



DēLonghi Group

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Sustainability
Report

in brief

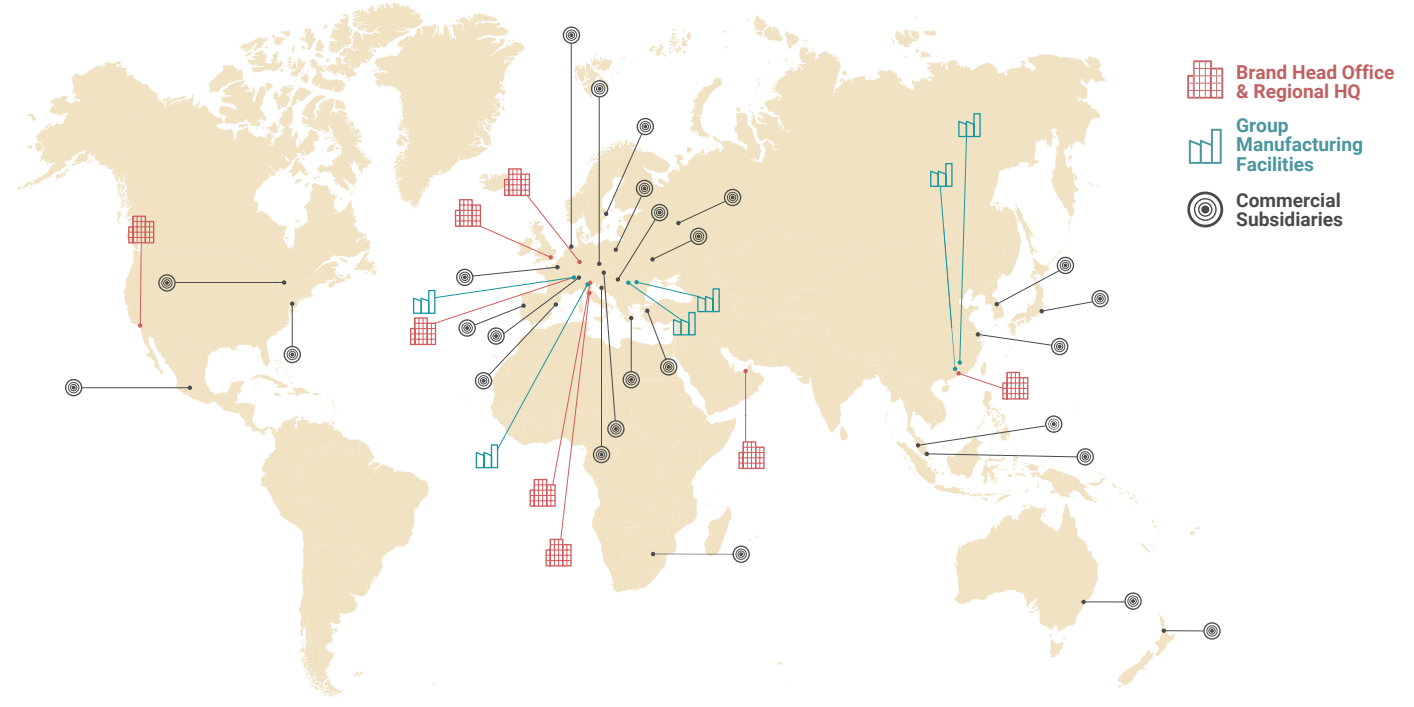
2022

The De' Longhi Group

While strongly rooted in Italy, particularly in Treviso where its headquarters are located, the De' Longhi Group has been an established international player for some time: in addition to its **six production facilities** in Italy, Romania, Switzerland and China, the Group operates through its numerous directly owned commercial branches, a vast network of distributors and a few proprietary stores.

The oil-filled radiator launched in 1974 was the first appliance distributed under the De' Longhi brand to have a significant impact on the success of the Group's first production site. From that moment, the product range for coffee, food preparation and cooking, comfort (air conditioners and heaters) and home care grew constantly, making the De' Longhi Group **synonymous with quality and innovation** in the Home Appliances sector.

Thanks to the recent acquisitions of the American company Capital Brands, leader worldwide in the personal blenders segment, and the Swiss Group Eversys, active in the professional espresso coffee machine segment, today the Group works globally through **7 brands**: De' Longhi, Kenwood, Braun, Ariete, Nutribullet, Magic Bullet and Eversys.



Our sustainability path

Since the publication of the first **Sustainability Report** in 2017, the Group has gradually structured a management model for non-financial topics which has ensured that sustainability has increasingly become a part of the business model and the corporate strategy. Toward this end, in 2021 the **sustainability governance** was reconfigured and now comprises a Control, Risk, Corporate Governance and Sustainability Committee, a Sustainability Steering Committee, three Focus Groups and a Group Sustainability Manager; in the same year,

the **Sustainability Manifesto** was shared with all Group employees. The Manifesto summarizes the areas of commitment - tied to achieving one or more of the UN's Sustainable Development Goals (SDGs) - that are the focus of sustainability: sustainable packaging, sustainable and innovative products, circular economy, fight against climate change, responsible supply chain, workplace safety, sustainable lifestyle and education, wellbeing and inclusion.

In 2022 another milestone along the sustainability path was achieved, namely the definition and publication of the Group's **first Sustainability Plan**, which formalizes the commitment and defines the initiatives to be undertaken in the short-, medium- and long-term. These initiatives and the relative targets are part of the eight areas of commitment defined in the Manifesto and the three pillars that form the foundation of the Group's sustainability strategy, namely *People, Products and Processes*.

De' Longhi Group's people

People are our power

Our commitment

The people working in our Group are our strength and energy. We are committed to supporting and nurturing them in a stimulating work environment, capable of attracting, motivating and retaining talent, as well as promoting growth and development. We ensure a safe and healthy workplace, fueled by ambition, but also by passion, know-how and the desire to work as part of a team which respects diversity and the potential of every individual. We also invest actively in projects and initiatives which support the local communities in which we operate in order to promote growth and prosperity. We keep our humanity alive, which is a renewable and unstoppable resource.

2022 Initiatives



Staying Together - New Ways of Working an initiative which aims to establish a global policy relative to the new ways of working. The project was divided into three phases: in the first phase a video illustrating the most important features of this new policy was viewed internally; in the second phase the "Smartiquette" was presented. It is a sort of protocol which contains different indications about how to work remotely effectively. Lastly, in the third phase, a survey of the Group's employees was conducted in order to identify the areas in need of improvement with respect to this new way of working.



The new process **FORWARD** was added to the performance appraisal system. The dedicated app provides each employee with the ability to establish priorities and areas of development each year with a view to defining a personalized plan through routine self-assessment and sharing of feedback. The participation of the almost 3,000 employees involved was very high: around 80% of the plans submitted were approved, with a total of more than 2,500 feedback exchanges.



Implementation of the **Diversity and Inclusion** project continued. The goal of this project is to ensure full compliance with the principles included in the Group's Code of Ethics like diversity, equal opportunity, equity and the elimination of all forms of discrimination. In 2022 gender diversity was the priority: after an initial assessment of the number and pay of women across all the company's organizational levels, female employees were involved in interviews, group meetings and questionnaires, in order to identify the needs and priorities relating to their work experiences. A Group road map was defined which will be followed as of 2023.



In 2022 the new platforms **Speex** and **Of Course Me** were launched: the first provides language courses globally and the second makes it possible to develop personalized training programs by accessing a vast array of available information and materials which allows employees to pursue vertical specialization in topics that are more consistent with their interests and professional development.

Key figures and information

51%

women in the Group

93%

employees with permanent contracts

196,908

training hours provided by the Group (on average 23 hours for each employee)

3 mn €

given to the community to support Ukrainians affected by the conflict and as donations for regional development, research and sports

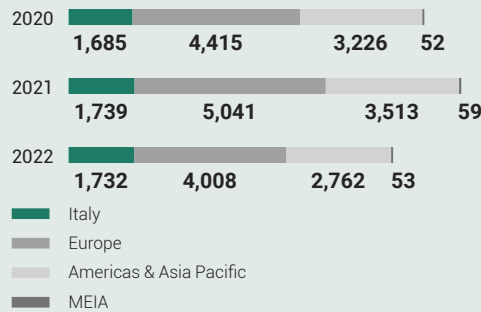
-26%

reduction in the injury rate

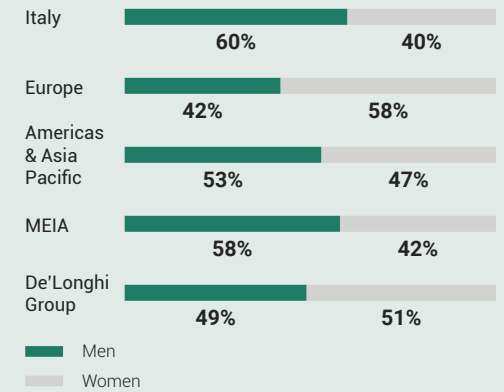


Our people

The number of employees by geographical area



Breakdown of employees by gender, 2022



Average training hours provided per employee



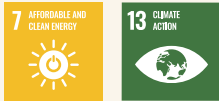
Injury rate



Sustainability plan initiatives

Our targets

Fight against climate change



Workplace safety



Wellbeing and inclusion



- 2023** Involve and sensitize our people and the local communities with respect to eco-friendly habits
- 2024** Reduce the environmental impact of our travel policy, analyzing the cost of moving employees between offices and headquarters, promoting car sharing and holding meetings using online platforms
- 2027** Corporate car fleet comprised 100% of electric and/or hybrid vehicles
- 2023** Guide individual behavior through training, communication, as well as health and safety initiatives
- 2023** Adoption of a diversity and inclusion policy
- 2023** Recognize, understand and celebrate the uniqueness of each individual, creating and supporting a culture in which differences are valued and respected
- 2023** Adopt specific guidelines for corporate giving
- 2023** Increase the average number of hours provided per employee each year
- 2024** Increase work-life balance using assessment tools like annual surveys
- 2025** Increase the number of women in managerial positions



Our products, to improve everyday life

Products with a purpose

Our commitment

For us, innovation means research to improve materials, product durability and energy efficiency, as well as the development of technology that enables and promotes a healthy lifestyle for our consumers. Every De' Longhi Group product is conceived, designed and manufactured to improve the lives of those who choose it because responsible production must, first of all, keep people at the centre. Improvement means more than making daily life easier and more comfortable; it means that neither the environment nor future generations should bear the weight of those improvements. Because today is already tomorrow.

2022 Initiatives



The partnership with the Design Department of Milan's Politecnico led to the publication of the **"Handbook of guidelines to design sustainable De' Longhi products"**, a document which is key to designing for sustainability and improving the user experience. More in detail, the handbook comprises a series of guidelines which aim to provide the Group's NPD (New Product Development) division with new understanding and tools to be used across all phases of product development with a view to greater innovation and efficiency, as well as reduced environmental impact.



Always on the lookout for new technologies capable of improving product quality, the Group revised the quality control of finished product assembly. The visual inspection of an employee will, in fact, be followed by an **AI Visual Inspection** which will guarantee improvement in productivity and objectivity by limiting human errors and increased controls.



In order to improve **repairability** and **reduce repair times** of the coffee machines, the frames of the La Specialista and Maestro machines were modified: the part of the frame subject to the most use was substituted with a component that is easy to remove from the frame which simplified the removal and replacement of the component.



An innovative heating system for the filter cup was developed which made it possible to build a proto-type of a coffee machine **which consumes 50% less energy than the regulatory minimum during the stand-by phase** thanks to a pump with a magnetic induction system. This type of heating, in fact, makes it possible to generate heat from a metal structure without the need to be in direct contact with the heating element and to heat it in considerably less time with respect to other traditional techniques.

Key figures and information

-10%

reduction in the Group's average repair time compared to 2021

+50%

the increase in the Group's repair capacity attributable to the opening of the new repair center in Germany

100%

of the production plants ISO9001 certified



360° Sustainable products

One of the De' Longhi Group's goals is to use an **eco-friendly** approach in the manufacture of its goods which is why it pays attention to the environment and the communities in which it operates along the entire value chain.

Beginning with product design, the Company focuses its efforts on developing more sustainable products including, for example, by using recyclable or recycled materials: toward this end, the Group has set a goal that by 2027 **30%** of the total amount of plastic used in its new appliances will be **recycled plastic**. In 2022 this commitment already produced great results in both coffee (the Lattissima One Evo and Gran Lattissima 2.0 coffee machine are made out of recycled plastic for 18% and 17%, respectively) and comfort (recycled plastic accounts for 20% and 53% of the plastic used in the PAC Pinguino and Capsule Desk, respectively).

Different solutions which reduce consumption when the home appliances are being used were also introduced: in the new Dedicca Maestro model the **shutdown time** was lowered from 9 to 5 minutes with an estimated energy savings

per year for each device sold of 2.1 kWh. This result is attributable to lighter thermoblocks which are typically part of the heating system and made of aluminum: in addition to reducing the amount of raw materials needed, the lighter thermoblocks make it possible to decrease the energy required to warm the machine up when it is turned on.

As for packaging, the LCA (**Life Cycle Assessment**) had a key role in mapping out possible alternative packaging solutions and identifying the ones with a lower CO₂ footprint. In 2022, thanks to a software developed Groupwide, the LCA analysis was made of three strategic De' Longhi products (fully automatic and pump coffee machines, kitchen machines). A large part of the Group's efforts was focused on reducing plastic and the total volume of packaging. Great progress was made and in 2022, there was no EPS (Synthesized Expanded Polystyrene) in the packaging of 56% of the Braun products sold, 58% of the Kenwood kitchen machines distributed had paper packaging and 70% of the De' Longhi brand products distributed had Styrofoam-free packaging.



Sustainability plan initiatives

Our targets

Circular economy



Sustainable products



Fight against climate change



Sustainable packaging



- 2025 Include recycled materials in all the new products
- 2027 30% of the plastic used for new products will be recycled plastic
- 2023 Adopt Eco-Design guidelines
- 2024 Carry out assessments of one product from each of the main categories
- 2025 Continue to develop products focused on energy efficiency
- 2025 Develop Eco functions for high demand products
- 2024 Decrease the environmental impact of our packaging
- 2024 70% of the products with EPS-free packaging
- 2025 50% of the products with digital instruction manuals



Sustainability during all production phases

Processes are value in progress

Our commitment

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

2022 Initiatives



With a view to continuous improvement in the monitoring of its **supply chain**, during the year the De' Longhi Group expanded the application of the **Group's Code of Ethics** to include all its suppliers and published the **Responsible Sourcing Guidelines** which define the **criteria** to be used when **assessing the risk** associated with suppliers and ensure adequate control of new suppliers.



With respect to the **circular economy**, the Group implemented **reduce, recycle and reuse** initiatives for materials. At the Cluj and Salonta plants, for example, once used coffee dust was sold to an outside company which uses it to produce bricks; at the Mignagola plant progress was made on the **REBOX** project thanks to which boxes in ribbed polypropylene were developed and used which made it possible to reduce the number of boxes used each day by 40%.



Work continued on **initiatives focused on reducing** the De' Longhi Group's **consumption of electricity and emissions** at its production facilities, resulting in:

- almost **930,000 kWh** of energy being produced by the **solar panels** at the Mignagola plant;
- completion of the **trigeneration system** at Mignagola which provides electricity, heating and air conditioning;
- relamping at the Chinese plants in Dongguan and OnShiu, where new **led lighting systems** were installed which reduced consumption by around 240,000 kWh compared to traditional lighting;
- **meters to measure energy consumption** were installed at the Chinese plants which allow for constant and accurate monitoring of energy consumption, making it easier to identify the most energy-intensive areas and plan improvements;
- **an increase** in the number of **hybrid and electric vehicles** comprising the corporate car fleet and, consequently, more **charging stations** were installed at the Treviso headquarters;
- **ISO 14001** certified environmental management system of the Chinese plants and, consequently, 100% of the plants are now certified.

Key figures and information

100%

of the new product suppliers subject to social and environmental screening

-12%

total energy consumed by the Group compared to 2021

-16%

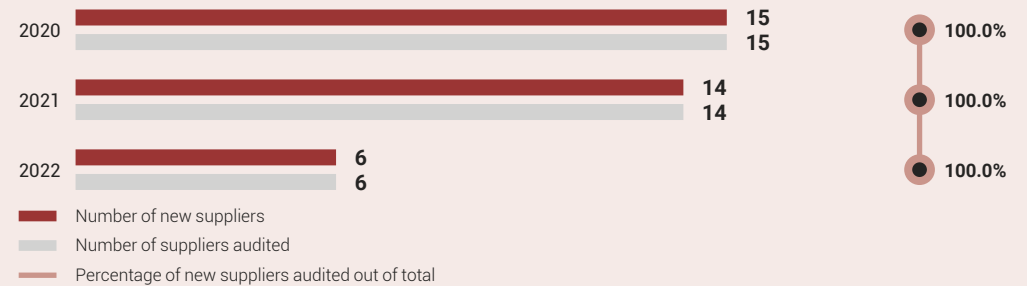
reduction in total GHG emissions (Scope 1 and 2, based on the market-based method) compared to 2021

88%

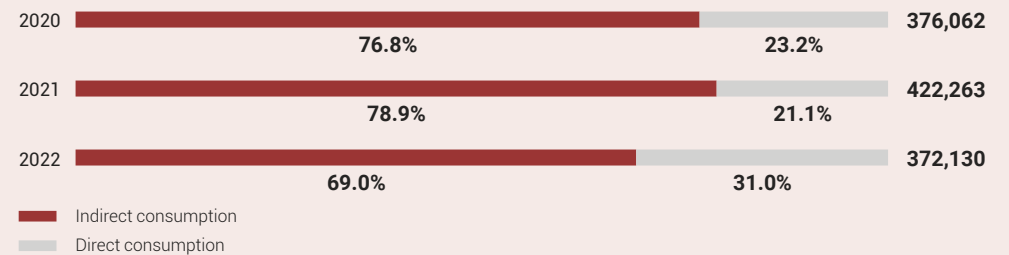
of the non-hazardous waste produced by the plants sent to be recycled or recovered



New suppliers assessed based on social criteria [n° and %]

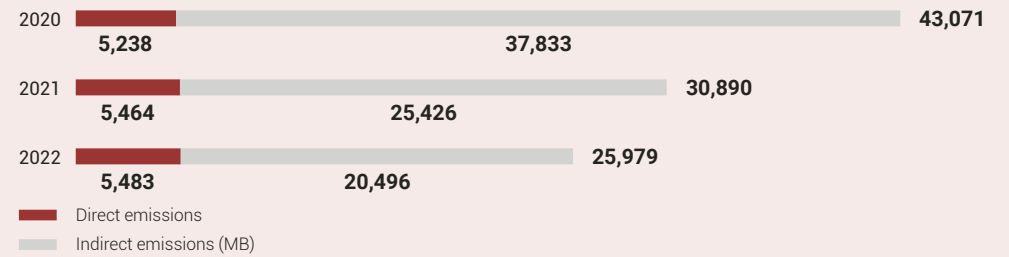


Direct and indirect consumption [GJ]

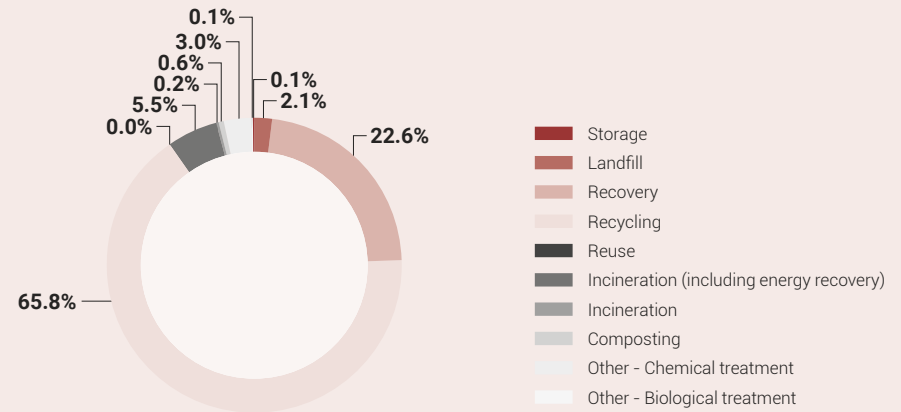




Total CO₂ emissions [tCO₂]



Non-hazardous waste produced in 2022 broken down by disposal method [%]



Sustainability plan initiatives

Our targets

Fight against climate change



Safe environment



Responsible supply chain



- ✓ Extension of the GHG inventory to the Scope 3 emissions
- 2024 Reduce energy intensity per unit manufactured
- 2025 100% of the electricity used by the Group's systems taken from renewable sources
- 2030 43% reduction in GHG emissions (Scope 1&2), in line with the SBT methodology
- ✓ 100% of the Group's plants ISO 14001 certified
- 2027 100% of the Group's plants ISO 45001 certified
- ✓ Adoption of a Code of Conduct for Suppliers and Responsible Sourcing Guidelines
- 2023 Monitoring the suppliers' commitment to social and environmental issues, as well as health and safety



DēLonghi Group



KENWOOD

BRAUN

nutribullet.

Ariete