		2016		2017		2016		2017	
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
32	7	37	8	-	-	-	-	70	31	67	30
2	-	-	-	-	-	-	-	12	7	4	6
-	-	-	-	-	-	-	-	-	-	-	-
6.8	1.8	6.4	1.7	-	-	-	-	7.1	3.4	6.3	2.8
-	-	-	-	-	-	-	-	0.2	0.3	0.1	0.3
88.4	33.0	170.8	24.9	-	-	-	-	102.0	38.1	165.7	50.9
9.4	8.3	4.6	3.8	2.6	7.9	8.6	26.8	19.7	26.0	15.7	24.7

Focus: reduction of environmental impacts

GRI 302-1: Energy consumption

Energy consumption	Unit of measurement	Production sites		Offices		De'Longhi Group	
		2016	2017	2016	2017	2016	2017
Direct Energy consumption from non-renewable sources							
Petrol	GJ	2,550.4	2,384.6	14,521.4	14,391.8	17,071.8	16,776.5
Diesel	GJ	6,506.0	6,121.0	26,509.4	23,597.8	33,015.4	29,718.8
Natural gas	GJ	29,000.8	39,845.5	5,171.5	4,280.5	34,172.3	44,126.1
LPG	GJ	394.2	585.2	66.5	112.5	460.6	697.7
Fuel oil	GJ	-	-	204.3	205.2	204.3	205.2
Total	GJ	38,451.4	48,936.4	46,473.1	42,587.8	84,924.5	91,524.2
Direct Energy consumption from renewable sources							
Electricity produced from renewable sources and consumed	GJ	3,482.2	3,811.0	38.4	45.4	3,520.6	3,856.4
Total direct energy consumption	GJ	41,933.6	52,747.4	46,511.5	42,633.2	88,445.1	95,380.6
Indirect energy consumption							
Electricity	GJ	192,729.2	218,114.3	28,349.8	29,087.2	221,079.0	247,201.6
District heating	GJ	-	-	3,427.5	3,698.0	3,427.5	3,698.0
Cooling	GJ	-	-	540.2	553.7	540.2	553.7
Total indirect energy consumption	GJ	192,729.2	218,114.3	32,317.5	33,338.9	225,046.7	251,453.2
Total energy consumption	GJ	234,662.8	270,861.7	78,829.0	75,972.1	313,491.8	346,833.8

GRI 305-1 e GRI 305-2: Direct and indirect emissions of greenhouse gases (GHG) Scope 1 and Scope 2

Energy consumption	Unit of measurement	Production sites		Offices		De'Longhi Group	
		2016	2017	2016	2017	2016	2017
Direct	ton CO ₂	2,310.9	2,890.9	3,324.2	3,054.1	5,635.1	5,944.9
Indirect	ton CO ₂	26,900.0	29,651.8	3,492.0	3,394.0	30,392.0	33,045.8
Total	ton CO₂	29,210.9	32,542.7	6,816.1	6,448.1	36,027.0	38,990.8



7_ GRI Content Index

[GRI 102-55]

GRI Standard	Disclosure	Reference	Note	Omission
GRI 102: GENERAL DISCLOSURES 2017				
Profile of the organization				
102-1	Name of the organization	7 Note on methodology		
102-2	Main brands, products and/or services	4.1 Everywhere 6.1 How to offer a unique experience		
102-3	Location of headquarters	7 Note on methodology		
102-4	Countries where the organization operates	4.1 Everywhere 6.2 It starts at our plants		
102-5	Ownership and legal form	7 Note on methodology		
102-6	Markets served	4.1 Everywhere		
102-7	Scale of the organization	4.1 Everywhere 4.2 By your side every day 5.1 Starting with what we are now 6.2 It starts at our plants		
102-8	Information on employees and other workers	5.1 Starting with what we are now		The distinction between full-time employees and part-time employees is not disclosed in this report
102-9	Description of the supply chain (suppliers, volumes and procurement markets)	6.2 It starts at our plants, with our partners		
102-10	Significant changes to the size, structure and ownership and to the supply chain in the reporting period	4.2 By your side every day 6.2 It starts at our plants 6.3 Reaching consumers' homes worldwide		
102-11	Explanation of any application of the precautionary principle or approach	6.1 How to offer a unique experience		
102-12	External initiatives		The De'Longhi Group did not participate in or sign any initiative promoted by external stakeholders during the reporting period	
102-13	Membership of national and/or international trade associations	4.2 By your side every day		

GRI Standard	Disclosure	Reference	Note	Omission
Strategy				
102-14	Statement from the senior decision-maker on the importance of sustainability for the organization and its strategy	1. We started a journey (Letter to stakeholders)		
Ethics and integrity				
102-16	Mission, values, codes of conduct, principles important for economic, environmental and social performance, developed internally and progress in their implementation	4.2 By your side every day 5.1 Starting with what we are now		
Governance				
102-18	Governance structure of the organization, including committees that report directly to the highest governance body. Committees involved in decisions on economic, environmental and social topics	4.2 By your side every day		
Stakeholder engagement				
102-40	List of stakeholder groups with which the organization engages	4.2 By your side every day		
102-41	Percentage of employees covered by collective bargaining agreements	5.1 Starting with what we are now		
102-42	Principles for identifying and selecting the principal stakeholders with whom to engage	4.2 By your side every day		
102-43	Approach to stakeholder engagement	4.2 By your side every day		
102-44	Key topics and concerns raised by stakeholder engagement and how the organization has responded to those concerns, including in its reporting	4.2 By your side every day		

GRI Standard	Disclosure	Reference	Note	Omission
Reporting practice				
102-45	List of entities included in the consolidated financial statements and those not included in the social accountability report	7 Note on methodology		
102-46	Defining report content and topic boundaries	2 The topics of the report: how we have created this document		
102-47	List of material topics	2 The topics of the report: how we have created this document		
102-48	Explanation of the effects of any restatements of information given in previous reports and the reasons for such restatements		Not applicable, as this is the first edition of the report	
102-49	Significant changes in objective and boundaries		Not applicable, as this is the first edition of the report	
102-50	Period to which the social accountability report refers	2 The topics of the report: how we have created this document		
102-51	Publication date of the most recent social accountability report		Not applicable, as this is the first edition of the report	
102-52	Reporting cycle	2 The topics of the report: how we have created this document		
102-53	Contacts and addresses for questions regarding the social accountability report and its contents	7 Note on methodology		
102-54	Choice of the "in accordance" option	7 Note on methodology		
102-55	Table explaining the report contents	9.GRI Content Index		
102-56	Policies and practices of external assurance of the social accountability report		This report has not been subjected to assurance activities	

GRI Standard	Disclosure	Reference	Omission
MATERIAL TOPICS			
ECONOMIC PERFORMANCE INDICATORS			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	1. We started a journey (Letter to stakeholders) 4.2 By your side every day	
103-3	Assessment of the management approach	1. We started a journey (Letter to stakeholders) 4.2 By your side every day	
GRI 205: Anti-corruption 2017			
201-1	Direct economic value generated and distributed	4.2 By your side every day	
ANTI-CORRUPTION			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	4.2 By your side every day	
103-3	Assessment of the management approach	4.2 By your side every day	
GRI 205: Anti-corruption 2017			
205-2	Communication and training about anti-corruption policies and procedures	4.2 By your side every day - Ethics and the system of governance	Communication to and training of governance body members is not disclosed in this report.
205-3	Confirmed incidents of corruption and actions taken	4.2 By your side every day - Ethics and the system of governance	
ANTI-COMPETITIVE BEHAVIOR			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	4.2 By your side every day - Ethics and the system of governance	
103-3	Assessment of the management approach	4.2 By your side every day - Ethics and the system of governance	
GRI 206: Anti-competitive behavior 2017			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	4.2 By your side every day - Ethics and the system of governance	

GRI Standard	Disclosure	Reference	Omission
ENVIRONMENTAL PERFORMANCE INDICATORS			
ENERGY			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	Focus: Reduction of product-related environmental impacts	
103-3	Assessment of the management approach	Focus: Reduction of product-related environmental impacts	
GRI 302: Energy 2017			
302-1	Energy consumption within the organization	Focus: Reduction of product-related environmental impacts	
302-3	Energy intensity	Focus: Reduction of product-related environmental impacts	
EMISSIONS			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	Focus: Reduction of product-related environmental impacts	
103-3	Assessment of the management approach	Focus: Reduction of product-related environmental impacts	
GRI 305: Emissions 2017			
305-1	Direct (Scope 1) GHG emissions	Focus: Reduction of product-related environmental impacts	
305-2	Energy indirect (Scope 2) GHG emissions	Focus: Reduction of product-related environmental impacts	
305-4	GHG emissions intensity	Focus: Reduction of product-related environmental impacts	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Focus: Reduction of product-related environmental impacts	

GRI Standard	Disclosure	Reference	Omission
SOCIAL PERFORMANCE INDICATORS			
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	5.2 Cultivating our skills and our know-how	
103-3	Assessment of the management approach	5.2 Cultivating our skills and our know-how	
GRI 403: Occupational health and safety 2017			
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region and by gender	5.2 Cultivating our skills and our know-how	
TRAINING AND EDUCATION			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	5.2 Cultivating our skills and our know-how	
103-3	Assessment of the management approach	5.2 Cultivating our skills and our know-how	
GRI 404: Training and education 2017			
404-1	Average hours of training per year per employee by category and by gender	5.2 Cultivating our skills and our know-how	This report is limited to the average of the total of Group employees
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	4.2 By your side every day 5.1. Starting with what we are now	
103-3	Assessment of the management approach	4.2 By your side every day 5.1. Starting with what we are now	
GRI 405: Diversity and Equal Opportunity 2017			
405-1	Diversity of governance bodies and employees, based in gender, age, inclusion in minority or vulnerable groups and other indicators of diversity	4.2 By your side every day 5.1. Starting with what we are now	This report only relates to the Parent Company's Board of Directors

GRI Standard	Disclosure	Reference	Omission
NON-DISCRIMINATION			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	4.2 By your side every day 5.1. Starting with what we are now	
103-3	Assessment of the management approach	4.2 By your side every day 5.1. Starting with what we are now	
GRI 406: Non-discrimination 2017			
406-1	Incidents of discrimination and corrective actions taken	5.1. Starting with what we are now	
HUMAN RIGHTS ASSESSMENT			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.2 It starts at our plants	
103-3	Assessment of the management approach	6.2 It starts at our plants	
GRI 412: Human Rights Assessment 2017			
412-1	Operations that have been subject to human rights reviews or impact assessments	6.2 It starts at our plants	
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.2 It starts at our plants	
103-3	Assessment of the management approach	6.2 It starts at our plants	
GRI 414: Supplier Social Assessment 2017			
414 -1	New suppliers that were screened using social criteria	6.2 It starts at our plants	
CONSUMER HEALTH AND SAFETY			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	
GRI 416: Consumer Health and Safety 2017			
416-1	Assessment of the health and safety impacts of product and service categories	6.1 How to offer a unique experience	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6.1 How to offer a unique experience	

GRI Standard	Disclosure	Reference	Omission
PRODUCT MARKETING AND LABELING			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	
GRI 417: Product marketing and labeling 2017			
417-1	Requirements for product and service information and labeling	6.1 How to offer a unique experience	
417-2	Incidents of non-compliance concerning product and service information and labeling	6.1 How to offer a unique experience	
417-3	Total number of incidents of non-compliance (by type) with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	6.1 How to offer a unique experience	
CUSTOMER PRIVACY			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	
GRI 418: Customer privacy 2017			
418-1	Substantiated complaints received concerning losses of customer data	6.1 How to offer a unique experience	

GRI Standard	Disclosure	Reference	Omission
NOT GRI DISCLOSURE			
ABILITY TO INSPIRE			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	
BUSINESS PARTNERSHIPS			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.2 It starts at our plants	
103-3	Assessment of the management approach	6.2 It starts at our plants	
INVESTMENT IN NEW TECHNOLOGIES			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	
Investments in R&D activities		6.1 How to offer a unique experience	
PRODUCT INNOVATION			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	
Investments in R&D activities		6.1 How to offer a unique experience	
EFFICIENCY OF DISTRIBUTION NETWORK			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.3. Reaching consumers' homes worldwide	
103-3	Assessment of the management approach	6.3. Reaching consumers' homes worldwide	

GRI Standard	Disclosure	Reference	Omission
AFTER SALES SERVICES			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	
First time fix (FTF) indicator		6.1 How to offer a unique experience	
Average time of technical service		6.1 How to offer a unique experience	
DIGITAL TRANSFORMATION			
GRI 103: Management Approach 2017			
103-1	Explanation of material aspects and their boundaries	2 The topics of the report: how we have created this document	
103-2	The management approach and its components	6.1 How to offer a unique experience	
103-3	Assessment of the management approach	6.1 How to offer a unique experience	



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