



Sustainability  
Report

20  
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**DēLonghi Group**



# Contents

<b>Every day, at your side</b> .....	<b>4</b>
<b>1. The De' Longhi Group</b> .....	<b>5</b>
1.1. Who we are and where we operate .....	5
1.2. Guaranteeing the value of our company.....	7
1.3. Our sustainability strategy.....	14
<b>2. The People of De' Longhi Group</b> .....	<b>16</b>
2.1. The <i>Everyday Makers</i> .....	17
2.2. Support and growth of people .....	21
2.3. Health and safety in the workplace.....	23
<b>3. Our products, to improve everyday life</b> .....	<b>25</b>
3.1. The highest design standards: style, design, quality and functionality.....	26
<b>3.2. Integrating sustainability into product design and innovation</b> .....	<b>35</b>
<b>4. Sustainability during all production phases</b> .....	<b>38</b>
4.1. Our production facilities .....	39
4.2. Responsible supply chain management .....	41
4.3. Reducing our environmental footprint .....	43
<b>5. Methodological note</b> .....	<b>50</b>
<b>6. Appendices</b> .....	<b>55</b>
<b>7. GRI Content Index</b> .....	<b>59</b>

## Every day, at your side

[GRI 102-14]

Dear all,

we have now reached the fourth edition of the De' Longhi Group's Sustainability Report, a document that we want to publish every year to tell about our commitment, our ambitions, our reality that serves families in homes all over the world.

2020 was a year of complex challenges caused by the global health emergency, inevitably leading to changes in our patterns and habits of everyday life.

In this context, De' Longhi has shown that it is always there: we accompany you with the first coffee of the day, we help you create moments of sharing in the preparation of meals for the whole family, and we make your life at home more comfortable.

The year 2020 was for us the authentic rediscovery of our Mission for over 40 years: to live in homes around the world, be close to every family, and support them in their daily lives. Starting from this awareness and from our roots, as a Group, we promptly responded to the emergency, implementing from the outset all the necessary measures to ensure the maximum safety of our People and the continuity of our activities. We acted with courage and resilience, and the year-end results proved it.

Our challenge continues in 2021 with a renewed commitment in terms of approach, strategy and governance. It is in fact with the aim of giving a new acceleration to our sustainability path that this latter was included as a key enabler of our 2021-2023 Medium Term Plan, and it is for this reason that we are rethinking our future projects to be more concrete and more involved in building a better future together.

We want to continue like this: every day, by your side, to offer you products, emotions and authentic experiences to live and share.

Enjoy reading the report.

Massimo Garavaglia

# 1. The De' Longhi Group

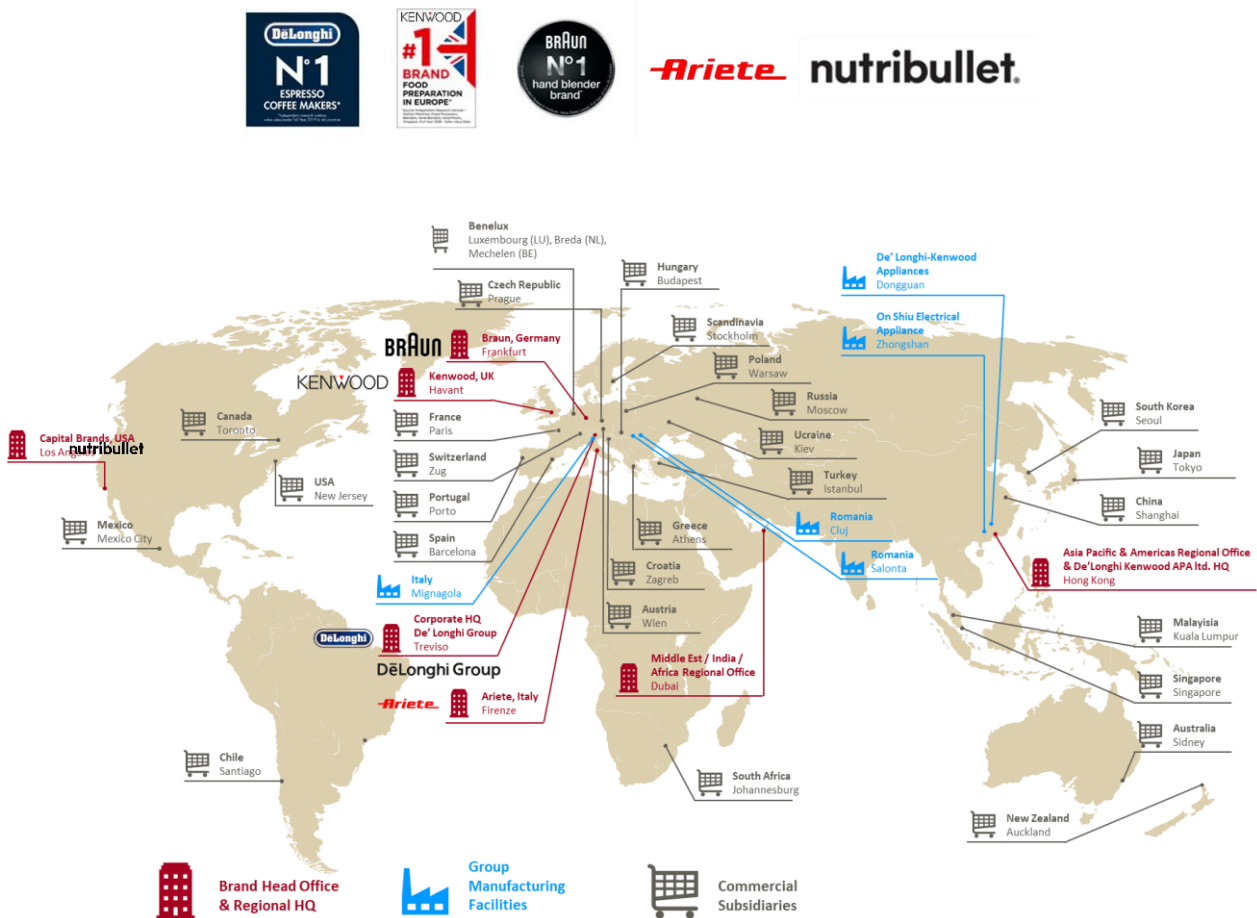
## 1.1. Who we are and where we operate

Based in Treviso (Italy) [GRI 102-3], where its headquarters are located, the De' Longhi Group is today present worldwide through many direct sales subsidiaries, a *network* of distributors, five manufacturing plants and some shops.

The first appliance under the De' Longhi brand, an oil-filled radiator launched in 1974, contributed to the success of the first laboratory, which in the meantime was able to constantly expand its range of products and establish itself in the field of electric radiators and portable air conditioners. In the years that came right after, the Group's solutions have become recognisable for their innovation and efficiency, allowing the brand to increase its notoriety and recognisability, making the Pinguino air conditioner a true icon.

Having acquired four international brands over the years (Kenwood, Ariete, Braun and, at the end of 2020, Nutribullet), the Group now sells small household appliances that offer solutions to improve everyday life in the segments of food preparation and cooking, coffee, comfort (air conditioning and heating) and home care. The De' Longhi family has further expanded in 2020 through the acquisition of Capital Brands Holdings Inc., a US-based world leader in the personal blenders segment with the brands Nutribullet and Magic Bullet. This further step will allow the Group to further expand its product portfolio and increase its presence in the strategic US market.

Fig. 1 - Our brands and the Group's presence around the world<sup>1</sup>



### Our 2020 - focus COVID-19

<sup>1</sup> Consistent with the 2020 Consolidated Non-Financial Statement (DNF) scope, Capital Brands Group companies have not been included because the acquisition was completed at the end of the 2020 financial year.

Marked by the spread of the COVID-19 pandemic, 2020 was certainly an unpredictable year, forcing the world towards scenarios perhaps never experienced before. In a global context of health emergency and economic instability (still ongoing), the De' Longhi Group has demonstrated a resilient business model. Two aspects mainly represent a tangible evidence: firstly, the small number of Coronavirus positive cases recorded among the Group's personnel during the year and, secondly, the outstanding worldwide production and sales results.

To cope with the emergency, the Group focused from the outset on safeguarding its people and, at the same time, on business continuity. The excellent results obtained in this regard have demonstrated the flexibility of a solid company that can directly build on its experience: the fact that the Group has a long-term consolidated global presence has enabled the company to take advantage of the measures adopted in its Chinese plants, where the first cases of infection occurred, in order to promptly react in all its other sites, where the De' Longhi has well-in-advance replicated the precautionary measures already adopted in China, in some cases even anticipating the provisions emanated by local governments in terms of virus' spread containment.

Due to the nature of the activities carried out, different approaches were adopted for offices and production facilities so as to minimise the spread of the virus. First of all, the distribution of personal protective equipment, the installation of sanitising gel dispensers and the sanitisation of working environments were guaranteed for the entire company population. In addition, a remote working policy was implemented for all those typically clerical tasks where physical presence in the office was not essential. In production plants, where this policy was not applicable, measures were introduced to ensure job continuity and social distancing. These include more staggered shifts, the installation of plexiglass walls to separate workstations, and the closing of canteens and changing rooms, which have been identified as places with high risk of contagion.

Along with the protection of its people's health and safety, the Group had to deal with the growing demands of a market that, as a consequence of the lockdown measures imposed in many countries around the world during 2020, has witnessed the surge of interest in kitchen appliances and home care products. Overall, there were no significant business interruptions globally: this aspect, together with the measures taken in production plants, service centres and contact centres, enabled the Group to effectively respond to requests arisen, recording a double-digit increase in revenues and once again confirming its leadership in the main markets and segments it operates in.

In light of all of this, at the end of the year the Group decided to reward all its people with a monetary bonus, recognising the commitment and dedication shown during these demanding months, both from a professional and personal point of view. The Group has also demonstrated its attention towards the community around it by donating €3.1 million to initiatives to fight the COVID-19 pandemic: out of this amount, about €2 million was allocated to the Veneto Region in support of all the activities and entities engaged in the front line in the fight against the Coronavirus, and about €1 million to the Ca' Foncello hospital in Treviso.

## 1.2. Guaranteeing the value of our company

In order for the company to successfully pursue its business objectives, it is essential to maintain a constant, constructive dialogue with its stakeholders, focused on listening to the needs of all stakeholders and representing the foundations for a lasting relationship built on trust. Specific company functions are responsible for overseeing and cultivating the communication with stakeholders, in accordance with the principles of transparency, correctness, clarity and completeness of information, so as to facilitate the taking of informed decisions. [GRI 103-2, GRI 103-3] Below, the list of the Group's main stakeholders, along with the listening channels open.

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

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

With specific reference to trade associations, the De' Longhi Group is a member of Confindustria APPLIA Italia, APPLIA

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

### The value produced and distributed by the De' Longhi Group

The value generated by the Group in 2020 amounts to approximately €2,501.5 million. Out of this amount, 93% (approximately €2,315 million) was distributed to stakeholders as follows: suppliers of goods and services remuneration (€1,730,007 thousand), employees remuneration (€292,513 thousand), interest to capital providers (€118,238 thousand), taxes to the public administration (€88,519 thousand) and donations to the community (€4,880 thousand). In addition, the dividends to shareholders have to be considered as well, amounting to €80,822 thousands in 2020. Finally, the economic value retained in 2020 amounts to €186,551 thousand.

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

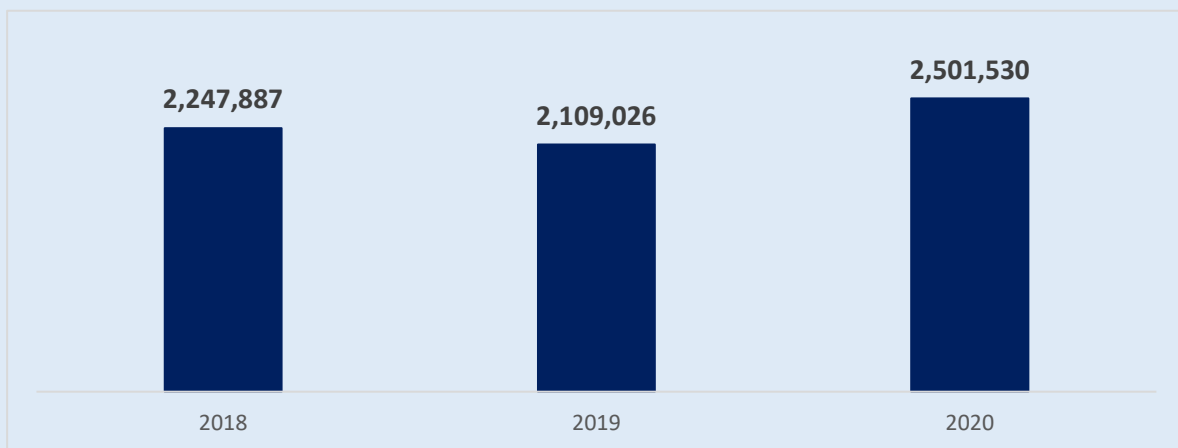
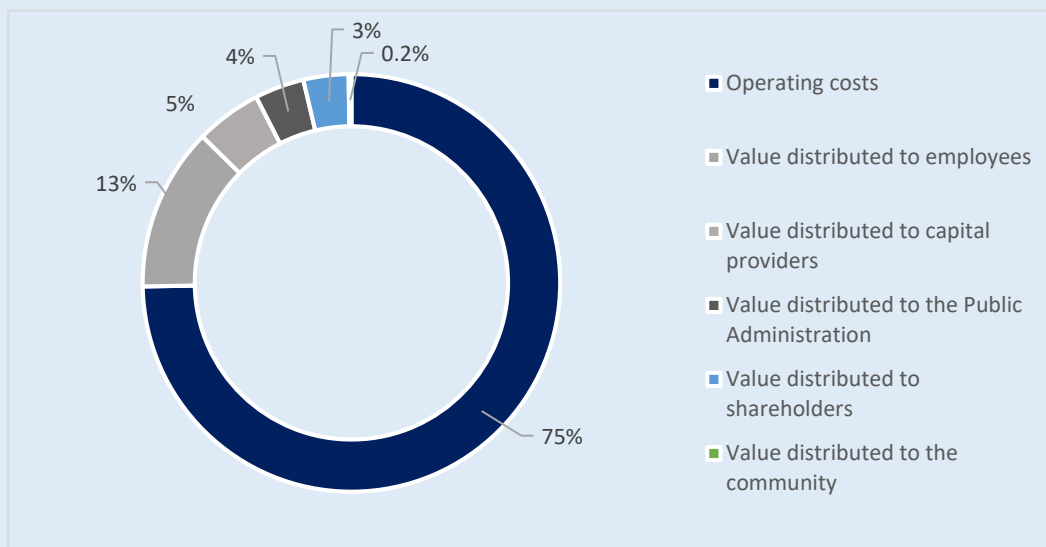


Fig. 4 – Value distributed, thousands of €, 2020 [GRI 201-1]



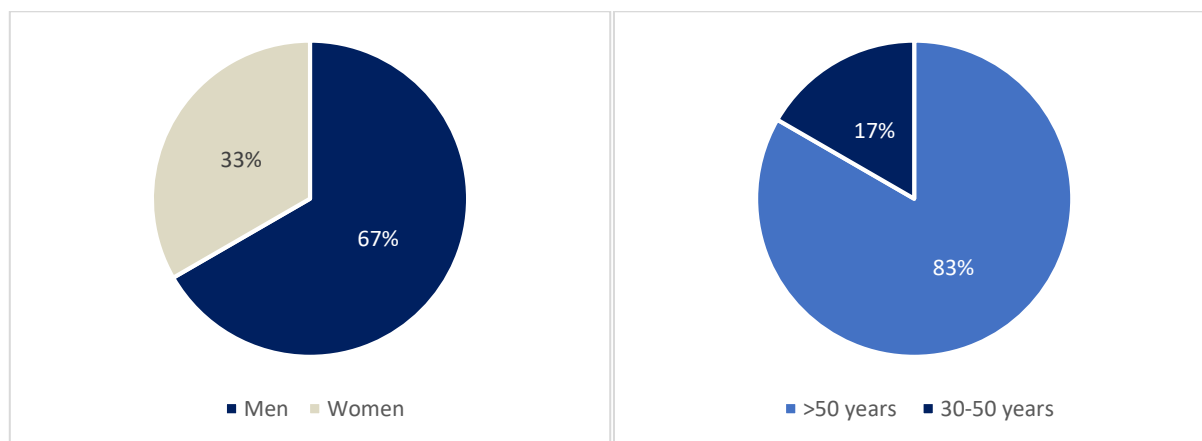


### Ethics and governance system [GRI 103-3]

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

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

**Fig. 5 - Composition of the Board of Directors of De' Longhi S.p.A. in 2020 by gender and age [GRI 405-1]**



In 2020, De' Longhi Group's Board of Directors was made up of 8 men and 4 women, for a total of 12 members, 83% of whom are over 50 years old. The composition of the corporate bodies, renewed by the Shareholders' Meeting of 30 April 2019, complies with the Group's commitment to ensure that the least represented gender – the female one – accounts for at least one-third (rounded up) of the members of the Board of Directors and the regular members of the Board of Statutory Auditors: this commitment is also reported in the Report on Corporate Governance and Corporate Structure for the year 2020.

The Group **Code of Ethics**, updated in July 2018, governs the conduct of people of the De' Longhi Group; in addition, this document also governs all relations that the company undertakes with third parties, such as suppliers, customers and the Public Administration, which must necessarily be characterised by transparency, fairness, honesty, integrity, equality, professionalism and loyalty. [GRI 102-16] In this regard, in continuity with previous years, during the year, part of the training activities also concerned the Code of Ethics via e-learning and/or in-person classes. In accordance with the provisions of Legislative Decree 231/2001, the Italian companies of the De' Longhi Group adopt the "**Organization, control and management model**", which provides for a Supervisory Board in charge of independently monitoring the correct functioning of and compliance with said Model. The Model provides, *inter alia*, for the adoption of a reporting tool for identifying illegal conduct (in line with the ISO 37001:2016 standard), known as the - **Whistleblowing: De' Longhi Group Integrity Platform** (for further information, please see the "[Whistleblowing](#)" section of the Group website). During 2020, the *whistleblowing* platform was finalised and became officially operational, being available to any Group employee, supplier and customer who wished to use it.

Unlike previous years, when part of the training on the Code of Ethics and Model 231 was delivered in person, in 2020, this activity slowed down due to the health emergency, which did not allow classroom lessons to be held. However, inductions were organised for all new employees, during which documents relating to these issues were also dealt with.

In addition to the instruments described above, the Parent Company can count on a procedure to identify transactions subject to specific rules of approval with related parties: through this procedure, it is possible to regulate the relations

between these latter and the Group itself and to monitor the related risk, following the principles established by the Supervisory Authority with Consob Regulation no. 17221 of 12<sup>th</sup> March 2010.

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

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

It is also the Group's firm intention to ensure that, in addition to compliance with the rules of transparency and compliance, a series of **behavioural models** are defined and implemented, aimed at minimising the risks associated with any events that can be sanctioned according to the applicable regulations.

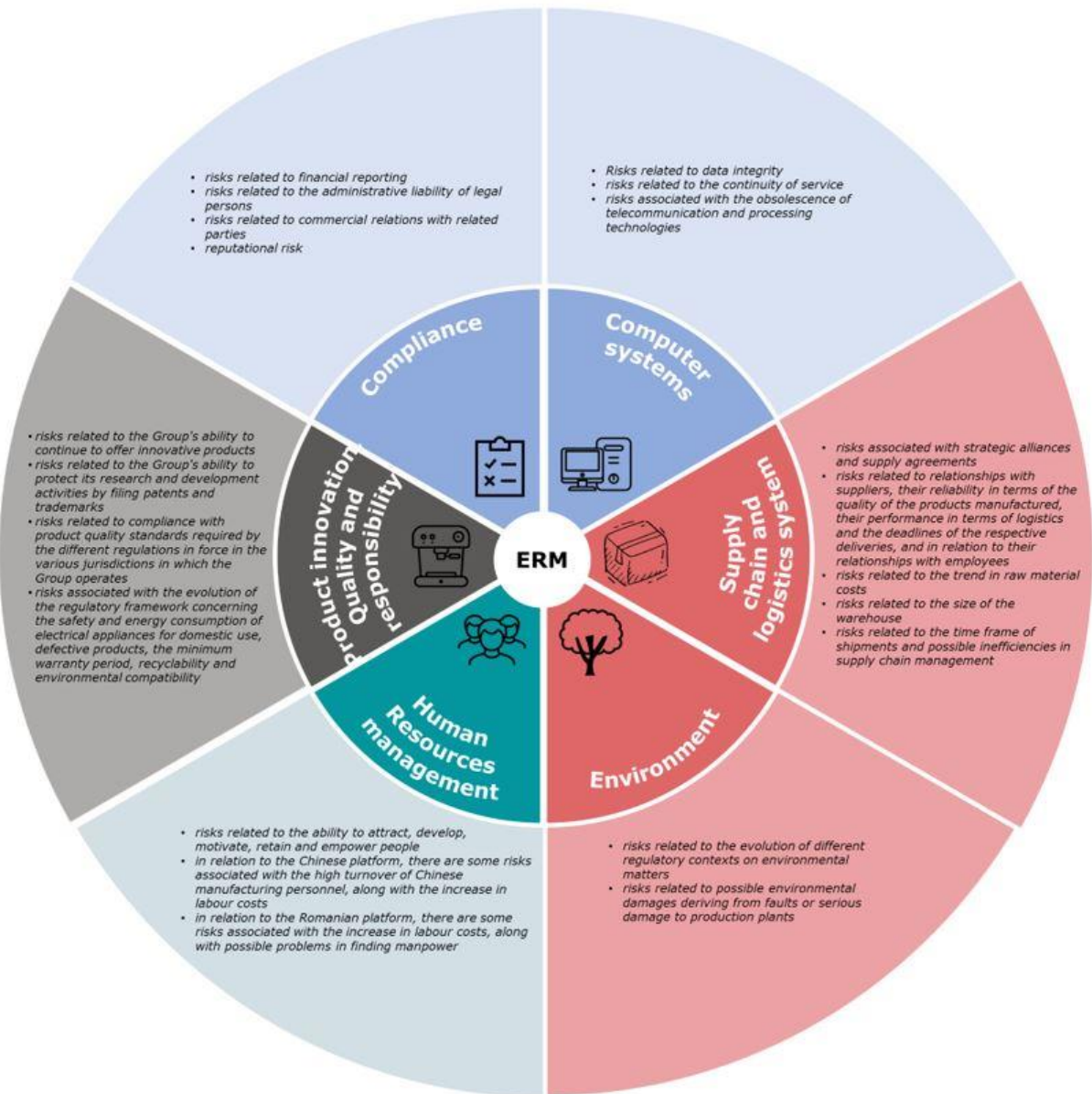
### ***Risk management and internal control***

In addition to dealing with aspects related to compliance, the Internal Audit function oversees the Enterprise Risk Management system (**ERM**) together with the Reporting Manager, a model implemented in previous years that allows the Group to assess and monitor corporate risks. In this regard, several activities were carried out in 2020 to update risk mapping, which involved both the headquarters and numerous branches: in this way, it was possible to obtain an overview of the perceived risks concerning the individual areas of responsibility of local and international management and, more generally, of the country of operation.

The year just ended also saw the finalisation and subsequent testing phase of the new dynamic **Risk Management** platform: designed in 2019, it aims to enable all selected staff members to independently identify and promptly update the possible risks to which they are exposed, so as to ensure maximum control and the necessary role separation. This platform, integrated with the SAP Success Factor system, was tested on a pilot company of the Group in the second half of 2020: the roll-out phase took place remotely and was preceded by appropriate e-learning sessions that provided adequate training to all those involved in the assessment procedure. The complete roll-out is planned at the beginning of 2021 and is expected to last about 18 months: during this period of time, and after receiving appropriate training, the headquarter and, in succession, the individual branches will undergo the risk assessment procedure.

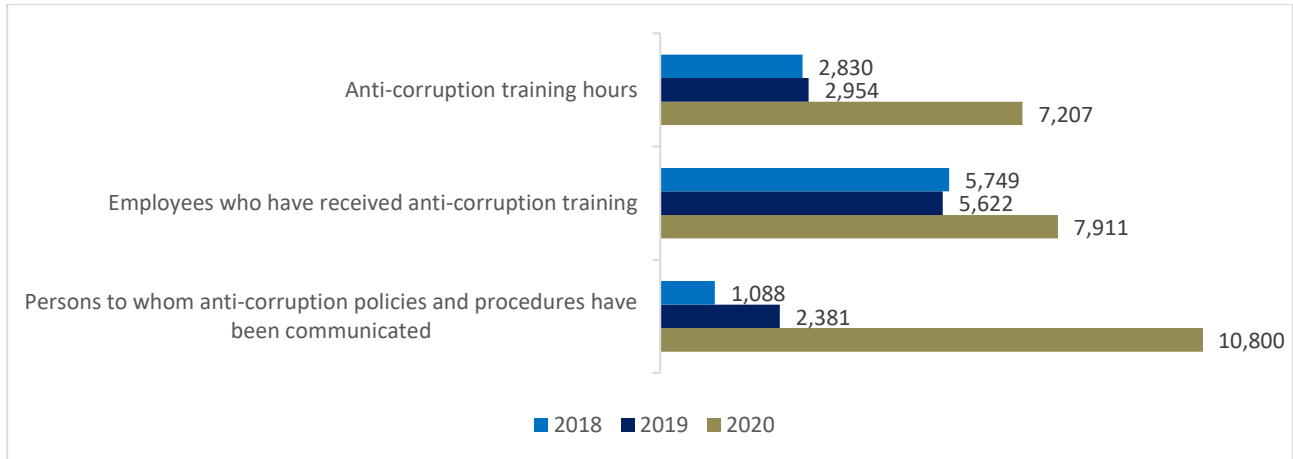
The main risks identified and associated with the material topics of this report are in the figure below:

Fig. 6 - The main risks associated with material issues



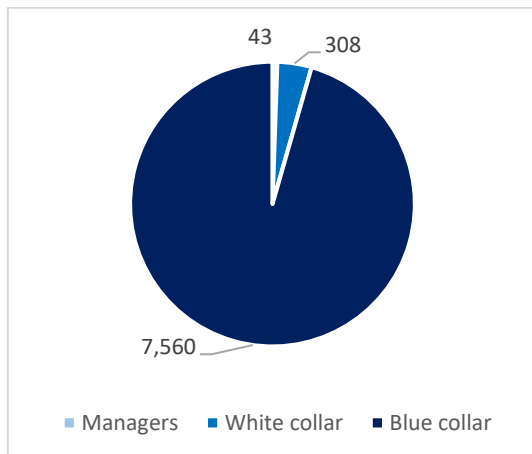
Among the initiatives introduced in recent years to minimise the possibility of possible fraud, the most significant are the development of the anti-fraud programme and the launch of a project to check for possible cases of abuse of office and corruption. In addition, the Internal Audit function, assisted by the Reporting Manager, carries out a series of audits on a yearly basis, concerning the operations conducted by Group's companies: these include monitoring and evaluating the control environment, auditing of processes, accounting procedures and compliance with Law 262 on the financial reporting process. Through a programme of checks agreed with both the Director in charge and the Control and Risk Committee for Corporate Governance, the main objective of the audit plan is to verify and ensure the reliability, completeness, correctness and timeliness of all documentation, in line with the recommendations of the Group's administrative and accounting operating procedures.

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

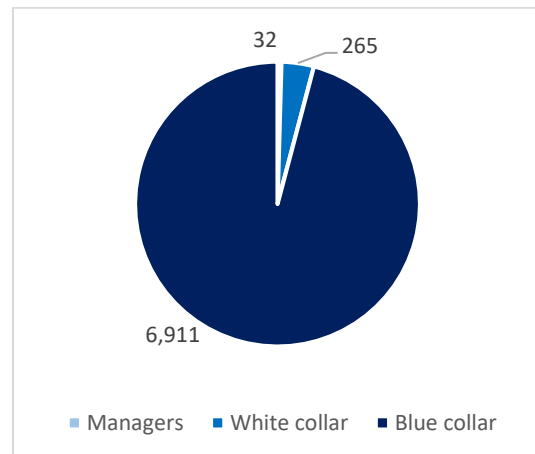


In 2020, 7,911 employees were trained specifically on anti-corruption issues, for a total of 7,207 hours of training provided, a significant increase compared to previous years. 100% of the Group's blue collars<sup>2</sup>, 10% of the white collars and 11% of the managers were trained on these topics.

**Fig. 8 – Employees trained on anti-corruption in 2020 by category [GRI 205-2]**



**Fig. 9 - Hours of anti-corruption training provided in 2020 by category [GRI 205-2]**



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

<sup>2</sup> The number of workers trained on anti-corruption issues in 2020 is higher than the number of workers in the Group as of 31<sup>st</sup> December 2020 because training is provided upon joining the company, so the count of trained workers may also include staff who have their employment contracts terminated during the year.

No legal action relating to anti-competitive, anti-trust and monopolistic practices was taken in the three-year period 2018-20. [\[GRI 206-1\]](#)

As regards compliance with the law on marketing and communication, no cases of non-compliance occurred in 2020, unlike in 2019 when two cases were recorded and settled, not leading to sanctions but merely to a warning. Also, in 2018, four disputes were registered and settled: in particular, two reports were related to trademark applications and the remainder were instead attributable to promotional communication. [\[GRI 417-3\]](#)

In relation to environmental compliance, no report or penalty has been recorded during the three-year period 2018-20. [\[GRI 307-1\]](#)

Lastly, it is noted that the Group does not make contributions of any kind (directly or indirectly) to political parties or movements, political and trade union organisations, nor to their representatives or candidates, in Italy or abroad. [\[GRI 415-1\]](#)

### 1.3. Our sustainability strategy

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

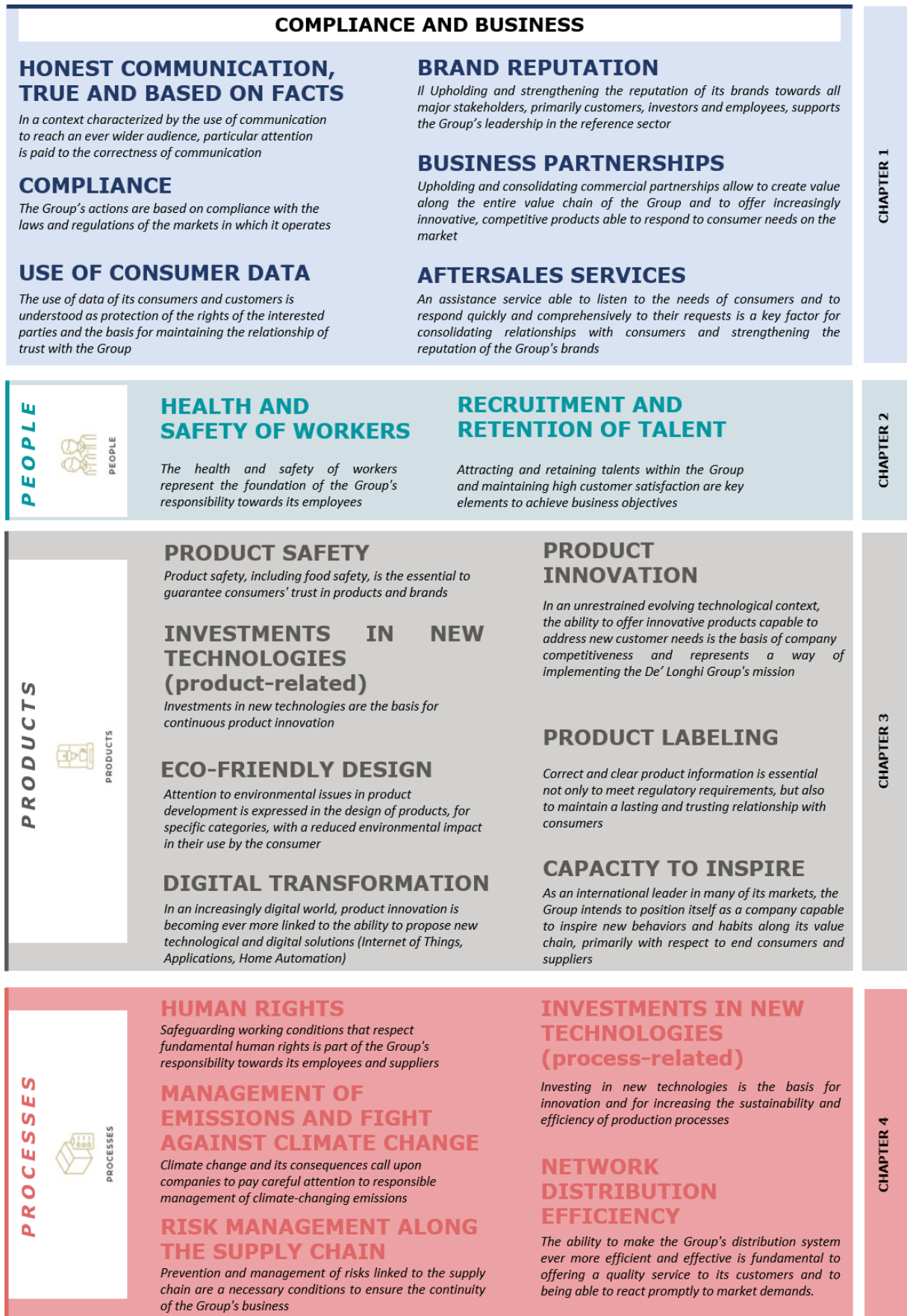
Starting from 2019, the Group's Sustainability Governance has been formalized: starting from the oversight at Board level through the **Control and Risk, Corporate Governance and Sustainability Committee**, it is strategically and operationally applied by the **Sustainability Steering Committee** and the **Sustainability Ambassadors**.



The first and fundamental activity involving Governance was the definition of the three Pillars on which the Group structured its sustainability strategy:



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



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



## 2. The People of De' Longhi Group

### *Valuing our People, the Everyday makers*

*We are Everyday Makers, a global community of more than 9,000 people who give their all every day to make their consumers experience special and authentic moments.*

*We are craftsmen of innovation, and we work together, sharing the same goals, passion and desire to make a difference. We care about the well-being and growth of our people: we welcome their voice with active listening tools and encourage a new learning culture based on "continuous learning".*

#### HIGHLIGHTS 2020



**9,378**  
employees



**52%**  
of female employees



**221,847**  
training hours  
(+37% compared with 2019)



**2.5**  
accident rate index  
(-28% compared with 2019)



## 2.1. The Everyday Makers

People are one of the three pillars on which the Group's sustainability strategy is founded. The Group has always been keen on motivating its employees, enhancing their human and professional development and attracting new talent. Care and attention in managing relationships between people is part of the Company's philosophy, which is committed to fostering a workplace characterized by passion, collaboration, respect and tradition, and which encourages the employees to be loyal and fair to their colleagues, building on the value of diversity.

The Human Resources and Organisation Office, coordinated by the Chief Corporate Services Officer, manages human resources at Group level and is organised in such a way so as to articulate management roles in macro-clusters and to strengthen Talent Acquisition, Training and Development, and Internal Communication activities. The HR function, which operates at a local level with dedicated structures, deals with numerous aspects: in addition to those already listed, the administrative management of labour relations and those with trade union representatives, as well as the development of initiatives related to employees engagement and the monitoring of health and safety issues in the workplace.

In particular, the Talent Acquisition and Employer Branding function, although introduced already in 2019, became fully operational in 2020. As part of a broader strategy undertaken by De' Longhi to increase the Group's global standing and recognition, and in addition to integrating more the recruiting process, it has already launched two initiatives in the digital sphere: the update of the "People" and "Careers" sections of the corporate website, now more and more attractive, and the introduction of a new global LinkedIn page replacing the local ones so as to increase the involvement of its community.

On the other hand, in 2020 Talent Development has kept on using the various modules of SAP's Success Factors management system: through De' Longhi's PULSE platform, which also enables the management of compensation and performance management processes, employees can access an online training catalogue and set up a tailor-made training plan, with e-learning courses that have already proven to be particularly valuable during a year in which in-person training activities were significantly interrupted. [GRI 102-16, GRI 103-2, 103-3]

In 2020, the results of the third edition of the corporate survey "Your voice: to make a difference", a tool to monitor the level of motivation and satisfaction of the Group's people, were also made public. With a very high level of participation, the survey showed a slight increase in the overall level of engagement with respect to the previous edition. This has to be attributed to a marked improvement in the areas of "Giving Something Back", "My Team" and "Well-being", reflecting the numerous initiatives implemented by the Group in these areas.

**Our vision**

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

**Our values – Everyday Makers**

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

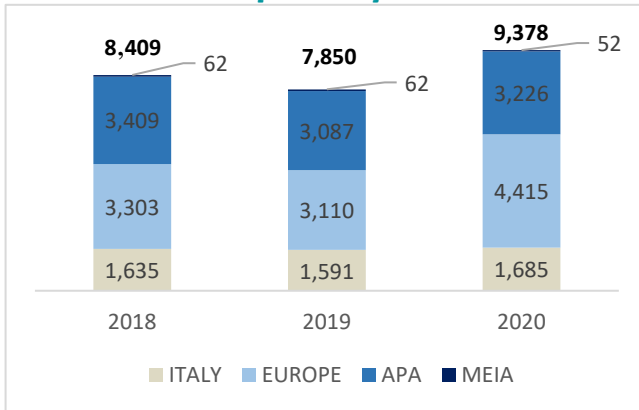


The Group had 9,378 employees as of 31<sup>st</sup> December 2020, with an increase of 19% with respect to last year's: the various factors this increase can be attributed to include the opening of the new production plant in Salonta (Romania) and the regular resumption of *recruiting* processes starting from the second half of the year. However, considering the

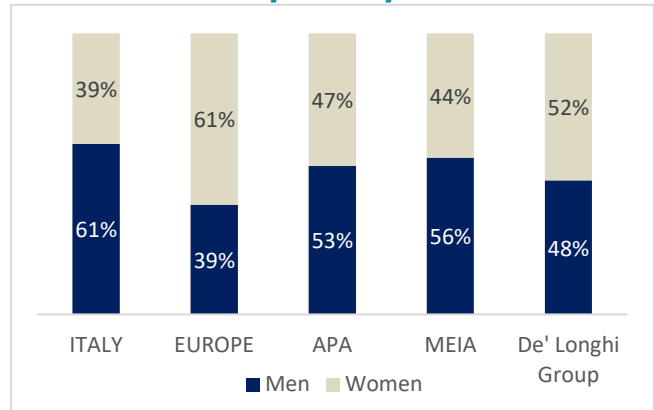
average number of employees during the year, the difference compared to 2019 is less significant. Women in the De' Longhi Group make up for the majority of the company's population (52%, up from 49% in 2019), as do employees with a permanent contract (92%), albeit slightly less than the previous year (93%).

**The De' Longhi Group People:**

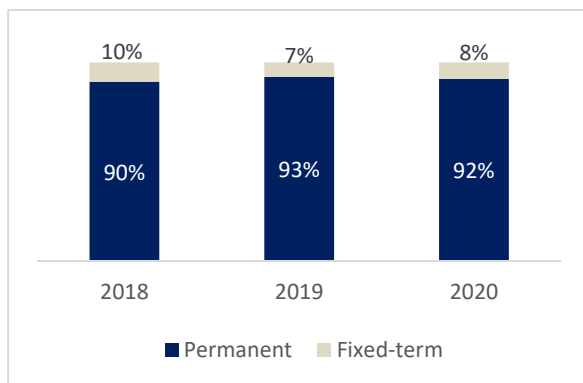
**Fig. 11 – Number of employees by geographical area [GRI 102-8]**



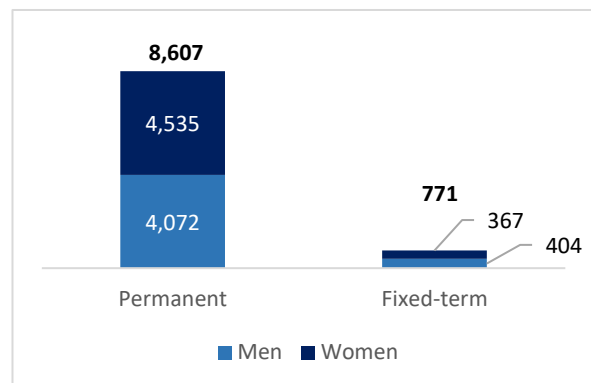
**Fig. 12 – Percentage of employees by gender, 2020 [GRI 102-8]**



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



**Fig. 14 – Number of employees by contract type and gender, 2020 [GRI 102-8]**

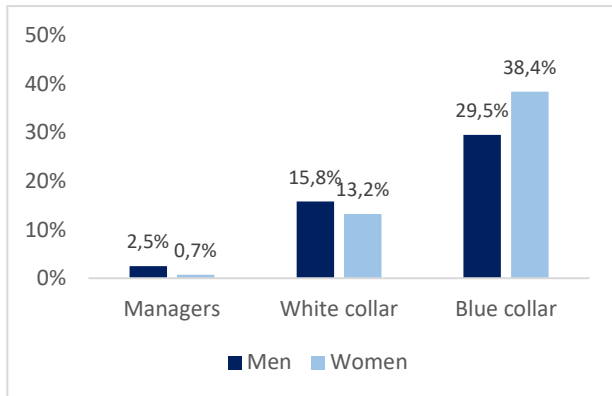


**Talents of today and tomorrow: "Onboardays" and relations with Universities**

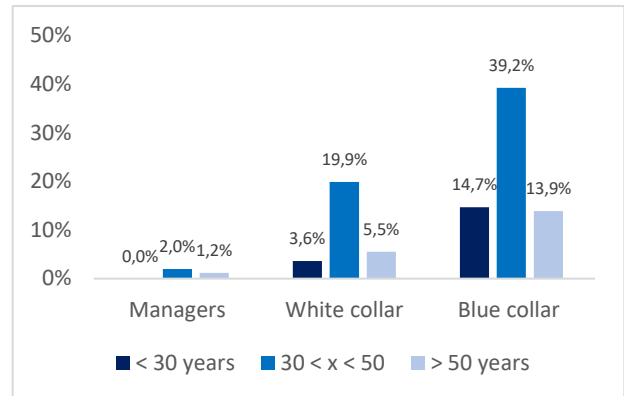
We organise the *Onboardays*, a welcome format designed in 2019 to make the first contact of new joiners with De' Longhi's world more interactive: occurring every six months, the two-day events immediately stimulate a sense of belonging within the Group and allow participants to get to know each other through team-building activities. The success of such events pushed De' Longhi to reintroduce the welcome format in 2020 as well by fully digitalizing it, and diluting it over an entire week as a means to ensure that every new employee is duly welcomed even during the pandemic.

Similarly, we constantly keep an eye on the future, one of the main reasons why we strive every year to maintain existing, and develop new relationships with top-tier Italian and foreign Universities. The possibility of attracting new talents coming from the academic world is essential for De' Longhi, which has always been looking for specialised profiles to be included within the Company. For this reason, although the activities with Universities decreased in 2020 for obvious reasons, towards the end of the year the Group launched partnerships with Bocconi University and the Polytechnic University of Milan, two universities with a strong international vocation: the two projects, which will be inaugurated later on in 2021, will make it possible, among other things, to directly interact with students through dedicated conferences and events, to develop training courses to be offered internally to the Group's people and to launch both internship programmes and research activities, making these collaborations as broad as possible and not limited to recruiting young people only.

**Fig. 15 - De' Longhi Group's people, by qualification and gender, percentage, 2020 [GRI 405-1]**



**Fig. 16 - De' Longhi Group people, by qualification and age, percentage, 2020 [GRI 405-1]**

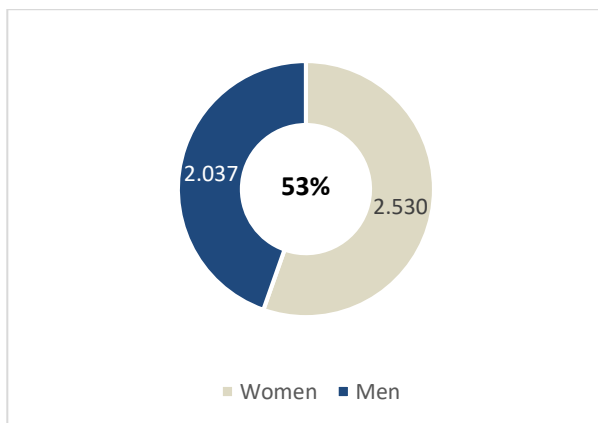


In 2020, the Group's workforce was comprised by 67.8% of blue-collar workers, 29% of white-collar workers and the remaining 3.2% of managers. The majority of the company's workforce is between 30 and 50 years old (61%), while the share of people over the age of 50 is around 20.6%. Additional detailed figures are reported in the appendices to this document.

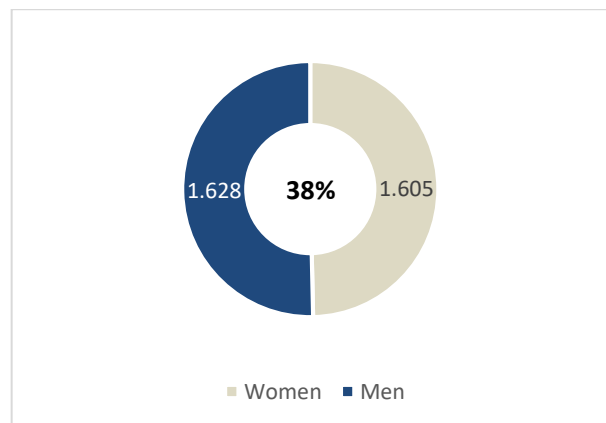
All the employees in Italy, Romania, France, Portugal, Spain, Austria, Ukraine and Croatia are covered by **collective bargaining agreements**. Conversely, these agreements cover employees from the following countries to varied degrees: Benelux (99%), Germany (for De' Longhi Braun Household, 82%) and Australia (12%). For the remaining countries, there is no mandatory collective bargaining agreement and, consequently, no employee is covered. Therefore, 64% of De' Longhi Group's employees is covered by collective bargaining. [GRI 102-41]

In 2020, the Group recorded 4,567 permanent employee hires and 3,233 terminations. Traditionally, the APA (Asia, Pacific, Americas) region is characterized by higher hiring and termination rates, mainly due to the high turnover that generally pertains to the Asian labour market; however, 2020 stood out for the large number of new hires due to the opening of the new Salonta plant.

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



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



The safeguard of its people's Human Rights has always been a central aspect to the De' Longhi Group, whose labour practices (such as child labour and overtime) are verified also during the audits carried out by clients. For instance, in 2018 one of these audits revealed a case of child labour at the OnShiu plant in China: the worker, who had submitted counterfeited ID during the recruitment phase, was immediately dismissed. Since then, various initiatives and additional checks have been put in place, also with the involvement of local authorities, so as to avoid similar incidents to occur in the future: as a consequence, in both 2019 and 2020 there were no cases of human rights non-compliance within the Group.

In addition, no reports of discrimination were received during the three-year reporting period. [GRI 406-1]

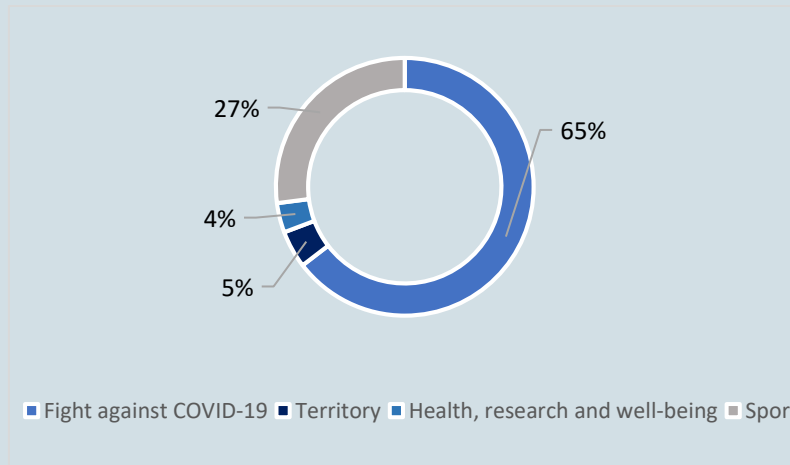
### Social commitment in the fight against COVID-19

Through numerous initiatives and projects, the De' Longhi Group has always been committed to supporting and enhancing the communities and territories in which it operates. It did not fail to offer its support even during the months characterized by the health emergency. In addition to donations to hospitals in the Veneto Region and the Ca' Foncello hospital in Treviso, the Group has set up a counselling service in Italy to provide psychological support to its employees, an initiative that achieved resounding success and has therefore been implemented in other foreign locations.

In Romania, whose plants are characterised by the production of coffee machines, some of these appliances were donated to more than 130 local hospitals as a symbol of proximity and support to doctors and nurses engaged in the fight against COVID-19. In Cluj, two donations were made to the Cluj hospital in April and May to purchase power generators and ventilation systems.

Overall, in 2020 the De' Longhi Group distributed around €4.9 million to the community, with a more than 150% increase if compared to 2019 (around €1.8 million). Out of this amount, more than three million was aimed to contribute to the fight against COVID-19, while the remainder has been distributed for local, sports and research-related initiatives.

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



\*The value distributed to the community was calculated using the free donations and sponsorships item of the income statement

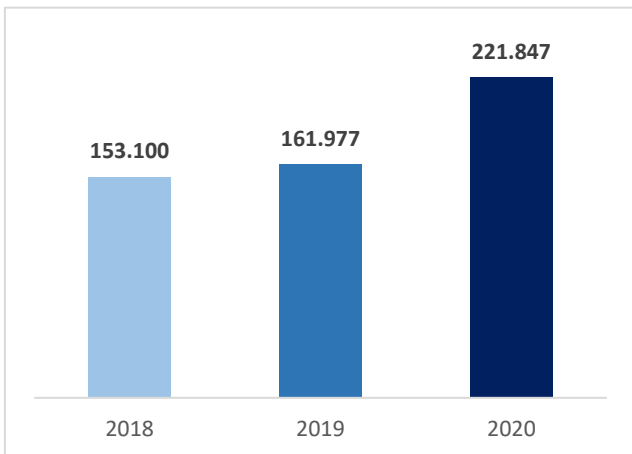
## 2.2. Support and growth of people

All Group employees are supported in their professional development, thanks to *ad hoc* training courses that enhance their skills and careers. Despite a year marked by the health emergency, during which in-person courses could not be held for long periods, 2020 saw an increase of 15% (23.7) in average training hours per capita compared to 2019, for a total of almost 222,000 training hours, with an augmentation of around 37% with respect to last year. These results were possible thanks to the prompt digitalization of previously in-person held courses, which consequently have been delivered in 2020 in e-learning.

In this context of continuous growth, De' Longhi has been running for years a managerial support programme that has been involving hundreds of managers based in the headquarters, in foreign subsidiaries and in production plants: initially called "*U-Connect*", the programme has evolved into a new phase characterized by a focus on teams management, being renamed "*WeMake*" and maintaining the experimental laboratory formula that had already characterised the first phase of the programme (for more details see the box "*WeMake - Shaping together our future*").

In 2020, a process of restyling of the learning PULSE module was also initiated: since 2019, it has allowed employees in Italy to access an online catalogue to adhere to various "training pills" (including modules regarding leadership, public speaking and project management), delivered both physically and remotely. This renewal process, which will continue throughout 2021, aims to tighten the relationship with the Group's identity and the new performance appraisal system by improving the user experience and defining a new content catalogue.

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



### The enhancement of our people, an integrated system

The Human Resources Office organises assessment and coaching activities aimed at key figures at the Italian offices and worldwide branches, to map and develop the skills and potential of the people involved. In 2019, the new Group MBO Policy was also adopted, which manages the variable remuneration applied to employees of Group companies with a string propensity towards Group Identity.

Fig. 21 – Personnel training 2020, average hours per employee by gender [GRI 404-1]

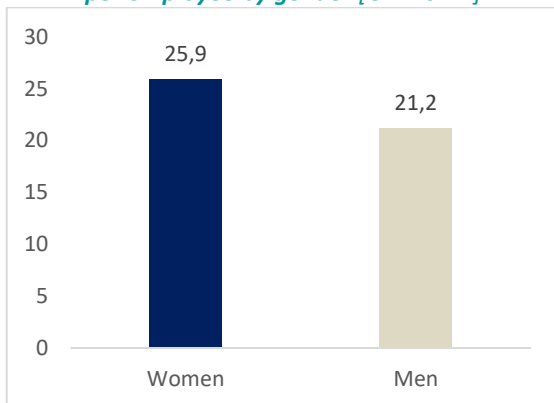
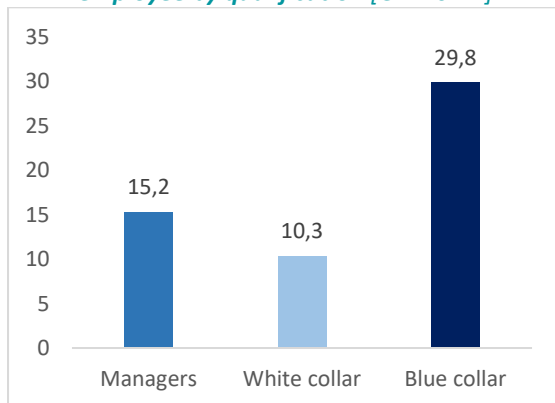


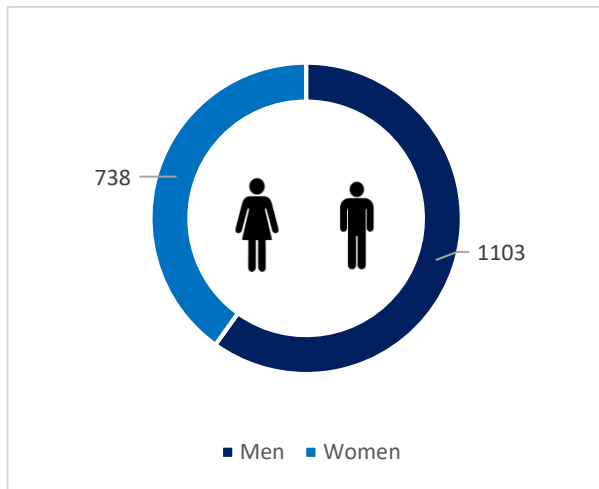
Fig. 22 – Personnel training 2020, average hours per employee by qualification [GRI 404-1]



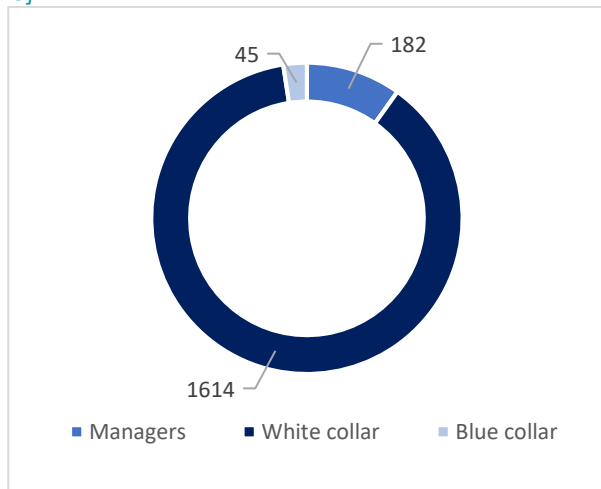
The **performance appraisal system**, through which the Group aims to ensure the professional growth and development of its people, was redesigned during 2020 and will become fully operational between the end of 2021 and the beginning

of 2022 when it will be fully integrated into the Success Factors platform. The appraisal method will therefore undergo a renewal process: it will provide continuous and extensive feedback to ensure the most comprehensive appraisal possible; it will encourage proactivity and interaction between employees; and, through its focus on employees' skills, strengths and ambitions, it will facilitate internal mobility and job rotation. At the same time, as in the previous version, it will allow to identify the strengths and possible areas for improvement of each person at all Group levels, defining a development plan which, in the final stage, will also include an interview between the employee himself and his superior. [GRI 404-3]

**Fig. 23 – People who underwent a performance assessment by gender in 2020, number [GRI 404-3]**



**Fig. 24 – People who underwent a performance assessment by qualification in 2020, number [GRI 404-3]**



### WeMake – Shaping together our future

Concerning training and education, another initiative that had to face the obstacles derived from the health emergency is the *WeMake - Shaping together our future* programme, a course dedicated to the Group's managers to support them in developing people management skills. Already introduced in 2019, the implementation was redesigned in to be available in full digital format, changing its content and adapting it to the new digital delivery mode. This allowed the initiative to be completed in 2020. The feedbacks received in recent months, collected in the Group's production plants and subsidiaries around the world, have in some cases been strongly positive and have shown how the virtual declination of the initiative was appreciated ultimately.

### 2.3. Health and safety in the workplace

The Human Resources department is responsible for safeguarding the health and safety of people in the workplace, which is a key issue for the De' Longhi Group: it operates through continuous prevention and improvement of employee well-being, which is fundamental in a year hit by the pandemic. The issue is overseen by the Human Resources Department and by delegated representatives on the fulfilment of health and safety obligations on a local level, such as, for example, the Head of the Prevention and Protection Department for Italy and the plant managers in China and Romania.

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

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

#### **Employee well-being and the response to the COVID-19 pandemic**

Through numerous actions and projects involving both offices and production facilities, we are constantly striving to improve the working conditions of our people, to ensure safe, comfortable and suitable workplaces for their activities. Some of the aspects we focused on in 2020 concern the ergonomics of workstations (with the introduction of newly designed desks with modulable tops) and the mitigation of the main risks associated with the manual handling of heavy loads, repetitive movements and the use of physical force: to address these topics, we continued to invest in machinery that automates some processes along the production lines and that allows employees to significantly reduce the use of physical force.

However, it is undeniable that during 2020 the most significant investments were made to adapt work environments to the new and unexpected scenario of the global spread of the COVID-19 virus. Thanks to our presence in China, where the first cases of infection occurred, we were able to learn how to coexist with the virus and timely implement all the measures needed to fight it. Based on our experience gained in the Chinese plants, we then extended those measures to other locations as well: initially, thanks to the collaboration of internal staff, it was decided to allow access to offices and plants only after having body temperature measured at the gates; at the same time, the use of gloves and masks was made compulsory, the capacity of all meeting rooms was reduced, and offices were equipped with disinfectant gel dispensers. Subsequently, to further reduce the possibility of contagion among employees, it was decided to implement a remote working policy for all clerical activities for which it was feasible: this ensured continuity of operations even after the introduction of national lockdown measures starting from the beginning of March. The Mignagola plant had to suspend its activities for a few weeks, as it was not among those considered essential according to national prescriptions. During this period, the Group implemented all the necessary safety measures in view of the resumption of the activities: plexiglass partitions were installed between workstations on each assembly line; canteens were closed and compensated in the meantime by meal vouchers; all workers were provided with the necessary Personal Protective Equipment (PPE); work shifts, after proper agreements with the trade unions, were spread over the whole day to allow half the staff presence and the same production volumes, thus drastically reducing the risk of any gathering. Other measures implemented in offices and factories, in addition to increased sanitation operations, included: the installation of thermoscanners at turnstiles for automatic body temperature detection and the purchase of rapid swab machines, which allowed to quickly assess any suspicion of the infection.

The success of the measures implemented is demonstrated by the fact that no significant cases of transmission of the infection between colleagues in the workplace were found throughout the year, exception made for a couple of situations, with a limited number of transmissions, in France and Romania.

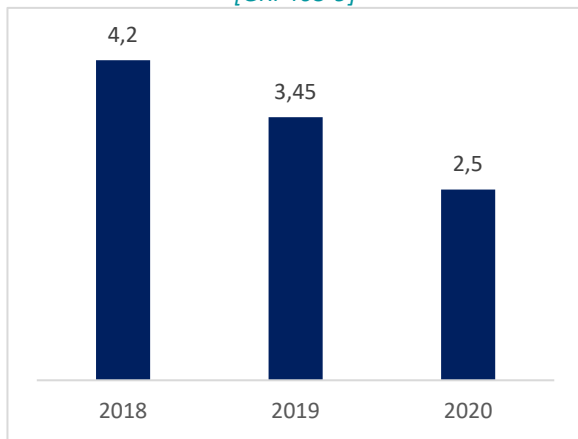
Finally, the Group has implemented the global initiative "*Stay safe, stay active, stay together*": born from the need to make the Group feel close to its people in a situation of isolation and potential loneliness due to periods of lockdown and subsequently working from home., the initiative, particularly appreciated by employees, has allowed the company to open an additional channel of communication with all of them, keeping them constantly updated, sharing best practices and offering opportunities of training and continuous learning linked to both the work context and the private life sphere.

In 2020, the number of injuries occurred to the Group's employees (50) was 21% lower than in 2019 (63). The injury rate also decreased in 2020 by around 28% with a value of 2.5 compared to 3.45 in 2019, indicating that the risk of an accident was lower given the same amount of worked hours.

The number of occupational illnesses confirmed in 2020 (4) is slightly higher than in the previous two years (there were 3 in both 2018 and 2019): their frequency index of 0.2 is therefore slightly higher in 2020 (0.16 in 2018 and 2019).

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

**Fig. 25 – Injury rate**  
[GRI 403-9]



**Fig. 26 – Occupational disease rate**  
[GRI 403-10]





## 3. Our products, to improve everyday life

*Integrating sustainability in product design and innovation*

*Our products, which stand out for their style, design, quality and functionality, allow the Group to be a leader in the coffee, food preparation and home comfort segments, integrating sustainability into the design and product innovation.*

### HIGHLIGHTS 2020



A worldwide renowned  
brand portfolio



partnership and research  
activities launched with the  
best universities in the world



100%

of products assessed as regards  
electrical safety and food contact

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

De' Longhi has always paid attention to anticipating and satisfying the needs of its clients and end consumers, and it stands out for its **innovative capacity**, which is articulated in various aspects: in addition to the fundamental aspects of compliance with current standards and regulations on energy efficiency, food safety and noise pollution, innovation for De' Longhi means **multi-functionality and ease of use, silence, carefully chosen materials**, attention to **design** and **ergonomics** and the development of technologies that favour **healthy eating habits** and **increased home comfort**. In addition to this is the **durability** of the product, which is particularly relevant in a sector where the implementation of a virtuous model of circular economy is contrasted with the practice of planned obsolescence. The Group pursues this objective through well-established practices, such as the **eco-design** of products, which are made up of by components that are easy to disassemble and clean so as to ensure a longer life cycle (see paragraph "*Integrating sustainability into product design and innovation*"). More recently, the innovative solutions offered by the Group have also been linked to digital technologies such as Internet of Things and **connectivity**, which make it possible to control products remotely and thus benefiting from a reduction in energy consumption resulting from their use (see box *De' Longhi Group's main products*).

The process for developing innovative products, which are centrally protected by patents, involves numerous corporate functions and follows specific guidelines, known as NPD (New Project Development) procedures: in the cities of Treviso (Italy), Frankfurt (Germany), Havant (UK) and Dongguan (China) there are technical offices in which more than 350 people are engaged on a daily basis in designing new solutions. In addition, with a typical Local for Global approach, the offices ensure compliance with the legislation in force in each country where the company operates: in this respect, the Marketing and Design offices, together with the Regulatory of the Quality Department team, ensure constant monitoring of **sector regulatory updates**. Finally, consumers are involved through pre- and post-launch on market tests and are asked to provide feedback, which allows De' Longhi to assess the level of satisfaction with its products.

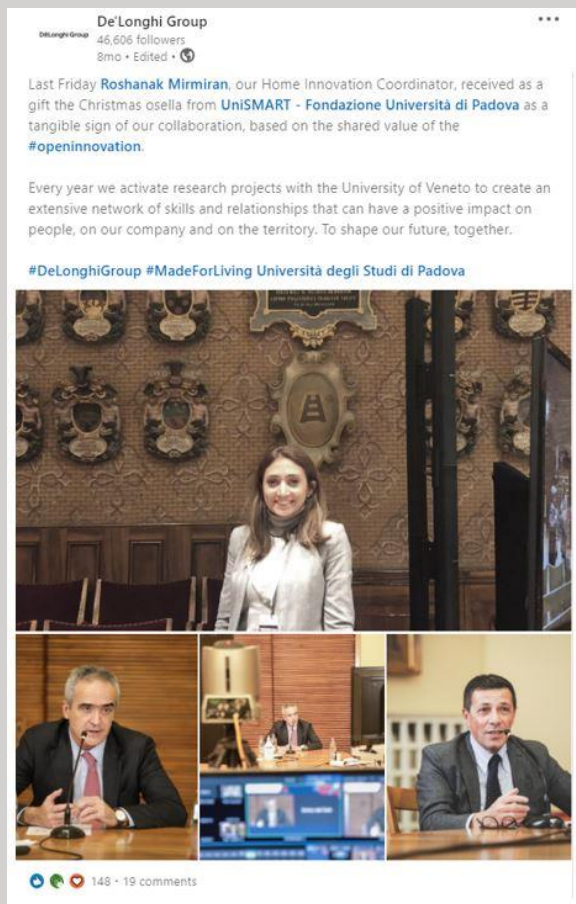
The conception and design phase is the first step only in the Group's entire production chain, which has been targeted for several years now by initiatives from De' Longhi to promote and integrate **sustainability**. In fact, the desire to ensure unique design and quality, ergonomic and reliable products cannot be separated from the attention to environmental and social issues that are linked to both their production and their use. In this context of responsibility and commitment to fight climate change, the Group proposes numerous initiatives in favour of the environment every year, integrating sustainability issues into product design (see section *Energy-efficient products, for maximum performance with minimum impact*).

As in previous years, the Group also made investments in 2020, including the acquisition of the new Salonta plant in Romania.

### Young designers in research:

#### Partnerships with top universities in Italy and around the world

To develop innovative ideas that are functional to the offered product line, for several years the Group has established and promoted lasting relationships with the best research centres and universities in Italy and abroad, with which it develops numerous projects and organises workshops involving students and professors of all nationalities.



*What is said about us:* we received a prestigious award from the UniSMART Foundation of the University of Padua, with which we collaborate every year to share skills and innovative ideas of a strong strategic nature. This is a tangible recognition and one of the many examples of how the De' Longhi Group actively participates in the growth of talents in the academic environment.

Major launches and award-winning products of 2020

COFFEE

**BRAUN**



MultiServe coffee maker  
KF 9170SI and KF 9050BK



**DeLonghi**



Primadonna Soul



**DeLonghi**



The Specialista Maestro



HOME COMFORT AND CURE

**BRAUN**



CareStyle 1

**BRAUN**



CareStyle 5 & CareStyle 5 Pro Steam generator iron series



**BRAUN**





















TextStyle 5

**DeLonghi**





Pinguino EL112 CST

FOOD PREPARATION AND COOKING

<p><b>BRAUN</b></p>  <p><b>PurEase food processor</b></p>	<p><b>BRAUN</b></p>  <p><b>GERMAN DESIGN AWARD WINNER 2021</b></p>   <p>reddot winner 2021</p> <p><b>New MultiQuick MQ 9</b></p>	<p><b>DeLonghi</b></p>  <p><b>Breakfast Icona Metallic</b></p>
<p><b>BRAUN</b></p>  <p><b>GERMAN DESIGN AWARD WINNER 2020</b></p>   <p><b>MultiQuick MQ 7X hand blender series</b></p>	<p><b>BRAUN</b></p>  <p><b>reddot winner 2021</b></p>  <p><b>PowerBlend 3</b></p>	<p><b>KENWOOD</b></p>  <p><b>reddot winner 2021</b></p>  <p><b>Titanium Chef Baker</b></p>
<p><b>KENWOOD</b></p>  <p><b>TEST achats</b></p>  <p>reddot winner 2021</p>  <p><b>Cooking Chef XL</b></p>	<p><b>KENWOOD</b></p>  <p><b>BEST BUY</b></p>  <p>reddot winner 2021</p>  <p><b>TITANIUM CHEF PÂTISSIER XL</b></p> <p><b>Titanium Chef Patisserie XL</b></p>	<p><b>KENWOOD</b></p>  <p><b>reddot winner 2021</b></p>  <p><b>MultiPro Express</b></p>


## Main awards received

 <p><b>Altroconsumo</b> <b>Braun</b> Steam Station IS2044; <b>Kenwood</b> Compact Robot FDP300WH</p>	 <p><b>Best Buy</b> <b>Braun</b> Stick Blender MQ 3025; <b>Braun</b> Steam Iron SI3041.GR; <b>De' Longhi</b> Primadonna Soul.</p>	 <p><b>Consumenten Bonds</b> <b>Braun</b> Drip/Filter Coffee Machines KF 7120 PurAroma 7, KF 7020 PurAroma 7, KF 5120 WH ID Collection.</p>
 <p><b>ETM Testmagazin</b> <b>Braun</b> Toaster HT5010; <b>Braun</b> Thermal Mug; <b>Braun</b> MX7045X, <b>Braun</b> Stick Blenders MX7000X, MX7045X; <b>De' Longhi</b> Primadonna Soul; <b>Kenwood</b> Titanium Chef Patisserie XL.</p>	 <p><b>iF Design Award 2021</b> <b>Kenwood</b> Titanium Chef Baker; <b>Kenwood</b> Cooking Chef XL; <b>Kenwood</b> Titanium Chef Patisserie XL; <b>Kenwood</b> MultiPro Express.</p>	 <p><b>iF Design Award 2020</b> <b>Braun</b> MultiServe coffee maker KF 9170SI, KF 9050BK; <b>Braun</b> MultiQuick MQ 7X hand blender series; <b>De' Longhi</b> La Specialista Maestro.</p>
 <p><b>German Design Award 2021</b> <b>Braun</b> New MultiQuick MQ 9 hand blender series.</p>	 <p><b>German Design Award 2020</b> <b>Braun</b> CareStyle 5 &amp; CareStyle 5 Pro Steam generator iron series IS 5155 WH, IS 5145 WH e IS 5145 BK; <b>Braun</b> MultiQuick MQ 7X hand blender series.</p>	 <p><b>German Innovation Award 2020 Gold</b> <b>Braun</b> MultiQuick MQ 7X hand blender series.</p>
 <p><b>German Innovation Award 2020</b> <b>Braun</b> CareStyle 5 &amp; CareStyle 5 Pro Steam generator iron series IS 5155 WH, IS 5145 WH e IS 5145 BK.</p>	 <p><b>Plus X Award 2021</b> <b>Braun</b> New MultiQuick MQ 9 hand blender series.</p>	 <p><b>Plus X Award 2019/2020</b> <b>Braun</b> PowerBlend 3; <b>Braun</b> MultiQuick MQ 9 hand blender series; <b>Braun</b> MultiQuick MQ 7X hand blender series</p>
 <p><b>Red Dot Award 2021</b> <b>Braun</b> New MultiQuick MQ 9 hand blender series; <b>De' Longhi</b> La Specialista Maestro; <b>Kenwood</b> Titanium Chef Baker; <b>Kenwood</b> Cooking Chef XL; <b>Kenwood</b> Titanium Chef Patisserie XL; <b>Kenwood</b> MultiPro Express.</p>	 <p><b>Test Achats</b> <b>De' Longhi</b> Primadonna Soul; <b>Kenwood</b> Cooking Chef XL; <b>Kenwood</b> Titanium Chef Patisserie XL.</p>	 <p><b>ZPS Test</b> <b>Braun</b> Stick Blender MQ3035 Sauce, MQ3000 Smoothie, MQ 3025 Spaghetti; <b>Braun</b> Steam Iron SI3041.GR.</p>

## Taking care of our consumers, ensuring support, transparency and data protection

An integral part of our business strategy is represented by the **related services**, which contribute to the consumer journey of customers. Overall, consumer satisfaction is monitored both through various KPIs (such as the **Net Promoter Score (NPS)**, designed to measure customer loyalty and the likelihood that they will recommend the product or service to others) and through ad hoc surveys carried out by the Marketing department. These are carried out at Corporate and brand level and aim to investigate the level of satisfaction with the Group's portfolio, to test the potential of new products to be launched on the market and to constantly monitor the reputation level of the brand.

Among the various initiatives, below are some surveys carried out during the 2018-2020 three-year period:

<p><b>Kenwood</b></p> 	<p><i>Survey sample:</i> more than 1,000 people</p> <p><i>Markets:</i> United Kingdom, Italy, France, Germany, Australia</p> <p><i>Start and end of the survey:</i> November 2020 - March 2021</p> <p><i>Main results:</i> the survey, that focused on Kenwood food processors and entry-level kitchen machines, identified the main aspects that could be improved in the use of the former (such as the choice of speeds and ease of use) and highlighted how the latter are frequently used to prepare simple recipes that the whole family can enjoy.</p>
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## Braun



*Survey sample:* more than 1,800 people participated in surveys carried out both online and in focus groups

*Markets:* Italy, USA and China

*Start and end of the survey:* March 2020 - February 2021

*Main results:* the surveys covered heterogeneous aspects, involving the categories of ironing systems, hand blenders and coffee filters; for the latter, the focus was on finding more appealing communication concepts for consumers to refine the Group's messages to its customers. For ironing systems, the research aimed to identify the areas of the body most subjected to stress when using Braun branded irons, while in the category of hand blenders, the survey aimed to understand their actual home use, to identify the merits and demerits that consumers face, as well as to share new ideas and concepts and assess their attractiveness to the people involved.

## De' Longhi



*Objective of the surveys:* the main surveys conducted by the De' Longhi brand focused on understanding both consumer habits regarding the preparation and consumption of milk drinks and consumer needs, related to issues such as air quality and humidity.

*Survey sample:* more than 1500 customers

*Markets:* Australia, USA, UK, Germany, France

*Start and end of the survey:* 2019-2020

*Main results:* the survey has helped, on one hand, to understand aspects concerning drink preparation and interaction with the milk system and, on the other hand, to assess problems for the consumer due to excessively low or high air quality and humidity. Concerning the latter, it emerged that some Group competitors are approaching the communication aspect of comfort products from an emotional point of view, focusing on the benefits of home comfort, health and physical well-being.

The assistance service to the final consumers is guaranteed by the dense network of contact centres and technical assistance centres, two essential tools in the relationship between the Group and its customers. These structures are managed by the Customer Care function, which in 2019 enriched its competencies, taking on its current name (previously known as the After-Sales Department) to reflect the increasingly integrated service of supporting consumers along with the purchasing and after-sales processes. The function, which sets the reference standards throughout the Group, in 2020 worked on strengthening the **customer support channels**, acting on both traditional ones (such as e-mail, telephone and chat) and more modern ones (social networks), experiencing a significant growth in communications with the end consumer. The enhancement of these lines adds up to the completion in 2020 of a major project of customer care and customer simplicity, which has enabled the CRM management system (Customer Relation Management, see box *Supporting technology, to improve every day*) to offer a new way of communicating with the customer in the cloud.

The frequency of contacts with consumers increased significantly during 2020 (at times with peaks of 100% higher than in previous years), which was also a challenging year for the **contact centre** network, mainly due to temporary office closures and their subsequent reorganisation to enable compliance with health regulations. These centres, which operate on an outsourcing basis and cover almost all of the Group's subsidiaries, take care of consumer requests by providing continuous support for an optimal customer journey: to cope with the difficulties posed by the health emergency, their staff was increased during the year, as was for the staff dedicated to pick and packing of materials.

The **technical assistance centres**, operating mostly in outsourcing, have also had to cope with numerous obstacles in the past year. The pandemic forced the temporary closure of a significant number of these centres (which amount to about 1,800 worldwide and 300 in Italy), exception made for those located in Germany, where work continued without interruptions: this necessarily brought to a reduction in operations, leading to an increase in the average **service time**, also due to a significant increase of Group sales in the same period. Despite this difficulties, and thanks also to an increase in the workforce, the system has shown great resilience, relying on the German hub at critical times and never interrupting the repair service, thus proving its flexibility and adaptability to the surrounding reality once again.

The quality of service provided by the technical assistance centres and contact centres is constantly monitored by the Customer Care Department through on-site visits, specific indicators and training activities. The partners performing the

service activities are also subject to an annual **mystery visit** by the Group: in the event that the score assigned after the inspection is higher than 85%, the structure is recognized the so-called "Excellence Award", an "Excellence Certificate" present in Italy to reward the partners that offer the best services in terms of quality; if obtained, this certificate can be exhibited at the De' Longhi technical assistance shop. During 2020, inspections were only interrupted during the national lockdown months and then carried out normally as soon as government regulations allowed so.

As is the case for all De' Longhi employees, also external partners specialised in technical support can benefit from **training activities** during the year. Courses that were traditionally carried out in-person have been replaced in 2020 by the synergy of e-learning and online training, whose platform has recently been updated to be faster, more usable and reliable. This modular, remote fruition has been the only alternative in order to be able to train people, and has proved to be extremely valuable by allowing training activities to carry on – an essential aspect so as to be able to explain the functioning of the new products launched on the market, that in some cases can present technical complexities.

In addition to the average service time, the **quality of repairs** is also constantly monitored: to do this, the Group makes use of the **First-Time Fix (FTF)**, which indicates the percentage of repaired products that do not need new assistance interventions in the six months following the previous repair. FTF value remains unchanged in 2020, setting above 95% and fully in line with 2019, confirming that almost all products received an adequate and quality repair.

### Support technology, to improve every day

An extensive SAP Customer Relation Management (CRM) management system has been implemented in all Group companies, enabling an integrated and efficient management of consumer data. This system enables the tracking of interactions between the company and consumer base that reaches approximately 80% of the Group's revenues and is capable of generating feedback and performing analyses of the information gathered. Throughout 2019, a centralised system of "quality control" of the customer care service was introduced, with the aim of monitoring the adequacy and effectiveness of communication between the company and the consumer.

The most important new feature of 2020 is the implementation of the software **Wonderflow**, a VoC management tool (Voice of Customer) that enables both the collection and the structured analysis of reviews on the online channels of the world's leading retailers. This data driven platform allows for intuitive text analytics, text mining, sentiment analysis and rating breakdown operations, gathering information on both the Group's products and those of its competitors, thus allowing to investigate different competitive aspects thanks to a deep level of detail. Exploiting big data analysis, **Wonderflow** is an evolution of the *Business Intelligence* activities already carried out in the previous years and has allowed to strengthen De' Longhi's listening capacity. Through the scraping of information, the platform allows to combine reviews with direct customer feedback, collected through the internal CRM: therefore, the tool has an "**Actionable feedback**" based on hundreds of thousands of communicative interactions for several of the Group's product categories.

### Use of consumer data

The **Code of Ethics** states the Group's commitment to protecting the confidentiality of the information and data in its possession relating to clients and customers. This information, which must be shared in compliance with laws, rules and practices of professional conduct, is collected and stored in two data centres located in Italy and China, whose security is guaranteed, with the support of the central IT function, through both physical and IT systems. Consumer confidentiality is further ensured by adopting a third-party tool with respect to the company's systems, which (even if reports are received) treats the information in an encrypted manner.

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

Finally, in relation to data management and protection, during 2020 no cases were reported in this area. In 2019, there was a case of non-compliance at a Group company in Germany, due to a potential data breach risk that was promptly



reported to the competent authorities. In 2018, there was a case of information loss limited to just three consumers. [GRI 418-1]

## Ensuring the highest quality of our products, our hallmark

The quality of the products and services offered is supervised by the Quality Department, which oversees on requirements, rules and regulations in force compliance, including those related to product safety and food contact safety. A specific team, called Regulatory Affairs, monitors the product regulatory and legislative scenario and, in close cooperation with the technical functions, contributes to its development at the international level.

What the Quality Department arranges at the central level is implemented locally by dedicated teams, which operate at two levels: those operating in the plants are responsible for quality control of products, whether they are produced internally or come from suppliers of finished products; the teams operating at the brand level monitor quality during product development and when there are any downstream reports. In both cases, supervision is guaranteed right from the design stage to prevent possible anomalies or malfunctions and to guarantee the best quality standards.

Among the tools used to guarantee product quality, De' Longhi can count on a certified organisational model according to **ISO 9001**, adopted both in the Group's European plants and in its foreign production sites: introduced in the late 1990s and progressively extended and developed as the Group evolved, this management model has allowed to introduce an integrated and more sustainability-oriented approach.

Regarding process qualitative efficiency, the Quality Department has been relying on specific indicators for several years now: among these, the **First Time Quality Indicator (FTQ)** enables the verification of certain types of defects associated with individual products and expresses the quantity of products characterised by perfect quality in relation to the total production. Over the three years 2018-2020, the overall FTQ value showed a stable trend, confirming an excellent performance at Group level. A further indicator that provides a measure of product defectiveness is the **Service Call Rate (SCR)**, which monitors the quantity of products repaired during the first year under warranty, in percentage. Its constant improvement over the three-year reporting period confirms De' Longhi Group's commitment to designing and manufacturing high-quality products. [GRI 103-3]

These indicators are only some among those used as a means for quality control, and each of them is supported by external audits. These latter, which are carried out both by clients and commercial partners, aim to assess the quality of the products and to monitor aspects related to the ethics and working conditions of employees, training and the hygienic conditions of production lines. Additional indicators used to assess the quality of the Group's products are as follows:

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

## Protecting consumer safety, complying with the highest standards

The health and safety of consumers are of fundamental importance to the De' Longhi Group, which, consequently, puts the maximum effort to design, manufacture and distribute safe products that naturally comply with the requirements of applicable international standards and legislation, in whose development it actively participates. A scrupulous internal procedure guides the development of new products, in which the technical departments

### Scenario BOX: HACCP and the Codex Alimentarius

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

(R&D and Laboratories) design and test solutions that ensure the safety of the product in its intended and reasonably foreseeable use, while the Quality Department defines plans for the control of the product requirements thus defined, both at the level of components and sub-assemblies, and of finished products, whether these are produced internally or by third parties. Specific milestones set out in the procedure ensure the accuracy of the development process and its consistency across the different brands of the Group. Other teams and departments of the Group contribute to this process through the definition of common guidelines for specific aspects, such as, for example, food contact suitability requirements, rather than the development of common ways to perform product risk assessment, following best practices applicable in the sector, such as those defined by the so-called EU RAPEX System. [GRI 102-11]

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

Furthermore, during the pre-production phase, all Group products are qualified by a third party in order to guarantee their food safety and to confirm their alignment with the standards in force. [GRI 416-1]

During 2020 and 2018, there were no significant cases of non-compliance related to product safety, while in 2019 there was one case of non-compliance with the European Directive 2014/35/EU, the so-called "Low Voltage Directive", which resulted in an administrative penalty that was deemed not significant. [GRI 416-2; GRI 417-2]

Another important aspect is the cooperation between the technical bodies and the Marketing Department in the creation of the **use booklets** and **labels**, as well as their subsequent and continuous monitoring: it is essential to ensure that they are consistent with the (ever-changing) regulatory framework of the country in which the finished product is distributed. The issue of product information and labeling is very important for the Group, since specific requirements must be met in order to correctly comply with regulatory obligations: for example, one requirement is that every household appliance marketed must indicate both the country of origin and any refrigerant gas content. The manual should also contain information on how to use the product and how to dispose of it at the end of its life. [GRI 417-1]

In the area of product information and labeling, a case of non-compliance was registered in Germany in 2020, triggered by a warning and due to a De' Longhi brand product whose label did not show the name and address of the supplier. During 2019 there were two cases of non-compliance, while in 2018, there was only one (in all three cases, the non-compliance occurred concerning European Directive 2014/35/EU). In 2018, there was also a report from the Hong Kong Customs and Excise Department concerning the "Trade Ordinance" concerning the labeling of a dehumidifier model. [GRI 417-2]

packaging, transportation, distribution, sale and supply of said food must comply.

The system breaks down into 7 fundamental principles:

1. Identification and analysis of hazards.
2. Identification of critical control points (CCP), i.e., procedures or phases in which it is essential to implement a control in order to eliminate, prevent or minimise a food safety hazard.
3. Definition of critical limits, i.e., the reference values within which food safety is guaranteed.
4. Definition of monitoring procedures.
5. Definition and planning of corrective measures.
6. Definition of verification procedures.
7. Definition of recording procedures.

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

## 3.2. Integrating sustainability into product design and innovation

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

Through the implementation of numerous initiatives, over the years the Group has focused on several aspects in this area: these include the use of **packaging materials with a lower environmental impact**, the use of **materials** that are **recyclable** or **recoverable** at the end of their life, the **energy efficiency** of products and the promotion of **sustainable lifestyles** by consumers. Despite the circumstances of the past year, research and development activities for sustainable solutions continued in 2020 as well.

### Increasingly more sustainable packaging

To mitigate environmental impacts and, at the same time, optimising the costs of procuring materials, one aspect on which we have been developing various initiatives for some time now is **packaging**, which is becoming more sustainable every year:

2017	<p>Downsizing of secondary packaging of certain products, with advantages in terms of materials purchase costs and logistical efficiency.</p> <p><b>Key numbers:</b></p> <ul style="list-style-type: none"><li>- <b>-8%</b>: the volume of packaging of Kenwood cooking robots and planetary mixers;</li><li>- <b>-20%</b>: the packaging volume of Dolce Gusto coffee machines;</li><li>- <b>36</b>: the number of boxes per pallet transported (instead of <b>24</b>).</li></ul>
2018	<p>Starting of research activities into <b>alternative materials</b> to polystyrene, including recycled cardboard, which can guarantee the same performance.</p>
2019	<p>Braun extended its <b>Life Cycle Assessment (LCA)</b> studies to existing packaging types, looking for less carbon dioxide-intensive alternatives.</p> <p><b>Key numbers:</b></p> <ul style="list-style-type: none"><li>- <b>18</b>: the models marketed online with recycled and compostable cardboard packaging;</li><li>- <b>&gt; 15,000</b>: the products marketed with <b>100% plastic free</b> packaging.</li></ul>
2020	<p>Braun is continuing its research into sustainable, alternative materials to plastic, including <b>biodegradable</b> materials for making adhesive tapes and <b>alternative energy sources</b> for making polystyrene.</p>

However, packaging efficiencies have not only affected the products sold, but the operations within the company as well, where there is a massive use of **pallets** for transporting and handling goods. At the Chinese factories, for example, the traditional virgin wooden pallets have already been replaced in previous years by pallets made of plastic recovered from production waste, an initiative that has reduced both the amount of wood used and the number of trucks for transport, with consequent savings in terms of CO<sub>2</sub>. Recycled plastic pallets instead of wooden ones are also used in the Mignagola plant, while in the Cluj plant, for some years now, preference has been given to using repaired pallets rather than buying new ones: in this way, an overall reduction in virgin wood was achieved in 2019, saving more than 5,500 pallets, equivalent to around 1,300 trees<sup>3</sup>.

<sup>3</sup> For calculation, see: <https://www.palletconsultants.com/blog/pallet-recycling-saves-trees>

## Connected products, in line with digital transformation

In a time where the concept of **domotics** is increasingly being used to improve the comfort of living spaces, De' Longhi Group continued to invest in 2020 in the development of solutions that guarantee **connectivity** and ease of use, such as Wi-Fi and Bluetooth technologies. This potential allows to increasingly customise the products offered to the end-user, as well to monitor their correct functioning, and to prevent any faults, thus increasing the effectiveness and timeliness of technical assistance.



The Group's first super-automatic machine with **Wi-Fi connection** is **Primadonna Soul**, which can be managed through an application installed on the user's smartphone, which allows, thanks to **Bean Adapt** technology, to adjust the machine's settings and balance the elements that make up for coffee preparation (grind level, dosage and temperature).



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

## Energy efficient products, for maximum performance and minimum impact

In the field of research and development, one aspect in which the Group constantly invests is the **energy efficiency** of its products, an issue which, in the fight against climate change, necessarily goes hand in hand with optimum performance. Due to the global presence of the brand, one of the challenges in this respect is the heterogeneous and constantly evolving **regulatory framework**: the European Union, for example, has in recent years put in place several regulations on energy efficiency, including EU Regulation No. 1188/2015, which sets a minimum efficiency level that all our products in the comfort area must comply with. In compliance with EU Regulation No. 517/2014 on fluorinated greenhouse gases, on the other hand, we had already started to replace the refrigerant gases of refrigerated circuit products destined for the European market in 2018 with **propane gas**, a natural refrigerant gas characterised by a low global warming potential (GWP), which makes it environmentally beneficial.

The major innovations in 2020 in the area of **energy efficiency** of products are the following:



Completion of the migration of the entire European range of **portable air conditioners to propane gas** and adaptation of the marketed product line in the United States and Australia to meet the minimum energy efficiency levels required by the introduction of new regulations.

Upgrading of Nespresso platform machines to **class A+** thanks to the reduction in aluminium content, which allowed for a lighter and less energy-intensive boiler<sup>4</sup>.

Improvements to the '**Eco**' mode and the **stand-by** function on super-automatic machines, which ensure maximum energy savings during the heating phase, with lower consumption than the minimum legal requirements.

## Tested, durable and removable products, for maximum functionality and for the environment

The sustainability of a product is also measured by its **durability**, which is why De' Longhi products are designed to resist time and wear, always guaranteeing maximum quality and functionality. To ensure maximum service life, products must

<sup>4</sup> In 2020, almost all De' Longhi super-automatic machines in the coffee sector belong to energy class A4 as a minimum, as Lattissima machines and manual machines with electronic control (such as Dedica).

be easily **repairable**: this can be achieved by facilitating **disassembly** and increasing the **sharing** of the same mechanical elements between several products in the same line.



#### Durability

To verify their long-term reliability, coffee machines undergo numerous durability tests during the development phase (**life test**), which consist of thousands of drink dispensations under standard conditions of use.



#### Repairability

- In 2020, a project was launched to modify the machine frames **The Specialist**, making them easier to be repaired and reducing the time it takes to replace components;
- For **Kitchen machines** of the **Kenwood** brand, a process of standardisation of internal components is underway, which will reduce the number of components and make them easier to be repaired.

As already noted in previous years, super-automatic coffee machines are equipped with patented systems that minimise **maintenance** and reduce the amount of detergent and water used in washing operations. In particular, the coffee Group can be removed and washed with running water, without the need for detergents or lubricants, while the milk system is cleaned using steam and hot water at the end of each brew so that the remaining milk can be stored in the fridge and reused at a later time. More generally, De' Longhi coffee machines do not require any particular routine maintenance, except for the traditional decalcification cycle: to remove limescale, notoriously an enemy of product longevity, the Group has over the years developed a specific lactic acid-based product, called "*Ecodecalc*", which is a useful, safe and environmentally friendly natural remedy.

### Products that promote healthy lifestyles, for daily well-being

Another element that is becoming more and more established and central is represented by the will of a large number of consumers to adopt **healthier eating habits**, in line with recent health trends.

In this field, too, we are constantly on the cutting edge, since through our different product lines, we can enable healthy lifestyles, e.g. by maintaining the **nutritional principles** of food. All De' Longhi coffee machines, both super-automatic and manual, are perfectly aligned with these requirements: the boilers with electronic temperature control make it possible to maintain optimal conditions for grinded coffee, without altering its organoleptic properties and enhancing its aroma, in line with the strictest limits recommended by international standards in the sector. To pursue our objectives in this regard, we regularly collaborate with numerous **universities** at home and abroad:



Together with the **University of Padua**, we developed:

- A coffee machine that optimises the **provision of vegetable milk** for drink preparation;
- A system that, thanks to the concepts of "**vibro-chemistry**", makes the brewing phase more efficient, with an optimal brew in terms of both taste and aroma.



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



Collaboration with the **Politecnico di Torino** has led to the development of a "3-in-1" device, a fan heater and air purifier that can perform purification, heating and cooling functions, combining an aerodynamic design with innovative "*3D ComfortAir*" technology.

## 4. Sustainability during all production phases

### *Running sustainable supply chain and operation*

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

#### HIGHLIGHTS 2020



**1 M kWh**  
of self-generated  
electricity from  
renewable sources



100% of new suppliers  
evaluated according to  
social and environmental  
criteria



**6.2**  
energy-intensity index  
(kWh/pieces produced)



**2.8**  
emission-intensity index  
(kg CO<sub>2</sub>/pieces produced)



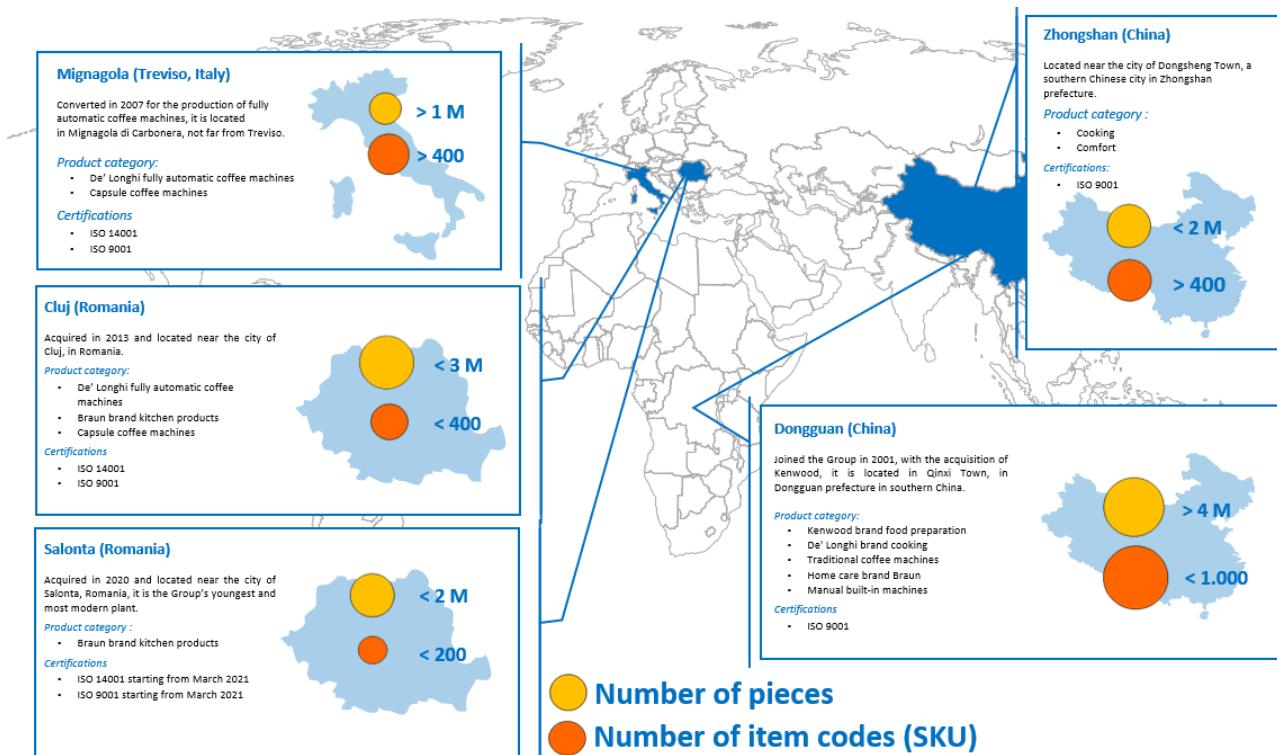
## 4.1. Our production facilities

The De' Longhi Group's production model is made up of two parts: the **production facilities** (located in Italy, Romania and China), which became five in 2020 following the opening of the Romanian facility in Salonta, and a set of qualified partners, called "**Original Equipment Manufacturers**" (OEMs). The first ones are responsible for the production and assembly of the finished product, which accounts for more than 60% of sales, while OEMs are responsible for the development and production of certain products. To ensure that the production of a given product is allocated to a single plant, the Group has for years adopted the '**local for global**' approach, which involves the presence of dedicated competence centres according to geography. [GRI 102-10]

The post-production phase is the **testing** of the machines, managed by dedicated teams at plant level, to test their **safety**, while the verification of **quality requirements** is carried out through specific audits by the Quality Department, which is also in charge of verifying the quality of the productions of the finished product suppliers (the OEMs). Once these checks have been carried out, the new products are stored in warehouses in sourcing centres and logistics hubs, which are the starting points for distribution through the Group's commercial network.

As already mentioned in the previous chapter, the technical support and information service for end consumers, both at the purchase and post-sale phase, are managed by the Customer Care department.

Fig. 27 - Production in our factories



The **supply chain** is managed synergistically by the Supply Chain Department, the Quality function and the Purchasing Department to ensure business continuity (a key issue in 2020), high-quality standards and compliance with environmental and social requirements related to labour practices.

Three dedicated structures, located in Italy and abroad to respond quickly and effectively to the needs and peculiarities of markets, carry out the **evaluation of finished products**, including their purchase and the monitoring of suppliers. They are assigned responsibilities according to product category and geographical proximity of production: for example, in Italy, there are offices dedicated to the coffee and ironing area; in the UK, "motor-driven" products are taken care of; and the comfort area is located in Hong Kong.

The management of **materials** that are functional to the components destined to production is overseen in Europe by the teams of the Supply Chain Department (located in Italy and Romania) and in China by the managers of the local plants, supported by the three Procurement Offices, clustered according to product category.

### Increasingly efficient logistics

In a market characterised by strong volatility of demand, it is essential for the De' Longhi Group to efficiently manage its logistics system, whose core functioning is represented by the warehouses all around the world, so as to be able to guarantee the **continuity** of business. This latter issue proved to be of key importance during the past year, when the spread of the pandemic forced the Group to face logistic emergencies due to local restrictions and, in some cases, border closures. Despite this, the continuity of distribution, although it suffered some slowdowns, was guaranteed almost always: this was possible also thanks to the establishment of a working group that managed the activities during the emergency period, helping in the search for alternative solutions in terms of supply of materials and components. Concerning outbound logistics, 2020 saw a significant acceleration of direct **e-commerce** activities, that allowed the delivery directly to the customer without having to go through the retailer warehouse. This development is part of a drive to increase the efficiency of logistics and deliveries, since it is recognized that reducing the number of operations carried out also generates benefits in terms of environmental impact.

In terms of efficiency and reduction of logistics-related impacts, a cross-functional initiative called "**Assembly to order**" or "**Assembly to Track**" has been put in place for some time: similar to an e-commerce, it involves the shipment of products directly from the production site to the customer, without passing through the regional logistics hub. This practice is enabled by the final labelling of certain machines, previously carried out exclusively within each hub, which is now carried out directly in the production plant.



## 4.2. Responsible supply chain management

Responsible supply chain management means, for the De' Longhi Group, promoting best practices in terms of **product quality**, respect for **human rights** and working conditions, health and safety, and **environmental responsibility**. All suppliers of finished products are subject to periodic audits by the Quality office, the purpose of which is to ensure compliance with the values contained in the Group's Code of Ethics, human rights and, from 2019, compliance with the main regulations and standards in the environmental field (e.g. REACH, RoHS, etc.). These audits, along with social audits, are carried out in line with the international standard **SA 8000** (Social Accountability) and take place mainly at Chinese plants' finished product suppliers: freedom of association and collective bargaining, working hours and conditions, possible discrimination, and health, safety and training of staff are some of the social aspects that are investigated. Moreover, as evidence of the strong commitment undertaken by the Group in the supervision and control of its supply chain, already starting from 2019, suppliers operating in China are required to sign, in addition to the Code of Ethics, also the **Code of Conduct** of the De' Longhi Group, which is provided in English and Chinese language. The adoption of such a document means highlighting extremely important issues, such as the condemnation of **child labour** and **forced labour**, of wages that do not respect minimum wage conditions in each country and, in any case, the **dignity** of workers. All first-tier suppliers are also required to share the Group's Code of Ethics with the subcontractors whom they work with.

No incidents of **violation** of the Group's Code of Conduct occurred during 2020, and therefore no corrective action needed to be implemented.

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

During 2020, all (100%) new suppliers of finished products were assessed according to **social criteria**, in line with SA 8000 standard and showing a consistent improvement with respect to what was recorded in 2019 (90.9%) [GRI 414-1]. To date, no SCOC audit has recorded a so-called "zero tolerance" result, which would imply termination of the relationship with the audited supplier.

Also, concerning **environmental aspects**, 100% of new finished product suppliers (15 in total) were assessed in 2020, an increase compared to 2019 (81.8%) when environmental audits were only carried out in the second half of the year.

In 2020, 53 audits were also carried out to verify the respect of **human rights**: these comprised 51 suppliers of finished products and 2 Group sites, covering almost 60% of the Group's operations, a significant improvement on the previous year, when the figure stood at around 49% [GRI 412-1].

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

### Social Accountability

The Social Accountability Standard (SA) 8000 is an international standard, developed in 1997 by the American organisation SAI (Social Accountability International).

Based on the ILO (International Labour Organization) conventions, the Universal Declaration of Human Rights and the United Nation Convention on the Rights of the Child, it is the first international standard that offers a measure of the ethical degree and responsibility of a company with respect to social aspects, as identified below:

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

Fig.28 - New suppliers evaluated according to social criteria, number and percentage [GRI 103-3, GRI 414-1].

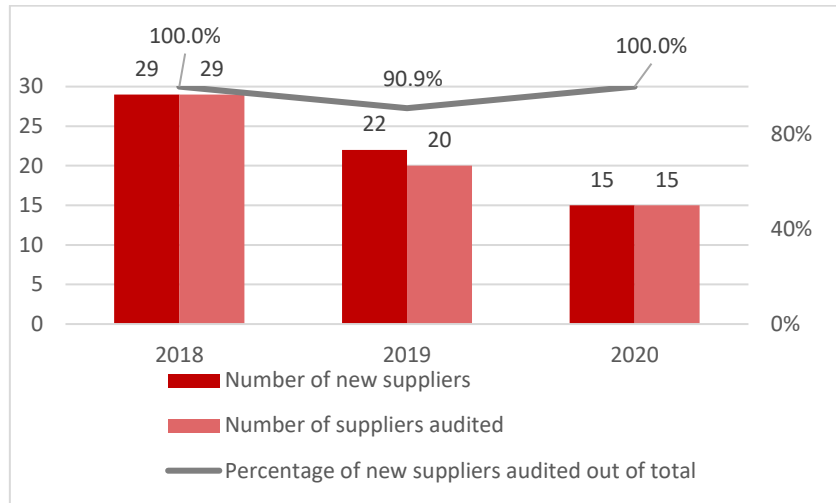
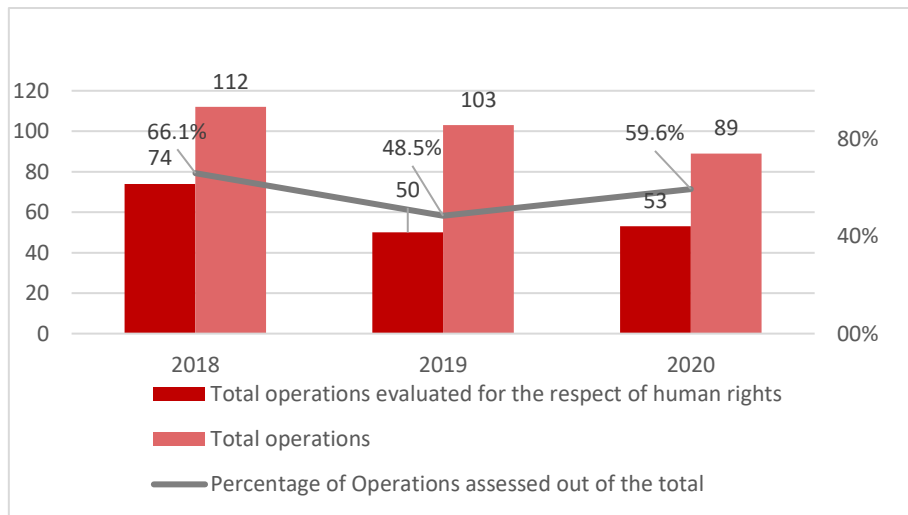


Fig. 29 – Operations subject to assessment on human rights, number and percentage [GRI 103-3, GRI 412-1]



### 4.3. Reducing our environmental footprint

Reducing the environmental impact of its activities is one of the aspects to which the Group is committed on a daily basis. The multi-faceted reality in which the company operates requires to keep abreast of heterogeneous and constantly evolving **regulatory contexts**: the Operation & Technology Department and the Quality Department deal with the management of environmental aspects and legislative compliance in this area, which is essential to ensure the proper management of activities and whose updates may affect the business of the Group.

The Mignagola, Cluj and Salonta production sites also operate a certified environmental management system under **ISO 14001**, which allows, among other things, an environmental analysis to be carried out, adopting an integrated perspective on the entire value chain: this analysis is fundamental for planning improvement actions aimed at mitigating the environmental impact of the Group's activities. The other production plants (OnShiu and Dongguan in China), although they do not have a certified environmental management system, follow the **best practices** currently available, in line with internal procedures and current regulations.

A practical example of the Group's commitment to reducing its environmental footprint is the use of **photovoltaic panels** at the Mignagola plant: installed several years ago, in 2020 they helped produce 990,794 kWh of electricity, corresponding to about 7% of the total consumed by the site in the same year. During 2020, the expansion of the Treviso headquarters continued, with completion scheduled for 2021, which involved the installation of large glass surfaces: the preliminary outcomes of an energy diagnosis, still in progress, have already confirmed a **very low heat loss**.

In 2020, work also continued on the renovation of the lighting systems in the Italian and Cluj plants, with the replacement of traditional systems with **LED lamps**, which, with the same performance, reduce energy consumption considerably. In particular, in the Romanian plant, these measures have reduced energy consumption by around 288 MJ in 2020 alone. In the same site, a warehouse heating system was installed in 2019: using the heat generated by the drying areas of the factory itself, the system reduces the use of natural gas to fuel a traditional boiler.

With a view to circular economy, in 2020 the projects for the **recovery** of by-products from production processes – already underway – were continued: starting from 2018, at the Mignagola and Dongguan plants and from 2019 at the Cluj plant, part of the production waste from plastic moulding is reintroduced into the production cycle, guaranteeing both a saving in raw materials input and a reduction in waste produced. Waste from the processing of ferrous materials is resold as raw material, while paper, cardboard and nylon waste is sent to recovery.

With specific reference to the coffee world, virtuous initiatives are consolidated, such as the recovery of Nespresso capsules used for testing in the Cluj and Mignagola plants, which encourages the recycling of their aluminium parts and the reuse of the coffee used to calibrate the machines produced at the Cluj site for various testing phases.

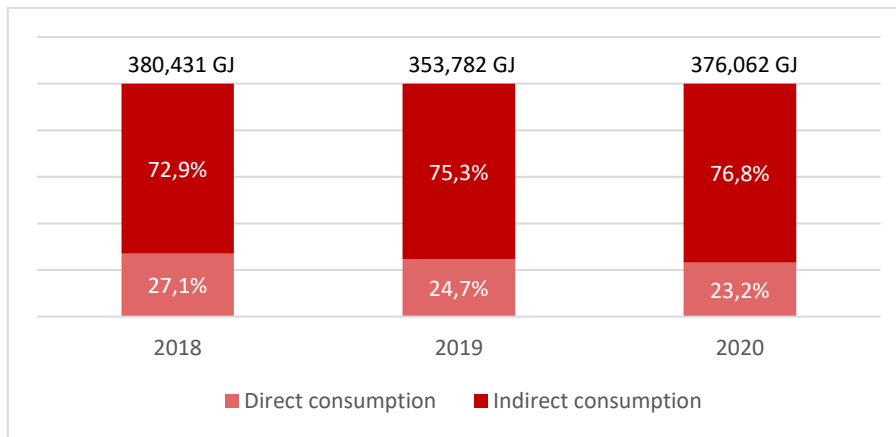
#### Energy consumption and GHG emissions

The Chinese factories play a major role in the energy saving plan undertaken by the Group. For some years now, the Group has been renewing its plastic moulding machinery and improving the efficiency of its production assets to increase energy efficiency and productivity. With the local government, the collaboration continued in 2020. As a result, the Group can map consumption in the various production areas and, based on this, plan mitigation and energy efficiency actions. This is made possible by the installation of **consumption metres**, whose measurements allow continuous monitoring of electricity consumption, thus identifying energy-intensive areas and tasks.

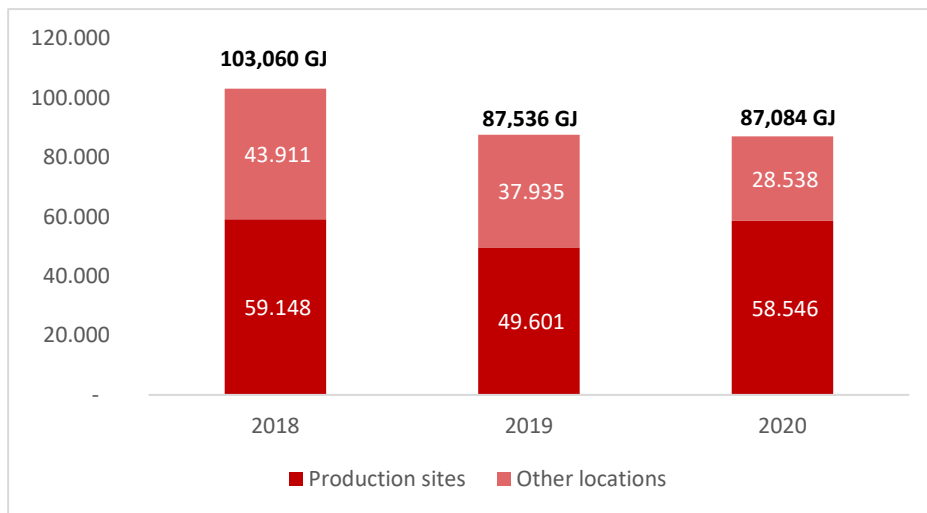
For initiatives consistent with the Group's approach to sustainability and focused on issues such as energy efficiency, durability and product repairability, see chapter "Integrating sustainability into product design and innovation".

In 2020, the **total energy consumption** at the Group level stands at 376,062 GJ, increasing of approximately 6% compared to the previous year (353,782 GJ) due to two main factors: a higher number of **pieces produced** and the Group's acquisition of the **Salonta** facility. The ratio between direct consumption (for heating and transportation) and indirect consumption (i.e. electricity, district heating and cooling) is almost constant over the three years reporting period. In particular, it should be noted that electricity purchased from the national grid, amounting to 286,865 GJ in 2020, is responsible for approximately 77% of the Group's total energy consumption, representing almost all of the indirect consumption recorded.

**Fig. 30 – Direct and indirect consumption, percentage and GJ [GRI 302-1]**



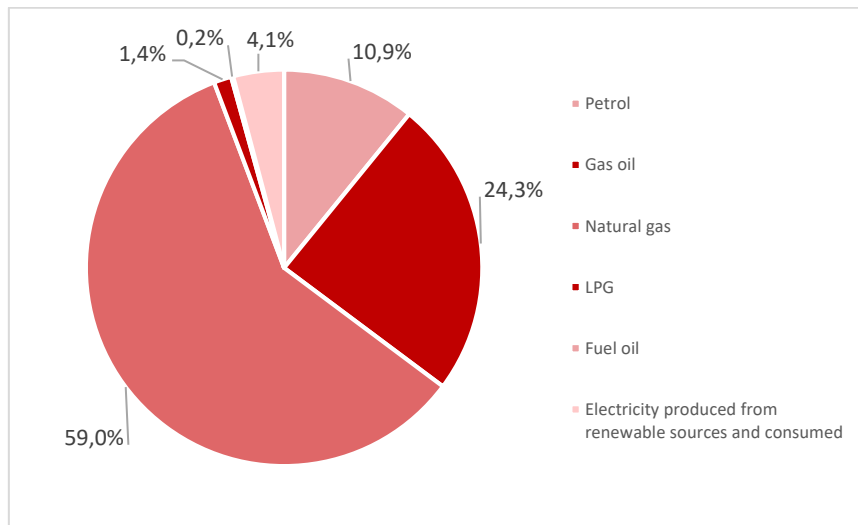
**Fig. 31 – Direct consumption, GJ [GRI 302-1]**



The **direct energy consumption** amounted to 87,084 GJ in 2020, essentially mirroring the previous year’s figure (87,536 GJ), 67% of which is attributable to production plants.

The graph below breaks down direct energy consumption into energy mix components: 59% is related to heating, which is mainly linked to natural gas, 24% and 11% to the consumption of diesel and petrol for the company fleet.

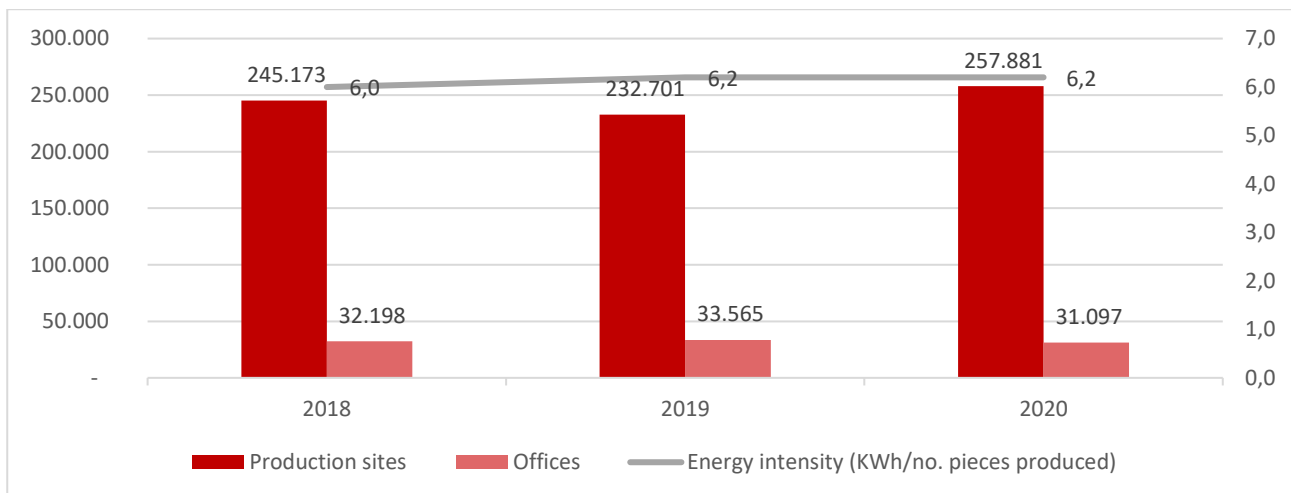
Fig. 32 – Breakdown of direct consumption in 2020, percentage [GRI 302-1]



Indirect electricity consumption per piece produced shows a stable trend (6.2 kWh in both 2019 and 2020), while the portion of electricity consumed that was produced from **renewable sources** is 3,607 GJ (essentially the same as 3,587 GJ in 2019). [GRI 302-3]

In addition to those described above and related to Cluj and Mignagola plants, additional energy saving initiatives were carried out in 2020 at the Dongguan and OnShiu plants in China. In the former, traditional screen-printing processes were replaced by laser marking systems, which avoided the need for a curing oven and thus saved both energy and VOC emissions. These, together with optimisation activities on the servomotors (used in plastic injection operations), have made it possible to keep the annual energy consumption in line with that of 2019 notwithstanding the significant increase of production volumes. At the OnShiu plant, on the other hand, replacing certain machines and components in the welding department resulted in 15% and 30% respectively energy savings. [GRI 302-4]

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



The Group's **total CO<sub>2</sub> emissions**, calculated using the "Location Based" method, amounted to 40,030 tonnes in 2020, in line (+1%) with 39,679 tonnes in 2019. Consistent with the energy consumption trend, it can be noted that CO<sub>2</sub> emissions are mainly due to electricity consumption, which accounts for approximately 86% of total CO<sub>2</sub> emissions at Group level.

Fig. 34 – Total CO<sub>2</sub> emissions, tonnes of CO<sub>2</sub> [GRI 305-1 and 305-2]

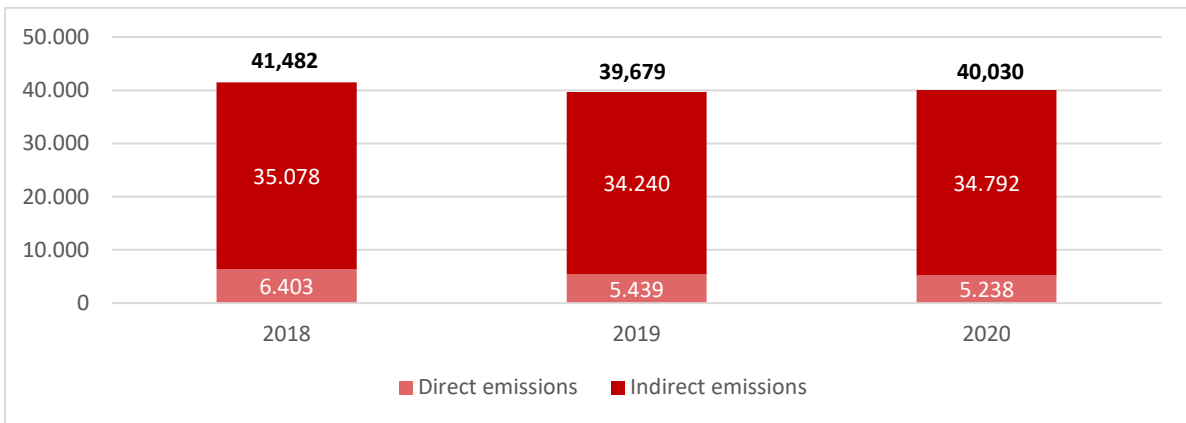


Fig. 35 – Scope 1 direct emissions, tonnes of CO<sub>2</sub> [GRI 305-1]

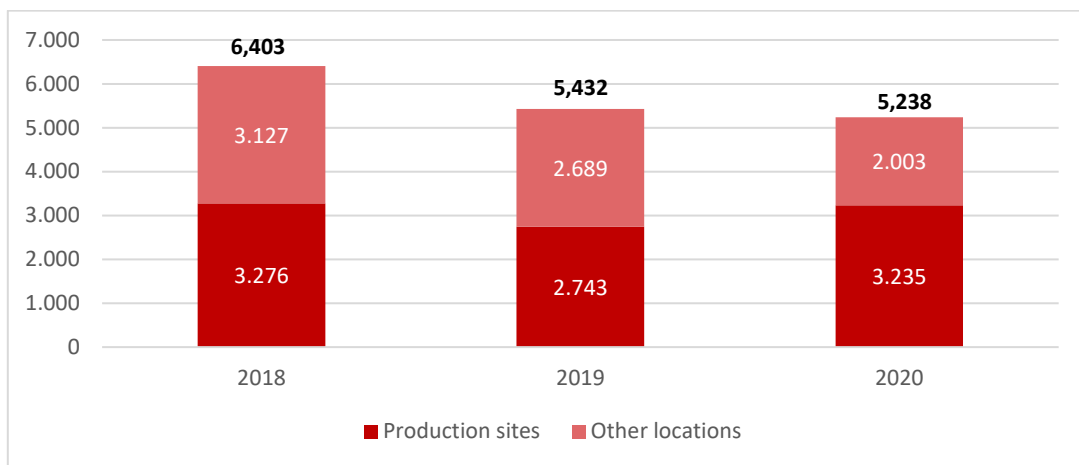
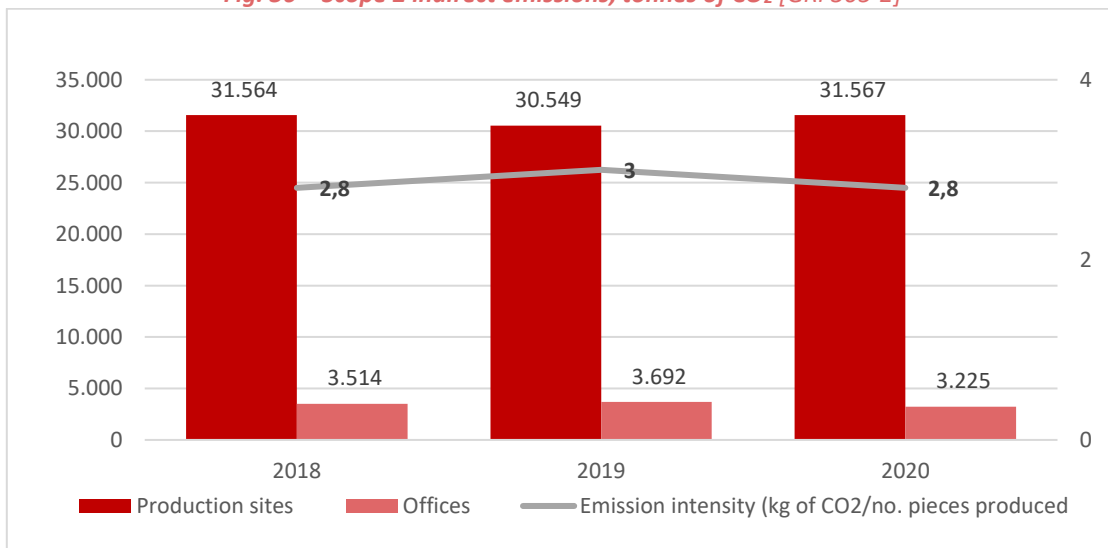


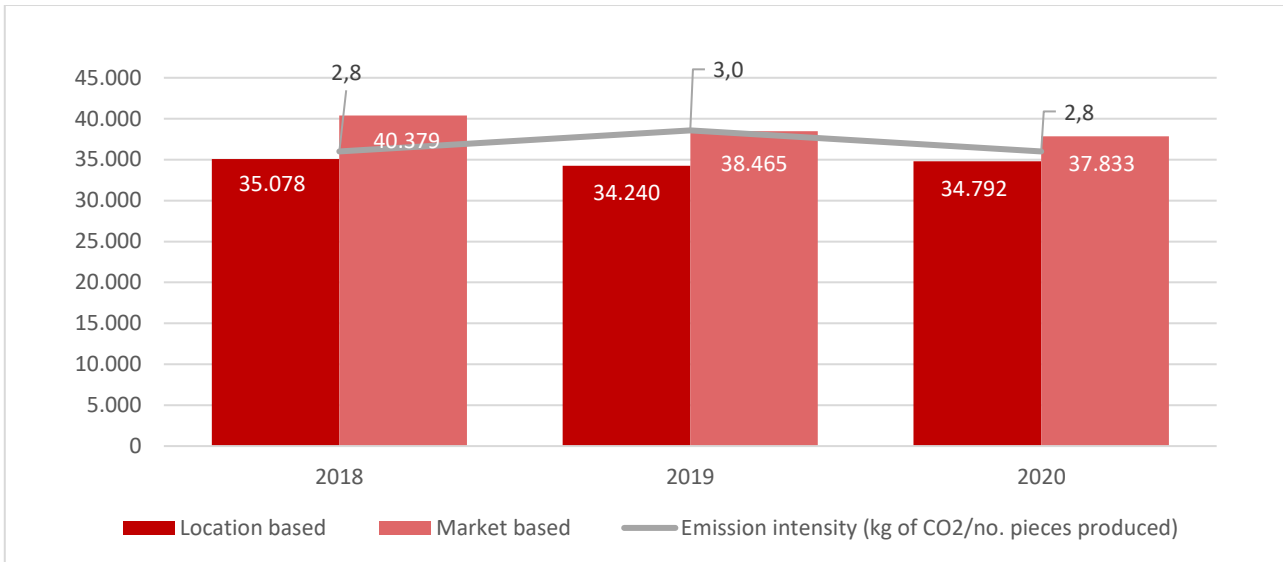
Fig. 36 – Scope 2 indirect emissions, tonnes of CO<sub>2</sub> [GRI 305-2]



Concerning **direct CO<sub>2</sub> emissions**, 5,238 tonnes were recorded in 2020, mainly due to the energy consumption of production sites (62% versus 38% of other types of sites).

As regards **indirect emissions** of CO<sub>2</sub>, in 2020 a total amount of 34,792 tonnes was recorded, of which approximately 91% related to production sites (and in particular to the 2 Chinese plants, which contributed significantly to the Group's total indirect CO<sub>2</sub> emissions with an overall 19,550 tCO<sub>2</sub> produced).

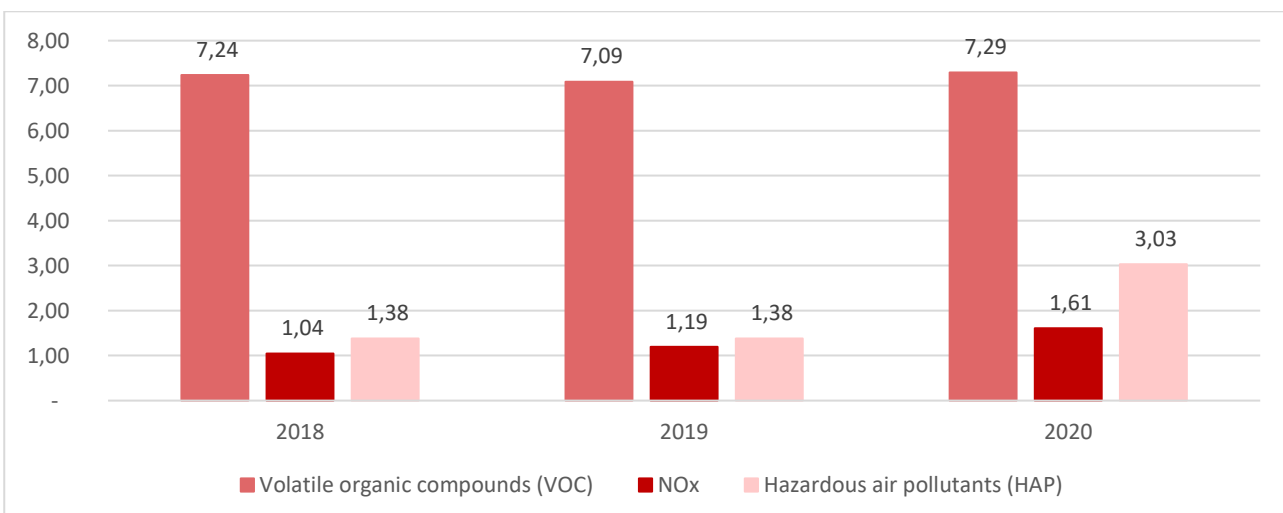
**Fig. 37 – Scope 2 indirect emissions, tonnes of CO<sub>2</sub> [GRI 305-2]**



In 2020, Scope 2 CO<sub>2</sub> emissions calculated according to the **market-based** methodology were approximately 3 thousand tonnes greater than those calculated according to the **location-based** methodology. Comparing the CO<sub>2</sub> Scope 2 **location based** emissions per piece produced, the ratio shows a decrease of approximately 6.6% compared to the previous year (from 3 kg CO<sub>2</sub> per piece produced in 2019 to 2.8 kg CO<sub>2</sub> per piece produced in 2020). The reduction in emission intensity in 2020 is mainly due to the increase in production volumes during the year. However, the Group's production plants have a structural energy consumption, which, regardless of the production volumes of the plants themselves, remains constant over the years. [GRI 305-4]

Finally, the most significant emissions of **pollutants** at the Group production facility level concern volatile organic compounds (VOCs), of which more than 7 tonnes were emitted during 2020, in line with what happened in the two previous years 2018-2019. Further types of pollutant emissions concern so-called HAPs (Hazardous Air Pollutants), which amounted to around 3 tonnes, showing an upward trend with respect to 2019. The increase in HAPs is linked to the inclusion, from the 2020 calculation onwards, of the Mignagola plant, which was not included in the reporting perimeter for the previous two-years period due to data unavailability. The NO<sub>x</sub> emitted in 2020 are in line with the previous two years. Negligible or no amounts of POPs (Persistent Organic Pollutants), SO<sub>x</sub> and particulate matter (PM) are emitted to the atmosphere. [GRI 305-7]

**Fig. 38 – Other polluting emissions into the atmosphere, tonnes [GRI 305-7]**

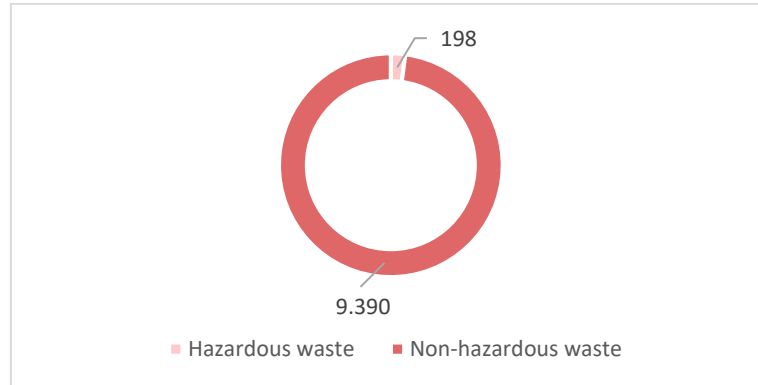




## Waste management

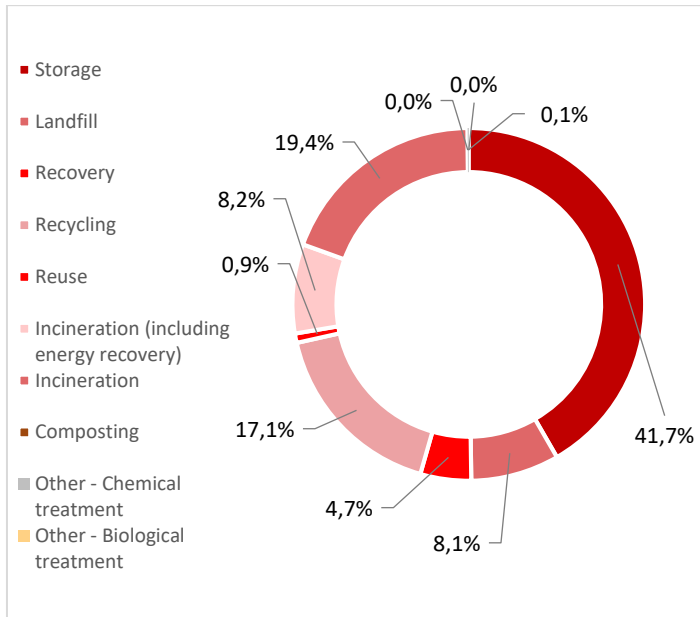
During 2020, the Group's production facilities generated 9,588 tonnes of **waste**, of which 98% was non-hazardous while the remaining 2% is classified as hazardous. Of the total waste generated, approximately 91% (92% of non-hazardous waste and 23% of hazardous waste) was sent to recovery activities, such as reuse, recovery, recycling and composting. 100% of the waste produced in 2020 by the De' Longhi Group was treated offsite.

*Fig. 39 – Waste produced at production plants in 2020, tonnes*

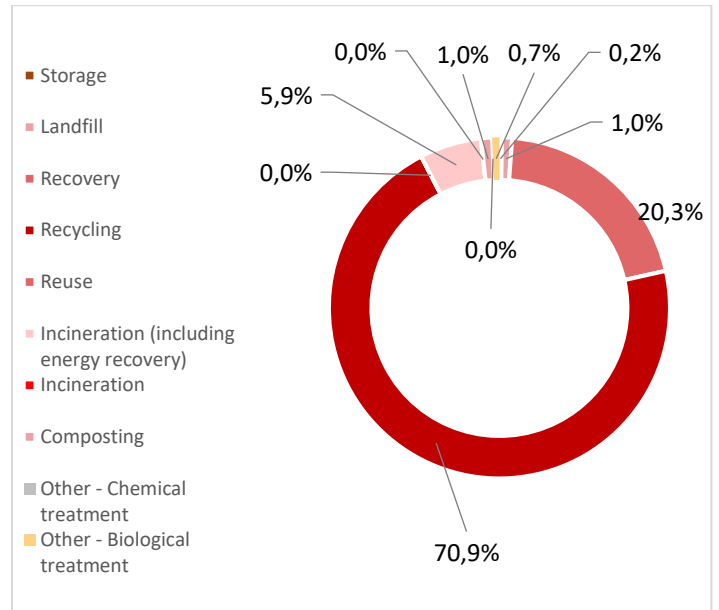


On the one hand, and as regards the **non-hazardous waste** produced in 2020, the majority was sent to recycling (70.9%) and recovery (20.3%), including energy recovery. On the other hand, most of the **hazardous waste** produced was either stored (41.7%) or sent for incineration (27.6%).

**Fig. 40 – Hazardous waste produced in 2020 by disposal method, percentage**



**Fig. 41 - Non-hazardous waste produced in 2020 by disposal method, percentage**



## 5. Methodological note

### *The principles for defining the content and quality of the report*

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

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

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

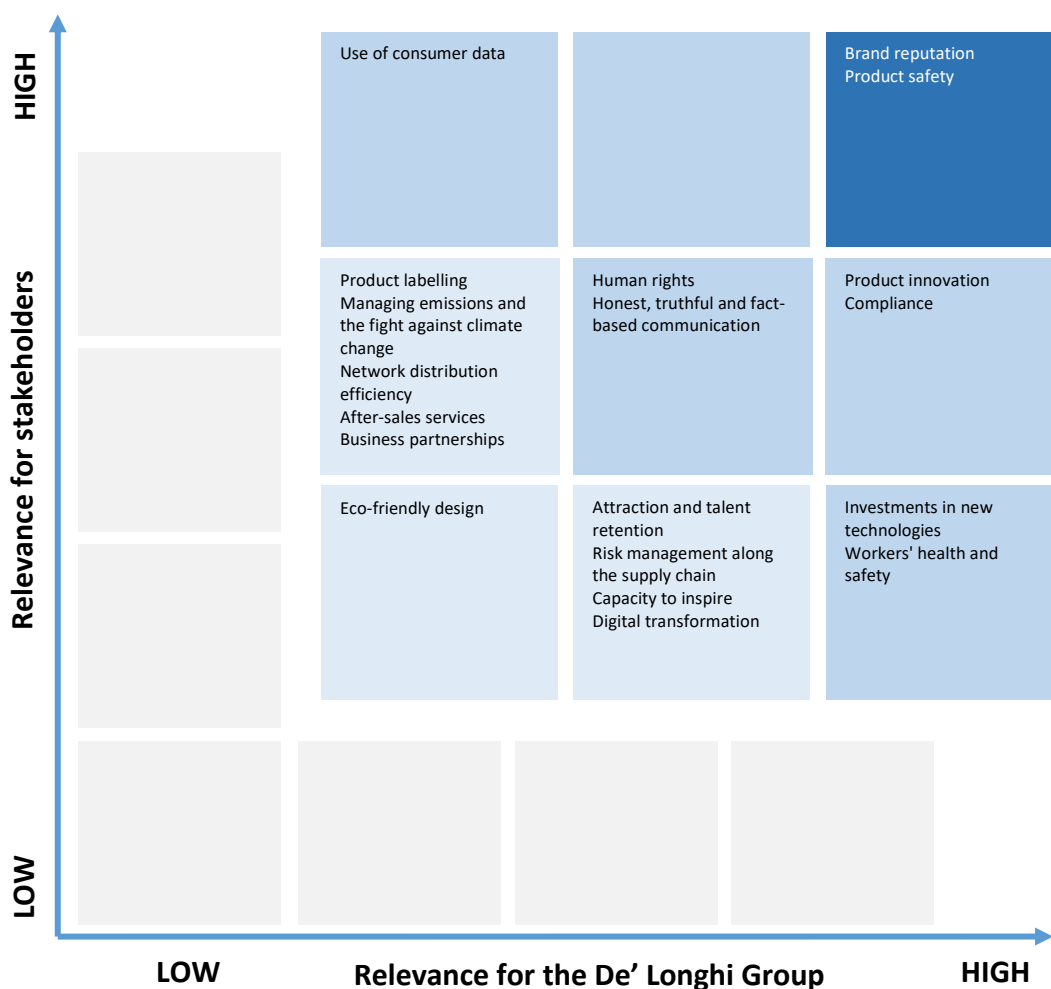
To ensure the quality of the information reported, the report's quality principles were followed in the drafting of the report as suggested by the GRI.

- **Accuracy:** the level of detail of the contents reported in the Report is adequate for understanding and assessing De' Longhi Group's sustainability performance in the reporting period.
- **Reliability:** the data presented in the document were collected, processed and validated by the managers of each department with the collaboration of a consulting company. The economic data are consistent with those reported in the Group's annual financial report.
- **Clarity:** the choice of a clear and accessible language and the use of graphs and tables to represent the performance of the Group make this Report available and easy to understand for stakeholders.
- **Comparability:** the indicators in the Report are reported for the 2018-2019-2020 three-year period and are accompanied by a comment relating to their performance in order to allow comparison and comparability of the Group's performance over time.
- **Equilibrium:** the contents of this document report in a balanced way De' Longhi Group's performance in the reporting period.
- **Timeliness:** the Report takes into consideration events occurring after 31<sup>st</sup> December 2020 that may be significant for the assessment of the Group's performance by stakeholders. [GRI 102-46]

### *Relevant topics: materiality analysis*

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

Fig. 44 – Issues relevant to stakeholders and the De' Longhi Group



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

### The reporting scope

This document represents the fourth edition of De' Longhi Group's Sustainability Report and contains the description of the initiatives and activities related to the 2020 financial year, as well as the performance trends of the 2018-2020 three-year period. The collection of performance indicators and the reporting frequency occur on a yearly basis.

The reporting scope coincides with that of the Consolidated Financial Statements, i.e. it includes the fully consolidated companies for financial reporting with reference to Continuing Operations, unless otherwise stated. Concerning the 2020 financial year, the following are the exceptions to the reporting scope:

- Capital Brands Group companies have not been included since the acquisition was completed at the end of the 2020 financial year;
- De' Longhi Brasil - Comércio e Importação Ltda was excluded as it is currently non-operational and no employees were registered as of 31<sup>st</sup> December;
- the company De' Longhi Bosphorus Ev Aletleri Ticaret Anonim Sirketi has been included for HR and health and safety data only since it is currently in liquidation.

The reporting year to which the information and data included in this section refers is 2020. Any exceptions are indicated in the individual sections below of this methodological note . [GRI 102-50, GRI 102-52]

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

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

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

**Fig 45 – Relevant topics: framework** [GRI 103-1]

Topic	GRI Disclosure	Scope		Reporting limitations on the scope	
		Internal	External	Internal	External
<b>Compliance</b>					
Honest, truthful and fact-based communication	Marketing and labeling	Group	OEM Suppliers	-	-
Compliance	Anti-corruption Anti-competitive behavior, Environmental compliance, Socioeconomic compliance Customer privacy	Group	-	-	-
Use of consumer data	Customer privacy	Group	Contact Center	-	-
<b>Business</b>					
Reputation and brand value	Economic performance	Group	-	-	-
Business partnerships	-	Group	Partner	-	-
After-sales services	-	Group	Contact Center, Partner	-	-
<b>The people of De' Longhi Group</b>					
Attraction and talent retention	Training and education	Group	-	-	-
Workers' health and safety	Occupational health and safety	Group	Suppliers, Contact Centre	-	Reporting not extended to Suppliers and Contact Centres
<b>Our products, to improve everyday life</b>					
Product safety	Consumer health and safety	Group	OEM suppliers	-	-
Product innovation	-	Group	-	-	-
Investments in new technologies (of product)	-	Group	-	-	-
Product labeling	Marketing and labeling	Group	OEM suppliers	-	-
Digital transformation	-	Group	-	-	-
Capacity to inspire	-	Group	-	-	-
Eco-friendly design	-	Group	-	-	-
<b>Sustainability during all production phases</b>					
Human rights	Non-discrimination, Freedom of Association, Child labor, Forced or compulsory labor	Group	Suppliers	-	Reporting not extended to suppliers
Risk management along the supply chain	Supplier environmental assessment, Supplier social assessment	Group	Suppliers	-	-

Managing emissions and the fight against climate change	Energy Emissions	Group	Suppliers, Contact Centre	Reporting not extended to Suppliers and Contact Centres
Network distribution efficiency	-	Group	Partner	-
Investments in new technologies ( <i>of process</i> )	-	Group	-	-

### **The calculation methodology**

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

### **The De' Longhi Group's People**

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

### **Anti-corruption training**

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

### **Health and safety indices**

Accident rates are calculated as shown below:

- **Injury rate** is the ratio between the total number of accidents and the total number of hours worked, multiplied by 1,000,000; accidents in progress are excluded from the calculation of the accident rate;
- **the occupational disease rate** is the ratio between the total number of confirmed occupational diseases and the total number of working hours, multiplied by 1,000,000;
- **lost day rate** is the ratio between the total number of workdays lost due to accident and the total number of working hours, multiplied by 1,000;
- **lost days** are the calendar days lost due to accident as of the day following that of the accident;
- **the absentee rate** is the percentage ratio between the days of absence (due to inability to work) during the reporting period and the total number of workable days during the same period.

Only employees are included in the calculation of the rates over the three-year period, whilst interns or staff hired under a project contract are excluded.

### **Energy consumption**

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

During the three-year period 2018 - 2020, 5.5, 6.5 and 57.6 GJ of electricity generated from renewable sources were produced at the Group's plants, which were subsequently transferred to the national grid. It should be noted that, in relation to the electricity consumption of the Campi Bisenzio offices during 2018, a change in measurement methodology took place.

### **Greenhouse gas emissions**

Greenhouse gas emissions were calculated according to the principles set out in the ISO 14064-1 international standards. Specifically, it should be noted that the only greenhouse gas taken into consideration was carbon dioxide (CO<sub>2</sub>). Self-generated energy from renewable sources is not included in the calculation of greenhouse gas emissions, as it is considered to have zero greenhouse gas emissions.

The emission factors used to calculate CO<sub>2</sub> emissions were determined as follows:

**Direct emissions (Scope 1):** the emissions linked to the consumption of natural gas, diesel heating fuel, gas, diesel fuel and LPG for the company cars was determined based on the emission factors reported in the table of national standards published by the Italian Ministry of the Environment, for the years 2018, 2019 and 2020.

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

- For the calculation of location-based emissions, the factors used, for each country in which the Group operates, were those presented in *Table 49 - Main socio-economic and energy indicators* published by Terna in the International Comparisons sections, which have Enerdata as their source. These emission factors are updated periodically; therefore, they were used in their most recent version (2018) to calculate indirect emissions in 2020, in the 2017 version for those relating to 2019 and in the 2016 version for those relating to 2018. In the event a country was not listed in the above table, we used the emission factor for the continent. When there were several branches in several countries, the highest of the emissions factors among these countries was used.

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

Emissions associated with district heating were calculated using the emission factors reported in the tables of the *"UK Government GHG Conversion Factors for Company Reporting"* document published by the *Department for Environment Food & Rural Affairs (DEFRA)* available for the three-year period 2018-2019-2020.

**Avoided emissions associated with packaging optimisation activities:** avoided CO<sub>2</sub> emissions resulting from the packaging optimisation activities are associated with the initiatives launched at the European and Chinese plants. In the first case, the calculation of avoided CO<sub>2</sub> emissions was carried out by estimating the number of trucks avoided and, consequently, the number of kilometres saved and using the emission factor relating to transport by truck reported in the DEFRA tables. In the second case, the calculation was carried out by estimating the total weight transported before and after the application of the optimisation activity for an average route and using the emission factor relating to transport by ship reported in the DEFRA tables.

#### **Quality indicators**

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

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

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

[\[GRI 102-53\]](#)



## 6. Appendices

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

### The De' Longhi Group's People

GRI 102-8: Information on employees and other types of workers															
Employees, by contract type	Italy			Europe			APA			MEIA			De' Longhi Group		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>Number of employees by contract type</b>															
<i>Permanent</i>	1,551	1,577	1,651	3,270	3,084	4,284	2,712	2,551	2,621	62	61	51	7,595	7,273	8,607
<i>of which women</i>	602	611	646	1,860	1,767	2,617	1,270	1,209	1,250	23	25	22	3,755	3,612	4,535
<i>of which men</i>	949	966	1,005	1,410	1,319	1,667	1,442	1,342	1,371	39	36	29	3,840	3,661	4,072
<i>Fixed-term</i>	84	14	34	33	26	131	697	536	605	-	1	1	814	577	771
<i>of which women</i>	48	11	17	21	16	76	302	241	273	-	1	1	371	269	367
<i>of which men</i>	36	3	17	12	10	55	395	295	332	-	-	-	443	308	404
<b>Total</b>	<b>1,635</b>	<b>1,591</b>	<b>1,685</b>	<b>3,303</b>	<b>3,110</b>	<b>4,415</b>	<b>3,409</b>	<b>3,087</b>	<b>3,226</b>	<b>62</b>	<b>62</b>	<b>52</b>	<b>8,409</b>	<b>7,850</b>	<b>9,378</b>
<b>Number of employees by contract type</b>															
<i>Full-time</i>	1,519	1,472	1,567	3,220	3,028	4,302	3,397	3,074	3,214	62	61	51	8,198	7,635	9,134
<i>of which women</i>	537	506	549	1,811	1,717	2,601	1,562	1,438	1,512	23	25	22	3,933	3,686	4,684
<i>of which men</i>	982	966	1,018	1,409	1,311	1,701	1,835	1,636	1,702	39	36	29	4,265	3,949	4,450
<i>Part-time</i>	116	119	118	83	82	113	12	13	12	-	1	1	211	215	244
<i>of which women</i>	113	116	114	70	66	92	10	12	11	-	1	1	193	195	218
<i>of which men</i>	3	3	4	13	16	21	2	1	1	-	-	-	18	20	26
<b>Total</b>	<b>1,635</b>	<b>1,591</b>	<b>1,685</b>	<b>3,303</b>	<b>3,110</b>	<b>4,415</b>	<b>3,409</b>	<b>3,087</b>	<b>3,226</b>	<b>62</b>	<b>62</b>	<b>52</b>	<b>8,409</b>	<b>7,850</b>	<b>9,378</b>
<b>Number of employees by gender</b>															
<b>Total women</b>	<b>650</b>	<b>622</b>	<b>663</b>	<b>1,881</b>	<b>1,783</b>	<b>2,693</b>	<b>1,572</b>	<b>1,450</b>	<b>1,523</b>	<b>23</b>	<b>26</b>	<b>23</b>	<b>4,126</b>	<b>3,881</b>	<b>4,902</b>
<b>Total men</b>	<b>985</b>	<b>969</b>	<b>1,022</b>	<b>1,422</b>	<b>1,327</b>	<b>1,722</b>	<b>1,837</b>	<b>1,637</b>	<b>1,703</b>	<b>39</b>	<b>36</b>	<b>29</b>	<b>4,283</b>	<b>3,969</b>	<b>4,476</b>

GRI 401-1 (a): Total number and rate of new permanent employees hired by gender and geographical area, 2020						
GEOGRAPHICAL AREA	WOMEN		MEN		TOTAL	
	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)
ITALY	60	9%	87	9%	<b>147</b>	<b>9%</b>
EUROPE	1,815	69%	1,123	67%	<b>2,938</b>	<b>69%</b>
APA	655	52%	825	60%	<b>1,480</b>	<b>56%</b>
MEIA	0	0%	2	7%	<b>2</b>	<b>4%</b>
<b>GROUP</b>	<b>2,530</b>	<b>56%</b>	<b>2,037</b>	<b>50%</b>	<b>4,567</b>	<b>53%</b>

GRI 401-1 (b): Total number and rate of permanent employees terminated by gender and geographical area, 2020						
GEOGRAPHICAL AREA	WOMEN		MEN		TOTAL	
	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)	Tot. (n.)	Tot. (%)
ITALY	25	4%	48	5%	<b>73</b>	<b>4%</b>
EUROPE	963	37%	775	46%	<b>1,738</b>	<b>41%</b>
APA	614	49%	796	58%	<b>1,410</b>	<b>54%</b>
MEIA	3	14%	9	31%	<b>12</b>	<b>24%</b>
<b>GROUP</b>	<b>1,605</b>	<b>35%</b>	<b>1,628</b>	<b>40%</b>	<b>3,233</b>	<b>38%</b>

GRI 405-1: Composition of governing bodies by age and gender					
Composition of the De' Longhi Group S.p.A. Board of Directors		Unit of measure	Italy		
			2018	2019	2020
Men	Less than 30 years	n	-	-	-
	From 30 to 50 years	n	1	1	1
	Over 50 years	n	7	5	7
<b>Total men</b>		<b>n</b>	<b>8</b>	<b>6</b>	<b>8</b>
Women	Less than 30 years	n	-	-	-
	From 30 to 50 years	n	2	1	1
	Over 50 years	n	2	3	3
<b>Total women</b>		<b>n</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>TOTAL</b>		<b>n</b>	<b>12</b>	<b>10</b>	<b>12</b>

GRI 405-1: Composition by age and gender of employees			
Personnel composition – Detail to 2020		Unit of measure	De' Longhi Group
<b>Managers</b>			
Men	Less than 30 years	%	-
	From 30 to 50 years	%	1.4%
	Over 50 years	%	1.1%
<b>Total men</b>		<b>%</b>	<b>2.5%</b>
Women	Less than 30 years	%	-
	From 30 to 50 years	%	0.5%
	Over 50 years	%	0.1%
<b>Total women</b>		<b>%</b>	<b>0.7%</b>
<b>TOTAL</b>		<b>%</b>	<b>3.2%</b>
<b>White-collar workers</b>			
Men	Less than 30 years	%	1.5%
	From 30 to 50 years	%	10.8%
	Over 50 years	%	3.4%
<b>Total men</b>		<b>%</b>	<b>15.8%</b>
Women	Less than 30 years	%	2.1%
	From 30 to 50 years	%	9.1%
	Over 50 years	%	2.1%
<b>Total women</b>		<b>%</b>	<b>13.2%</b>
<b>TOTAL</b>		<b>%</b>	<b>29.0%</b>
<b>Blue-collar workers</b>			
Men	Less than 30 years	%	7.4%
	From 30 to 50 years	%	15.5%
	Over 50 years	%	6.5%
<b>Total men</b>		<b>%</b>	<b>29.5%</b>
Women	Less than 30 years	%	7.3%
	From 30 to 50 years	%	23.7%
	Over 50 years	%	7.4%
<b>Total women</b>		<b>%</b>	<b>38.4%</b>
<b>TOTAL</b>		<b>%</b>	<b>67.8%</b>

GRI 403-9 – Work-related injuries				
Group Aggregate		2018	2019	2020
Total hours worked	h.000	19,216	18,246	20,017
Accidents	no.	80	63	50
<i>Of which in progress for transport organised by the Group</i>	no.	-	17	4
Accidents with serious consequences	no.	-	-	-
Fatal accidents	no.	-	-	-
Occupational illnesses	no.	3	3	4
<b>Frequency index</b>	-	<b>4.2</b>	<b>3.5</b>	<b>2.5</b>
<b>Frequency index of accidents with serious consequences</b>	-	-	-	-
<b>Mortality index</b>	-	-	-	-
<b>Occupational disease rate</b>	-	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>

GRI 403-9 – Work-related injuries (contractors)				
Group Aggregate		2018	2019	2020
Total hours worked	h.000	2,234	1,377	2,644
Accidents	no.	4	2	4
<i>Of which in progress for transport organised by the Group</i>	no.	-	-	-
Accidents with serious consequences	no.	-	-	-
Fatal accidents	no.	-	-	-
<b>Frequency index</b>	-	<b>1.8</b>	<b>1.5</b>	<b>1.5</b>
<b>Frequency index of accidents with serious consequences</b>	-	-	-	-
<b>Mortality index</b>	-	-	-	-

## Reducing our environmental footprint

GRI 302-1: Energy consumption										
Energy consumption	um	Production sites			Offices <sup>5</sup>			De' Longhi Group		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>Direct consumption from non-renewable sources</b>										
<i>Petrol</i>	<i>GJ</i>	2,801	3,017	2,824	14,664	9,606	6,646	17,465	12,623	9,470
<i>Diesel</i>	<i>GJ</i>	6,885	6,170	5,180	23,374	22,942	16,010	30,259	29,112	21,189
<i>Natural gas</i>	<i>GJ</i>	45,230	36,298	46,388	5,498	5,145	5,034	50,728	41,443	51,422
<i>LPG</i>	<i>GJ</i>	523	568	587	133	-	667	657	568	1,254
<i>Fuel oil</i>	<i>GJ</i>	-	-	-	205	203	142	205	203	142
<b>Total</b>	<b>GJ</b>	<b>55,440</b>	<b>46,053</b>	<b>54,979</b>	<b>43,875</b>	<b>37,896</b>	<b>28,498</b>	<b>99,314</b>	<b>83,949</b>	<b>83,477</b>
<b>Direct consumption from renewable sources</b>										
<i>Electricity produced from renewable sources and consumed</i>	<i>GJ</i>	3,709	3,548	3,567	37	39	40	3,746	3,587	3,607
<b>Total direct consumption</b>	<b>GJ</b>	<b>59,148</b>	<b>49,601</b>	<b>58,546</b>	<b>43,911</b>	<b>37,935</b>	<b>28,538</b>	<b>103,060</b>	<b>87,536</b>	<b>87,084</b>
<b>Indirect consumption</b>										
<i>Electricity</i>	<i>GJ</i>	245,173	232,701	257,881	29,082	31,186	28,984	274,256	263,887	286,865
<i>District heating</i>	<i>GJ</i>	-	-	-	2,718	2,359	2,113	2,718	2,359	2,113
<i>Cooling</i>	<i>GJ</i>	-	-	-	398	-	-	398	-	-
<b>Total indirect consumption</b>	<b>GJ</b>	<b>245,173</b>	<b>232,701</b>	<b>257,881</b>	<b>32,198</b>	<b>33,545</b>	<b>31,097</b>	<b>277,372</b>	<b>266,246</b>	<b>288,978</b>
<b>Total consumption</b>	<b>GJ</b>	<b>304,322</b>	<b>282,301</b>	<b>316,427</b>	<b>76,110</b>	<b>71,480</b>	<b>59,635</b>	<b>380,431</b>	<b>353,782</b>	<b>376,062</b>

GRI 305-1 e GRI 305-2: Direct and indirect emissions of greenhouse gases (GHG) Scope 1 and Scope 2										
Emissions [tonnes of CO <sub>2</sub> ]	Production sites			Offices			De' Longhi Group			
	2018	2019	2020	2018	2019	2020	2018	2019	2020	
<i>Direct</i>	3,276	2,743	3,235	3,127	2,696	2,003	6,403	5,439	5,238	
<i>Indirect – Location-Based</i>	31,564	30,549	31,567	3,514	3,690	3,225	35,078	34,240	34,792	
<i>Indirect – Market-Based</i>	36,057	33,852	33,854	4,322	4,613	3,980	40,379	38,465	37,833	
<b>TOTAL (Direct + Indirect – Location-Based)</b>	<b>34,840</b>	<b>33,293</b>	<b>34,802</b>	<b>6,642</b>	<b>6,386</b>	<b>5,228</b>	<b>41,482</b>	<b>39,679</b>	<b>40,030</b>	
<b>TOTAL (Direct + Indirect – Market-Based)</b>	<b>39,333</b>	<b>36,596</b>	<b>37,089</b>	<b>7,449</b>	<b>7,309</b>	<b>5,983</b>	<b>46,783</b>	<b>43,905</b>	<b>43,072</b>	

GRI 306-3, 306-4 and 306-5 (2020): Waste generated, waste diverted from disposal and waste directed to disposal <sup>6</sup>												
Disposal method	Hazardous waste [tonne]						Non-hazardous waste [tonne]					
	2018	%	2019	%	2020	%	2018	%	2019	%	2020	%
Reuse	27.0	15.3%	2.0	1.2%	1.7	0.9%	60.0	0.7%	0	0.0%	0.0	0.0%
Recovery	74.2	41.9%	10.5	6.5%	9.2	4.7%	2,024.3	22.1%	1,765.2	22.2%	1,907.0	20.3%
Incineration (including energy recovery)	21.1	11.9%	9.2	5.7%	16.2	8.2%	231.1	2.5%	146.8	1.8%	549.8	5.9%
Incineration	1.3	0.7%	1.3	0.8%	38.4	19.4%	0	0.0%	0	0.0%	0	0.0%
Recycling	29.3	16.6%	3.7	2.3%	33.8	17.1%	6,283.9	68.7%	5,790.5	73.0%	6,658.1	70.9%
Composting	0	0.0%	0	0.0%	0	0.0%	111.1	1.2%	68.0	0.9%	98.0	1.0%
Storage	14.8	8.4%	75.8	46.5%	82.6	41.7%	12.1	0.1%	6.4	0.1%	21.5	0.2%
Landfill	0	0.0%	60.4	37%	16.1	8.1%	280.8	3.1%	68.9	0.9%	91.1	1.0%
Other - Chemical treatment	9.2	5.2%	0.2	0.1%	0.2	0.1%	0	0.0%	0	0.0%	0	0.0%
Other - Biological treatment	0	0.0%	0	0.0%	0	0.0%	145.6	1.6%	91.4	1.2%	64.3	0.7%
<b>Total waste produced</b>	<b>176.9</b>	<b>100%</b>	<b>163.1</b>	<b>100%</b>	<b>198.3</b>	<b>100%</b>	<b>9,148.9</b>	<b>100%</b>	<b>7,937.2</b>	<b>100%</b>	<b>9,389.7</b>	<b>100%</b>

<sup>5</sup> The item "Offices" includes offices, distribution branches, warehouses and, in general, all non-production facilities of the De' Longhi Group.

<sup>6</sup> Please note that the waste reporting methodology has been updated according to the new GRI 306 (2020) indicator, both for 2020 and for previous years.

## 7. GRI Content Index

[GRI 102-55]

GRI Standard	Disclosure	Page number	Note	Omission
<b>GRI 102: GENERAL DISCLOSURES 2016</b>				
<b>Organisation profile</b>				
102-1	Name of organisation	1		
102-2	Activities, brands, products and services	5, 26		
102-3	Location of head office	5		
102-4	Location of activities	5		
102-5	Ownership and legal form	9 – 10		
102-6	Markets served	5		
102-7	Size of the organisation	5, 8, 16, 39		
102-8	Information on employees and other workers	18, 55		
102-9	Supply chain	41 - 42		
102-10	Significant changes to the organisation and its supply chain	9, 39 – 40, 41		
102-11	Precautionary principle	11, 26, 33 – 34		
102-12	External initiatives		During the year of reporting, the De' Longhi Group did not participate or subscribed to any initiative promoted by stakeholder externals	
102-13	Membership of associations	7 - 8		
<b>Corporate strategy</b>				
102-14	Statement by a senior manager	4		
<b>Ethics and integrity</b>				
102-16	Values, principles, standards and norms of behaviour	7 – 13, 17		
<b>Governance</b>				
102-18	Governance structure	9 – 10, 14		
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	7 - 8		
102-41	Collective bargaining agreements	19		

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page number</b>	<b>Note</b>	<b>Omission</b>
<b>102-42</b>	Identification and selection of stakeholders	7 – 8		
<b>102-43</b>	Ways of involving stakeholders	7 – 8		
<b>102-44</b>	Key issues and critical points raised	7 – 8		
<b>Reporting practices</b>				
<b>102-45</b>	Parties included in the consolidated financial statements	51 – 52		
<b>102-46</b>	Definition of the report content and topic boundaries	50 – 54		
<b>102-47</b>	List of material topics	51		
<b>102-48</b>	Review of information		No change significant compared to the Report of Sustainability 2019	
<b>102-49</b>	Changes in reporting		No change significant compared to the Report of Sustainability 2019	
<b>102-50</b>	Reporting period		From 1 January 2020 as at 31/12/2020	
<b>102-51</b>	Date of the most recent report		August 2020	
<b>102-52</b>	Reporting intervals		Annual	
<b>102-53</b>	Contact details for enquiries regarding the report		sustainability@delonghigroup.com	
<b>102-54</b>	Statement on reporting under GRI Standards	50		
<b>102-55</b>	GRI content index	59 – 66		
<b>102-56</b>	External Assurance		This document has not been subject to any assurance activity.	

GRI Standard	Disclosure	Page number	Omission
<b>MATERIAL TOPICS</b>			
<b>ECONOMIC PERFORMANCE INDICATORS</b>			
<b>ECONOMIC PERFORMANCE</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	<i>Explanation of material aspects and boundaries</i>	52 – 53	
103-2	<i>General information on the management approach and its characteristics</i>	7 – 8	
103-3	<i>Assessment of the management approach</i>	7 – 8	
<b>GRI 201: Economic Performance 2016</b>			
201-1	Economic value directly generated and distributed	8	
<b>ANTI-CORRUPTION</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	<i>Explanation of material aspects and boundaries</i>	52 – 53	
103-2	<i>General information on the management approach and its characteristics</i>	7 – 13	
103-3	<i>Assessment of the management approach</i>	7 – 13	
<b>GRI 205: Anti-Corruption 2016</b>			
205-2	<i>Communication and training on anti-corruption policies and procedures</i>	12 – 13	Reporting does not include communication and training to members of governing bodies
205-3	<i>Incidents of corruption and actions taken</i>	13	
<b>ANTI-COMPETITIVE BEHAVIOUR</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	<i>Explanation of material aspects and boundaries</i>	52 – 53	
103-2	<i>General information on the management approach and its characteristics</i>	7 – 13	
103-3	<i>Assessment of the management approach</i>	7 – 13	
<b>GRI 206: Anti-competitive behaviour 2016</b>			
206-1	<i>Legal actions for anti-competitive behaviour, antitrust and monopolistic practices</i>	13	
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>			
<b>ENERGY</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	<i>Explanation of material aspects and boundaries</i>	52 – 53	
103-2	<i>General information on the management approach and its characteristics</i>	38, 43	
103-3	<i>Assessment of the management approach</i>	38, 43	
<b>GRI 302: Energy 2016</b>			
302-1	<i>Energy consumption within the organisation</i>	44 – 45, 58	



GRI Standard	Disclosure	Page number	Omission
302-3	Energy intensity	45	
<b>EMISSIONS</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	43 – 44	
103-3	Assessment of the management approach	43 – 44	
<b>GRI 305: Emissions 2016</b>			
305-1	Direct greenhouse gas emissions (Scope 1)	46, 58	
305-2	Indirect greenhouse gas emissions (Scope 2)	46 – 47, 58	
305-4	Greenhouse gas emission intensity	47	
<b>WASTE</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	43 – 44	
103-3	Assessment of the management approach	43 – 44	
<b>GRI 306: Waste 2020</b>			
306-1	Waste generation and significant waste-related impacts	44, 49	
306-2	Management of significant waste-related impacts	44, 49	
306-3	Waste generated	48	
306-4	Waste not destined for disposal	48 – 49, 58	
306-5	Waste for disposal	48 – 49, 58	
<b>ENVIRONMENTAL COMPLIANCE</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	43 – 44	
103-3	Assessment of the management approach	43 – 44	
<b>GRI 307: Environmental compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	13	
<b>SOCIAL PERFORMANCE INDICATORS</b>			
<b>HEALTH AND SAFETY AT WORK</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	23 – 24	
103-3	Assessment of the management approach	23 – 24	
<b>GRI 403: Health and Safety at Work 2018</b>			
403-1	Occupational health and safety management system	23	

GRI Standard	Disclosure	Page number	Omission
403-2	Hazard identification, risk assessment and accident investigations	23	
403-3	Occupational health services	23	
403-4	Worker participation and consultation, and communication in the field of health and safety at work	23	
403-5	Health and safety training for workers at work	23	
403-6	Promoting the health of workers	23	
403-7	Prevention and mitigation of health impacts and safety at work within business relationships	23	
403-9	Accidents at work	24, 57	
<b>TRAINING AND EDUCATION</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	17, 21 – 22	
103-3	Assessment of the management approach	17, 21 – 22	
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee by employee category and gender	21	
404-3	Percentage of employees receiving a regular performance evaluation and a review career development	22	
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	17 – 20	
103-3	Assessment of the management approach	17 – 20	
<b>GRI 405: Diversity and Equal Opportunities 2016</b>			
405-1	Composition of the company's governing bodies and breakdown of employees by gender, age, membership of protected categories and other diversity indicators	9, 19, 56	
<b>NON-DISCRIMINATION</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	17, 20, 21 – 22	
103-3	Assessment of the management approach	17, 20, 21 – 22	
<b>GRI 406: Non-discrimination 2016</b>			
406-1	Total number of incidents of discrimination and corrective actions taken	20	
<b>HUMAN RIGHTS ASSESSMENT</b>			

GRI Standard	Disclosure	Page number	Omission
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	41 – 42	
103-3	Assessment of the management approach	41 – 42	
<b>GRI 412: Human Rights Assessment 2016</b>			
412-1	Activities that have been evaluated according to human rights or have had an impact on human rights	41 – 42	
<b>EVALUATION OF SUPPLIERS FOR SOCIAL IMPACTS</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	41 – 42	
103-3	Assessment of the management approach	41 – 42	
<b>GRI 414: Assessment of suppliers by the impact on society 2016</b>			
414 -1	New suppliers assessed according to social criteria	41 – 42	
<b>CONSUMER HEALTH AND SAFETY</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	34 – 35	
103-3	Assessment of the management approach	34 – 35	
<b>GRI 416: Consumer Health and Safety 2016</b>			
416-1	Assessing the health and safety impacts of products and services	34	
416-2	Cases of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	34	
<b>PRODUCT MARKETING AND LABELLING</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	34 – 35	
103-3	Assessment of the management approach	34 – 35	
<b>GRI 417: Marketing and Product Labelling 2016</b>			
417-1	Requirements for product information and labelling	35	
417-2	Total number (by type) of cases of non-compliance with regulations or voluntary codes concerning product/service information and labelling	34 – 35	
417-3	Total number (by type) of cases of non-compliance with regulations or voluntary codes concerning marketing activities, including advertising, promotion and sponsorship	13	
<b>CUSTOMER PRIVACY</b>			
<b>GRI 103: Management Approach 2016</b>			

GRI Standard	Disclosure	Page number	Omission
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	30 – 33	
103-3	Assessment of the management approach	30 – 33	
<b>GRI 418: Client privacy 2016</b>			
418-1	Reasoned complaints about loss of customer data	33	
<b>NOT GRI DISCLOSURE</b>			
<b>ABILITY TO INSPIRE</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	26 – 35	
103-3	Assessment of the management approach	26 – 35	
<b>BUSINESS PARTNERSHIPS</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	39 – 42	
103-3	Assessment of the management approach	39 – 42	
<b>INVESTMENTS IN NEW TECHNOLOGIES</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	26 - 27, 32, 35 - 36	
103-3	Assessment of the management approach	26 - 27, 32, 35 - 36	
<b>PRODUCT INNOVATION</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	26, 32, 35 - 36	
103-3	Assessment of the management approach	26, 32, 35 - 36	
<b>NETWORK DISTRIBUTION EFFICIENCY</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	40	
103-3	Assessment of the management approach	40	
<b>AFTER-SALES SERVICE</b>			

GRI Standard	Disclosure	Page number	Omission
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	30 – 33	
103-3	Assessment of the management approach	30 – 33	
	First-time fix (FTF) indicator	32	
	Average service time	31	
<b>DIGITAL TRANSFORMATION</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	26, 32, 35 – 36	
103-3	Assessment of the management approach	26, 32, 35 – 36	
<b>ECO-FRIENDLY DESIGN</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of material aspects and boundaries	52 – 53	
103-2	General information on the management approach and its characteristics	35 – 37	
103-3	Assessment of the management approach	35 – 37	