

SUSTAINABILITY IN DE'LONGHI *Summary of 2017*





MAIN RESULTS

OUR PEOPLE

8.197
employees

48%
of employees
are **women**

91%
of employees have a
permanent contract

133.288
hours of
training
provided

OUR PLANTS

-6%
electricity
consumption per
piece produced
compared to 2016

-8%
CO2 emissions per
piece produced
compared to 2016

100%
of production sites
have a management
model in line with
OHSAS 18001
requirements

OUR PRODUCTS

more than **8**
million
pieces
produced

2,6%
of turnover invested
in R&D

100%
of products
tested for
electrical and
food contact
safety

DE'LONGHI GROUP

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

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

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

BRAUN

Frankfurt, Germany

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

DeLonghi

Treviso, Italy

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

KENWOOD

Havant, UK

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

Ariete

Florence, Italy

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



OUR PEOPLE

«Strong commitment to draw on the diversity and talents of our people to accomplish challenging goals through determination and passion of each and every one»
from the **Company Mission**

OUR COMMITMENT

To support the professional growth of our people and promote a safe workplace based on values such as ambition, courage, enthusiasm, skill, tradition, teamwork and respect, that encourages employees to act in a loyal, correct and mutually respectful manner, based on the value of diversity and avoiding any type of discrimination.

2017 INITIATIVES



We continued with the Group identity awareness and consolidation initiatives, through a communication campaign for the **new mission and vision and company values**.



Performed the second **Employee Engagement Survey – “Your Voice: to Make the Difference”**, which involved all Group personnel and allowed a greater understanding of employees’ perceptions and expectations.



Launched the **new HR management system**, which will allow all aspects relating to our people, from personal details to training and performance assessment, to be managed in a unified manner.



Organized two sessions of **“Welcome on Board”**, the international orientation event for all new recruits in Italy during 2017 and the new colleagues in the sales and marketing office of our foreign branches.



Provided more than 40 sessions of the **“U-connect”** management development course.



Launched, at the Mignagola plant, a **plan to redesign the production lines and working activities**, aimed at improving the ergonomics of workstations.

KEY INFORMATION AND NUMBERS

+17%
more employees compared to 2016

16 hours of training provided per employee

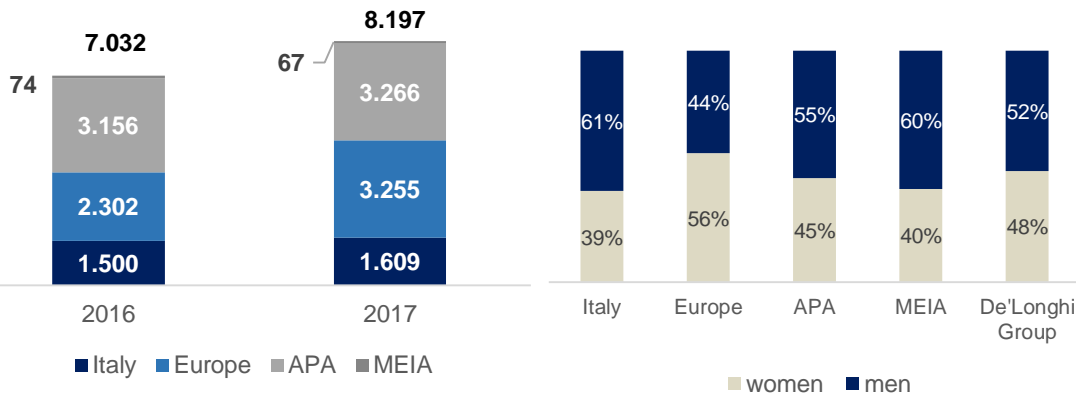
1747 employees involved in the performance assessment process

9 collaborations with international universities

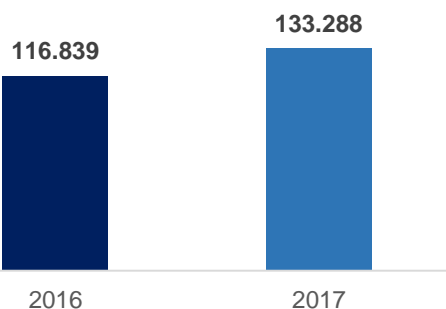
-14% reduction in accident frequency rate compared to 2016

€ 1 milion invested to purchase personal protection equipment (PPE) in 2017

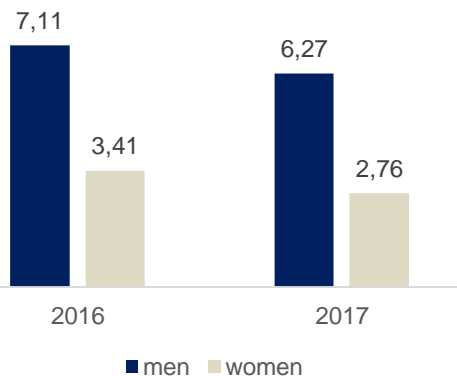
Our people



Training (h)



Accident frequency rate



OUR PLANTS

*«We believe in shaping the world with our hands
We are makers
Making to us isn't just about producing and selling products
It's about the endless dedication and drive to create
It's about people working together to make the difference.»*

*from **Company Values***

OUR COMMITMENT

We focus on carefully and responsibly managing our greenhouse gas emissions.

Furthermore, attention to environmental issues in product development means designing solutions and products with a reduced environmental impact throughout the life cycle, from the phases of procurement, production, assembly and testing, to logistics and product distribution, through the phase of use by our customers and consumers.

2017 INITIATIVES



Completed the **investment plan** designed to upgrade the production platform in Romania.



Continued activities for the **new distribution hub** for Northern Europe, located in the Netherlands, as part of the logistics process centralization project launched in 2016, with the first distribution hub in Mignagola for Southern Europe.



Launched **energy efficiency initiatives** that reduced the Group's consumption. For example, at the Chinese plants, these activities saved about 240,000 kWh, corresponding to about 156 t of CO2 avoided.

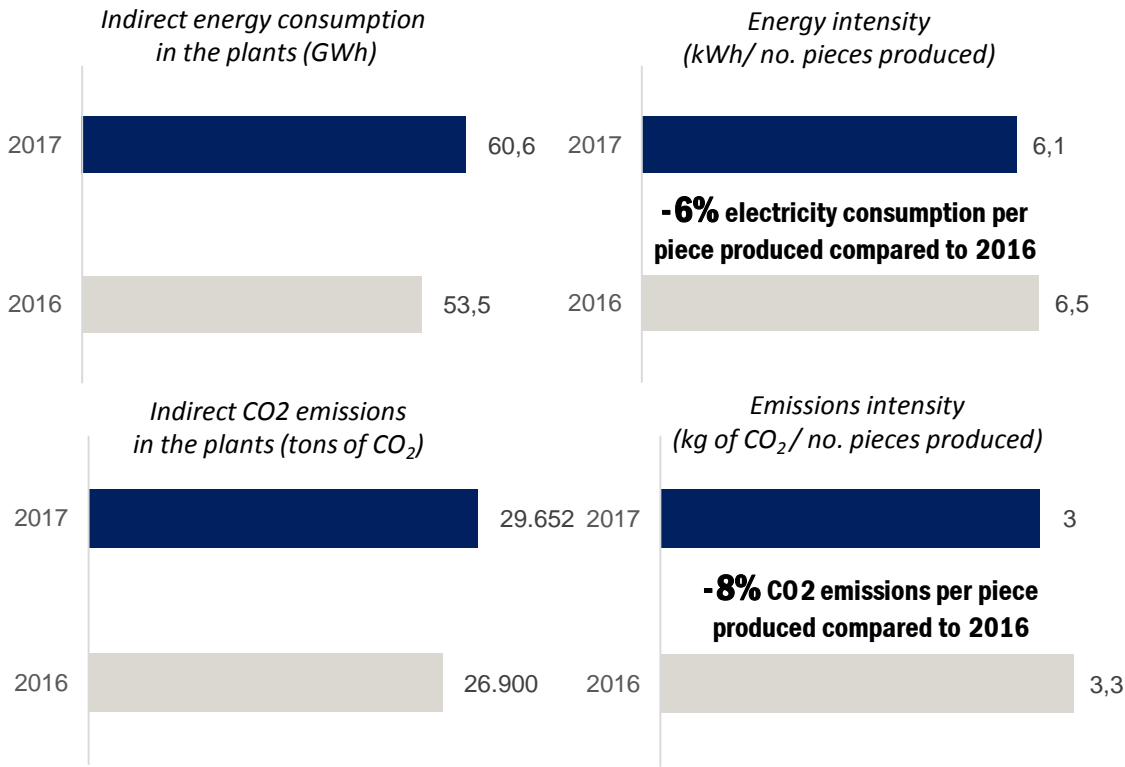


Began **production waste recycling initiatives**, such as, for example, plastic and metals. These initiatives have enabled the recycling of 20% more material than in 2016 at the Chinese plants.



Launched and continued analysis and efficiency initiatives and the **reduction of materials used for product packaging**, which resulted in, for example, a reduction of 20% in product packaging material and increased the number of packages per pallets at the Romanian plant.

KEY INFORMATION AND NUMBERS



Trends in indirect energy consumption and related CO₂ emissions increased compared to 2016. However, this trend is linked to an increase in production. In fact, the analysis of the energy and emission intensity demonstrates a decrease in consumption and specific emissions per piece, confirming the effectiveness of the efficiency initiatives implemented during the year by the Group.

Mignagola (Treviso, Italy)

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

< 1 mln pieces produced
> 400 stock keeping units

Zhongshan (China)

Located in Dongsheng Town, a city in the Zhongshan prefecture in southern China.

> 1 mln pieces produced
> 400 stock keeping units

Cluj (Romania)

Acquired in 2013 and located in the town of Cluj, in Romania, it is the Group's newest and most modern plant.

> 3 mln pieces produced
< 400 stock keeping units

Dongguan (China)

Became part of the Group in 2001, with acquisition of Kenwood, and located in Qinxi Town, in the Dongguan prefecture in southern China.

> 3 mln pieces produced
> 1000 stock keeping units



OUR PRODUCTS

*«Worldwide,
Every day, by your side
A desirable object,
An emotion,
An authentic experience,
To be lived,
To be shared»
from the **Company Vision***

OUR COMMITMENTS

We pursue innovation based on the concept of maximum multi-functionality, design, ergonomics, silent, reliable and long-lasting products, carefully chosen materials and energy efficiency, with particular focus on comfort, and are also committed to the development of technologies capable of facilitating and supporting healthy lifestyles. For years, we have invested in product research and development with long-term performance and with components that are easy to remove and clean. Moreover, we search for innovative solutions associated with, for example, digital technology (Internet of Things) and remote-control connectivity.

2017 INITIATIVES



Concluded the **“Symbiosis Project” design contest** for the Design and Architecture Faculties of 10 Italian universities



Launched the **“2018 New Designers Kenwood Appliances Award”**, with the aim of supporting young designers with a particular focus on products for food preparation and cooking



Launched the **SAP PLM project** for sharing and standardization of documents in the Quality area

KEY INFORMATION AND NUMBERS

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

We pay close attention to the product design and testing phase, to ensure the highest level of quality, reliability and functionality of our products.

The ease of use and dismantling of our products reduces the environmental impact during use by our consumers, such as energy consumption when using products and consumption of water and chemicals when they are washed.

Attention to health in preparation of food

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

In the coffee and food preparation area, we focus on designing products that do not alter the organoleptic properties and nutritional elements of the food and beverages.



Well-being is just a click away

The De'Longhi fully automatic coffee makers with Bluetooth technology can be remotely controlled via a mobile device, allowing the highest degree of customization of beverages.

An integrated solution with Apple Watch is being developed for cooking and comfort products as well.

Towards energy efficient products

Research into increasingly energy efficient products is one of the drivers of the Group's design activities, in all areas of development.



DēLonghi Group



KENWOOD

BRAUN

Ariete