SUSTAINABILITY REPORT 2021



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A CONCRETE COMMITMENT TO SUSTAINABILITY

In the difficult times of such a complex historic era, Smeg Group has sought to seize the opportunity to further consolidate its commitment to satisfying the United Nations 2030 Agenda for Sustainable Development.

Dear Readers,

Smeg Group, through this first sustainability report, wishes to demonstrate its genuine commitment to sustainability, seeking to provide an accurate, transparent disclosure in line with international GRI standards.

The past two years, and also the year under way, have been marked by events of enormous global magnitude, such as the extraordinary global health emergency, the subsequent shortage in the supply of raw materials and components, and finally, the current conflict in Ukraine and ensuing global energy crisis.

These circumstances, however, despite their many dramatic implications, provided an opportunity to promote the need to reconsider our priorities, way of living, working, and doing business.

And while the aforementioned scenarios may well have risked diverting the attention away from the climate situation, what actually happened was quite the opposite: widespread recognition of the need to speed up the transition towards a development model able to effectively combine the economic sphere with the environmental and social ones.

In the difficult times of such a complex historic era, Smeg Group has sought to seize the opportunity to further consolidate its commitment to satisfying the United Nations 2030 Agenda for Sustainable Development, focusing in particular on SDGs 3, 8, 12, 13 and 15 as priorities, which the Group can directly help achieve through its own projects and activities.

This commitment stems from an awareness of how important it is for each organisation to look beyond merely economic business results, making a tangible effort to offer future generations a less impoverished planet, and more inclusive society. This commitment stems from an awareness of how important it is for each organisation to look beyond merely economic business results, making a tangible effort to offer future generations and humanity as a whole a less impoverished planet, and more inclusive society.

Chief Executive Officer Vittorio Bertazzoni



— Annexes

FOREWORD

This document, drawn up on a voluntary basis, constitutes the first edition of the Sustainability Report for Smeg Group (hereinafter also "Group"), of which Smeg S.p.A. is the Parent Company (hereinafter also "SMEG", the "Company" or the "Parent Company").

The Group, in accordance with the principles of **balance and completeness of information** information defined by GRI Standard ¹ (2021) of the Global Reporting Initiative , presents to its stakeholders, through the Sustainability Report, the environmental, social, economic and governance information most pertinent to its business, explaining the positive and negative impacts generated. The GRI Standards are adopted by the Group as the reporting standard for this document.

The qualitative and quantitative information reported refers to the period from 1 st January 2021 to 31 st December 2021, providing a comparison, where possible, with figures from the previous two years, giving readers the possibility to compare the Group's performance over time.

The contents set out in the document refer to the entire Group: the individual entities included within the reporting scope of the Sustainability Report are detailed in the Methodological Note (ref. section "Annexes to the report"). Any scope limitations, with reference to the various material topics covered by the document and to the individual indicators reported, are appropriately indicated both in footnotes and in the body of the Report, and within the Methodological Note at the end of the document

¹ Ihe independent international "Global Reporting Initiative" (GRI) has defined a set of reference standards for reporting on the sustainability performance of public and private organisations. GRI standards are currently recognised as the main international reference standards: the standards are both universal and specific, i.e., relating to specific economic, environmental and social aspects. The latest version of the GRI Universal Standards was published in October 2021, reorganised to pave the way for the upcoming regulatory developments that will affect sustainability reporting on a European level. For the Topic Specific Standards, the most recent versions – depending on the specific standard – are 2016, 2018 and 2020.

Guide to reading the document

To ensure a better understanding of the contents of the Sustainability Report, it is specified that the document is structured according to the following sections:

- at the start, a presentation of the Group, of SMEG's distinctive approach to the progressive integration of environmental and social sustainability principles and aspects in the implementation of its business model, and of how the Parent Company's governance is organised;
- chapters 5-8 are then dedicated to the Group's main stakeholder categories, starting with customers and continuing with the Group's people, the environment, and lastly a focus on the local community and territory;
- in closing, the "Annexes to the report" section elaborates on the quantitative information reported in response to the disclosures of the GRI Standards covered by the document, and provides methodological details to facilitate an understanding of the data collected and presented.

Beginning with chapter 3, each chapter of the document is introduced by an explanatory box detailing the material topics covered in the chapter, the associated risks and opportunities, the specific GRI disclosures covered, and the relevant SDGs to which the Group seeks to directly or indirectly contribute.

The Sustainability Report is published on SMEG's corporate website and can be downloaded at the following link. For more information regarding this Report and SMEG's commitment to sustainability, please contact sustainability@smeg.it.



TECHNOLOGY WITH STYLE

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MORE THAN 70 YEARS OF MADE IN ITALY

The history of Smeg, an acronym for Smalterie Metallurgiche Emiliane Guastalla (Metal Enamelling Factory in Guastalla),

has been characterised since the 1970s by a logic of strategic diversification, aimed at combining innovation and design, and expressed in the concept of "technology with style", distinctly represented in the Company logo itself. Smeg has in fact positioned itself as a forerunner of innovation and diversification in the major appliances sector.

For over 70 years, Smeg has been interpreting **contemporary** living needs, developing home appliances with a distinctly **sober** and elegant style, the result of

continuous studies in the field of cutting-edge industrial design and numerous collaborations with world-famous architects and designers.

Today, Smeg enjoys international recognition and acclaim: the brand is a symbol of Made in Italy quality and a distinctive example of innovative design, stylistic excellence and attention to sustainability.

Technology with style



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• Vittorio Bertazzoni Sr. founds Smeg in Guastalla (RE), his home town.



• Metalworking is accompanied by the production of the first cooking appliances.



• Start of the production of washing products (washing machines and dishwashers).



- 1970: World première of the first dishwasher with 14 place settings.
- 1971: Production of the first built-in cooking appliances (ovens and hobs).
- 1977: Creation of the new company logo by designer Franco Maria Ricci.
- 1979-1982: Smeg sponsors the Ferrari team, which races with Gilles Villeneuve.



- 1982-1985: Start of the production of food service products and sanitary disinfection equipment.
- 1985: Collaboration with architect Guido Canali for ovens and hobs.

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- 1991: Collaboration with architect Guido Canali for ovens and hobs.
- 1995: Collaboration with architect Renzo Piano for ovens, hobs, fridges and indoor greenhouses.
- 1997: Launch of the iconic FAB fridge.



- New headquarter Smeg, designed by architect Guido Canali.
- 2008: Collaboration with industrial designer Marc Newson.

- YFARS
- 2012: Launch of FAB denim (first line of fridges entirely covered in denim).
- 2013: Launch of Smeg500 model.
- 2014: Launch of a collection of small domestic appliances, inspired by the iconic FAB fridge lines.
- 2016: Start of collaboration with Dolce&Gabbana.
- 2019: Acquisition of La Pavoni S.p.A., an historic Milan-based manufacturer of coffee machines since 1905

YFARS

- 2020: Start of a collaboration with Luigi Lavazza S.p.A. for the development of co-branded coffee machines.
- 2021: For the tenth time, Smeg receives the international "Good Design Award" for industrial design, awarded by the Chicago Athenaeum Museum of Architecture and Design.
- 2021: Smeg is among the 200 Green Stars of Italy, a ranking of the most sustainable companies compiled by the German Institute for Quality and Finance (ITQF) in collaboration with the Hamburg Institute for Management and Economic Research (IMWF).
- 2021: Smeg is ranked first in its category in the "TOP JOB BEST EMPLOYERS 2021" study conducted by the German Institute for Quality and Finance (ITQF) in collaboration with the Media Partner La Repubblica Affari&Finanza, and second in the ranking for "Italy's Best Employer for Women 2021".

Technology with style

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Production is carried out by the Group's **four manufacturing companies**, all located in Italy; **expertise** and a **specialised workforce** define the value of Smeg's Made in Italy proposition.

The Parent Company is based in Guastalla (RE), where cooking and refrigeration products are developed; the company Bonferraro S.p.A. (hereinafter "Bonferraro") is based in Bonferraro di Sorgà (VR), where washing and cooking products are developed; the company Apell S.p.A. (hereinafter "Apell") is based in San Giovanni Teatino (CH), where hoods and sinks are produced; lastly, the company Pavoni S.p.A. (hereinafter "La Pavoni"), located in San Giuliano Milanese (MI), operates in the coffee machines sector.

ITALIAN COMMERCIAL DISTRIBUTION COMPANIES (REGIONS – FOCUSING ON ITALY)

Abruzzo, Lazio, Tuscany, Veneto, Lombardy, Emilia-Romagna, Friuli-Venezia Giulia.

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a global brand

The Group is present nationally and internationally with respectively 7 and 18 commercial distribution companies. The world's major cities are also home to the **16 Smeg Stores**, showrooms where design is the undisputed star, each carefully thought out to express the brand's style and identity through the display of iconic pieces, as well as the virtuous collaborations with Italian companies par excellence worldwide.





Eastern Europe, Iceland, Middle East, Mediterranean countries, North and Southern Africa, Asia, New Zealand, Canada, Central America and South America.



France (1988), United Kingdom (1989), Belgium (1989), Spain (1991), Germany (1996), Netherlands (2002), Portugal (2006), Russia (2007), United States (2007), South Africa (2008), Ukraine (2008), Australia (2011), Kazakhstan (2012), Poland (2014), Mexico (2015), Nordic (Sweden - 2005, Denmark - 2010, Finland and Norway - 2017), Singapore (2018).



Rome, Milan, London, Paris, Stockholm, Lisbon, Saint Petersburg, Moscow, New York, Cape Town, Johannesburg, Durban, Perth, Melbourne, Sydney.



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VALUE CREATION

Vision, intuition, an international scope: the Group is regarded as the pinnacle of Made in Italy excellence around the world thanks to a corporate culture that lays a strong emphasis on quality and high technological content with a particular focus on energy saving.

The core values of the Smeg mission are:

- a commitment to producing home appliances that combine user safety, a high technological content, and sophisticated and innovative design, aimed at a discerning clientèle that recognises the importance of elegance and quality;
- a commitment to respecting the surrounding environment and protecting the health and safety of workers

Smeg's entire development strategy, founded on the ongoing pursuit of innovation, a focus on end user needs, and visual appeal, is divided into four main pillars, thanks to which Smeg creations are regarded as true icons of style and functionality.

The following infographic depicts the characteristic features of the Group's business model.

Business model

CORNERSTONES

- Introduction of cutting-edge technological solutions at product and process level
- Strengthening of collaborations with international renowned architects and designers
- Attention to detail and perceived product quality
- Creation of new product concepts with high functionality, safety, and visual appeal

FOUNDATIONS

- Constant pursuit of • Attention to end-user innovation needs appeal
 - Focus on visual

- VALUES
- Absolute user safety, high technological content and refined, innovative design
- Respect for the surrounding environment and protection of worker health and safety

There are **3 specific divisions** involved in the production of the **different product lines**:

- Smeg Home appliances division, which covers the production of major (MDA) and small (SDA) domestic appliances. Over the years, the home appliances division has also been involved in important collaborations (so-called "special projects"), for example those with Coca Cola and Dolce&Gabbana;
- Smeg Foodservice division, dedicated to the needs of food service professionals. This product range includes professional dishwashers dedicated to bars, restaurants and compact spaces, as well as

professional ovens specifically for pastry making, bread making and catering. The technological expertise of this division in the design and development of products allows the creation of innovative solutions ensuring utmost comfort in the workplace;

• Smeg Instruments division, which develops instrument washer disinfectors and glassware washers for the hospital, dental and laboratory sectors, offering cleaning and disinfection solutions deemed state-of-the-art in terms of health and safety.

Our mission

The manufacture and sale of products that combine absolute user safety, a high technological content, sophisticated and innovative design, and respect for the environment, aimed at a discerning clientèle that recognises the importance of elegance and quality.



Major domestic appliances

Major domestic appliances (MDA) encompass a broad selection of refrigeration, cooking, washing, built-in and free-standing products, where technology, functionality and style come together perfectly, ensuring especially high-performance results thanks to high energy-efficient solutions.

Small domestic appliances

The Small Domestic Appliances (SDA) line was launched in 2014, when the Group decided to differentiate its business by introducing products that could satisfy consumer needs in terms of **quality** and **technology**, while also adding value to the home environment through **design** as a distinctive element. Inspired by and reinterpreting Smeg's FAB fridge, there are now 3 main product macro-categories in the Small Domestic Appliances line: breakfast products, food preparation products and coffee products¹.

¹ The "coffee products" category was enhanced following the entry into the Group in 2019 of La Pavoni, an historic Milan-based manufacturer of high-end coffee machines for domestic and professional use.

.ss•smeq



The Group Value Chain

From the development of product lines to the procurement of materials, to the production and ultimate use of Smeg products, the Group's value chain is characterised by the value of Made in Italy manufacturing, a high focus on guality, versatility and speed of change allowing the Group to bring new products to the market in a short time.



from inbound raw materials to product dispatch

QUALITY GATES



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Approach to sustainability

Sustainable innovation, technological transformation and interconnection are at the heart of the most recent regulatory developments being defined at a European level to ensure the reduction of negative impacts generated on the environment and the community. To this end, companies are called upon not only to increase their transparency with respect to the generation of their own externalities – both positive and negative – but also to welcome the opportunity to optimise and improve the efficiency of their environmental, social and economic performance.

Sustainability is a core value in the Smeg strategy: through the progressive assessment and integration of the environmental, social and governance aspects most pertinent to the Group and its stakeholders, the Group aims to develop increasingly innovative technological solutions in order to maximise the efficiency of its processes and contribute to the sustainable development of the territories in which it operates.

Customer satisfaction, protection of workers' health and safety, and respect for the environment are a top priority for the Group. For this reason, product innovation and the ability to anticipate and respond to market demands are the factors on which the Group has decided to focus in order to strengthen the qualitative level of its offer.

The continuous improvement of management and production processes is supported by the adoption – by all manufacturing companies¹, of a Quality, Safety, and Environmental Management System certified in accordance with the globally recognised standards ISO 9001, ISO 13485², ISO 45001 and ISO 14001 with the following aims:

- to meet and exceed regulatory requirements, adopting all prevention and protection measures to reduce risks to the environment, and to the health and safety of its people and surrounding communities;
- to reduce the environmental impact at all stages of production and products' life;
- to increase the sense of responsibility of staff and suppliers in regards to quality, the environment, health and safety.

Climate Change CDP 2021



In 2021, Smeg participated in the Climate Change CDP (Climate Disclosure Project) questionnaire aimed at deepening

companies' awareness regarding the effective management of risks and opportunities associated with climate change and the generation of CO₂ emissions along their value chain.

Underlying this awareness is the need to measure and report on one's own carbon footprint and the safeguards put in place to meet the challenge of combating climate change.

Companies taking part in the questionnaire are assessed by CDP analysts on a rating scale with levels from D (Disclosure) to A (Leadership), encouraging companies to improve their environmental performance over time, inspired by best practices.

Smeg will participate in the Climate Change CDP questionnaire also in 2022.



¹ Note that the certification process is currently under way for La Pavoni.

 $^{^{\}rm 2}$ With reference to the manufacturing companies Smeg and Bonferraro.

COMMITMENT TO THE 2030 AGENDA

In 2015, at the deadline for the Millennium Development Goals³, the 193 Member Countries of the United Nations unanimously approved the 2030 Agenda for Sustainable Development, consisting of 17 Sustainable **Development Goals** (SDGs) and 169 related targets.

The action plan defined to eradicate poverty, combat inequality and social injustice, and protect the planet looks especially to the private sector as a key player in terms of its potential contribution towards achieving the 17 SDGs, which in turn show enormous potential in guiding the actions of companies and disclosing the impacts they generate with respect to the sustainability macro-trends deemed most urgent.

In this context, Smeg is committed to contributing to the achievement of the 2030 Agenda in both the day-to-day running of its business and its strategic approach.

In particular, considering the specificities of its business model, the Group recognises 5 priority **SDGs** – SDGs 3, 8, 12, 13 and 15 – for which it is committed to defining specific strategic guidelines and targets to contribute to their achievement. Similarly, the Group is aware that it may have an indirect impact on SDGs 4, 5, 7, 9 and 10 and considers Goal 16 to be an essential objective based on the achievement of the other goals mentioned above⁴.

The infographic below summarises Smeg's commitment to the 2030 Agenda and the SDGs, also indicating specific targets for each Objective considered by the Group to be a priority, or on which an impact can be indirectly generated.

³ The 8 Millennium Development Goals (MDGs) were defined in 2000 at the UN Millennium Summit to eradicate extreme poverty and guarantee the right to development for every individual, worldwide. ⁴ It is noted that the SDGs indicated as priorities for the Group were analysed using the following internationally recognised sources: the document "Linking the SDGs and the GRI Standards" (May 2022 edition), published by the UN Global Compact and Global Reporting Initiative, in order to accurately link the SDGs and their relative targets to the GRI standards selected for this Sustainability Report; "SDG Industry Matrix for Industrial Manufacturing", published by KPMG Global. The results of the analysis have been aligned with the specificities of the Group's business, and account has been taken of projects and initiatives already implemented or launched that may have an impact on the achievement of one or more SDGs.

Commitment to the 2030 Agenda

Priority SDGs



SDGs on which SMEG can have an indirect impact



Essential objective to achieve the other SDGs



Target 16.5, 16.7

THE MATERIALITY ASSESSMENT

Smeg conducted a materiality assessment aimed at identifying and prioritising environmental, social and economic/ governance sustainability topics considered relevant and significant to its business and the Group's stakeholders. These topics are defined as material insofar as they reflect the main positive and negative, potential and actual economic, social and environmental impacts of the Group, and because they are able to significantly influence the decisions of internal and external stakeholders regarding their perception of the Group and its activities.

In order to identify the relevant topics, a survey was conducted according to a structured process and based on the following stages of analysis:

- Analysis of existing internal documentation;
- Analysis of the context to identify the main sustainability megatrends, that is, forces of environmental, social, demographic and technological change able to transform the world as a whole and the Group's reference economic sector, thus also potentially affecting Smeg's activities. This analysis was conducted by studying international sustainability standard-setters and frameworks, public documents, articles and statistics, in order to identify the main topics potentially relevant to the Group, and on which peers and competitors also tend to focus.



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Approach to sustainability

The first two stages of analysis allowed the identification of a number of key topics belonging to 5 different macro-areas: Identity and governance; Product responsibility; Economic responsibility; Environmental responsibility; Social responsibility.

Various internal and external stakeholders were then asked to assess the effective level of relevance of the topics identified as potentially relevant through the analysis of the internal documentation and of the context. Specifically, the following in-depth assessments took place:

• an internal questionnaire was shared with the Group's Top Management (Executives and Managers of the operating companies of foreign branches), in which they were asked to assess the proposed topics, assigning a relevance score based on a scale from 1 to 5 (representation of Group's point of view);

• organisation of guided workshops with the collaborators of production sites and strategic suppliers of raw materials and components, aimed at stimulating a discussion on the topics perceived as being most relevant, and on which future improvement efforts would therefore be focused (representation of stakeholders' point of view).

The topics were then assessed on the basis of the scores obtained. and those of medium-high relevance were ordered in the following materiality matrix.

It consists of the plan defined by the two axes representing the level of relevance to be assigned to the various topics, considering respectively the Group's point of view (y-axis) and the stakeholders' point of view (x-axis).

The materiality matrix was discussed and validated by the Sustainability Committee (see below Chap. 3).

In particular, from the matrix it can be inferred that the topics considered most relevant from both the point of view of the Group (urgency for Group) and of the stakeholders (urgency for stakeholders), are the following:

- Product safety and quality;
- Worker health and safety;
- Resilience and business continuity;
- Inclusion of environmental, social and governance aspects in the short-, medium-, and long-term strategy.

These topics effectively reflect, on one hand, the intrinsic characteristics of the Group's business model and its underlying values ("Product safety and quality"; "Worker health and safety"), and on the other, contextual aspects that have been particularly incisive in the past two years, such as the effects of the Covid-19 pandemic on the management of people and the business ("Resilience and business continuity") and

recent developments in the field of sustainability that are driving companies to increasingly consider a substantial integration of environmental, social and governance aspects in the definition of their strategy and running of their business ("Inclusion of environmental, social and governance aspects in the short-, medium- and long-term strategy").

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Group materiality matrix

	 Transparent business management and regulatory compliance Connection with the local territory 	 Sustainability and efficient use of raw materials Responsible environmental management of the production process Emission management and fight against climate change 	 Inclusion of environmental, social and governance aspects in the short-, medium-, and long-term strategy Product safety and quality Resilience and business continuity Health and safety of workers 	
relevance / urgency for Sme	 Economic performance and distribution of created value Respect for human rights 	 Eco-design Sustainable packaging Environmental impacts of logistics 	 After-sales support services Product and service innovation Technological innovation and digitalisation Responsible supply chain management 	
MEDIUM — Level of		 Diversity and equal opportunity Responsible communication and marketing Education for sustainable consumption 	 Talent attraction, retention and development Work organisation and welfare initiatives 	 MATERIAL TOPICS Identity and governance Product responsibility Economic responsibility Environmental responsibility Social responsibility
	MEDIUM	— Level of relevance / urgency for stakeho	$Iders \longrightarrow HIGH$	

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DIALOGUE WITH STAKEHOLDERS

The term *"stakeholder"* refers to all parties (institutions, organisations, groups or individuals), who, insofar as having multiple and shared interests with the Group, have the possibility to significantly influence its activities and strategic decisions, or in turn be influenced by them.

The process by which Smeg identifies its priority stakeholders is based on three main criteria:

- the level of interest and dependence potentially manifested by said parties for the Group's activities;
- the degree of **influence** they

exert over company decisions and strategies;

• the existence or otherwise of contractual or legal obligations in relations with such parties.

The following infographic shows, by way of example, Smeg's priority stakeholder categories, as well as the channels of interaction most frequently used by the departments responsible for communicating with each of them. The Group's will is to consolidate a corporate culture aimed at the creation of value shared with its stakeholders, as also confirmed by the activity of stakeholder engagement carried out.

Group's stakeholders and channels of dialogue

PRIVATE CUSTOMERS

- Website (E-Commerce) and social media
- Smeg Stores
- Help service
- Customer service

COMMUNITY AND TERRITORY/P.A.

- Website
- Organisation of events
- Participation in fairs and events organised by third parties
- Participation at industry and institutional round tables

B2B CLIENTS

- Website
- Visits to the client's premises or vice versa
- Comparison with relevant organisational structures

• Internal communication programs

• Dialogue with unitary trade union

• Business meetings (face-to-face or remote) to share information about market trends, new products and services, etc.

• Confidential 231 reporting channel and inbox

CREDIT INSTITUTIONS

- Website
- Daily relations (verbal, via email, via certified email, etc.) with relevant organisational structures
- Periodic meetings with relevant organisational structures

• Website

SUPPLIERS

- Comparison with relevant organisational structures
- Activities related to the supplier evaluation and qualification process
- Technical visits and regular meetings (face-toface or remote)
- Audits

UNIVERSITIES AND RESEARCH CENTRES

- Curricular traineeships
- Participation in Open Day initiatives
- Collaborative study and research projects

TRADE ASSOCIATIONS

representation (RSU)

• Training courses

• Regular meetings

COLLABORATORS

• Website

• HR Portal

Approach to sustainability



3

GOVERNANCE RESPONSABILE

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MATERIAL TOPICS

- Transparent business management and regulatory compliance.
- Inclusion of environmental, social and governance aspects in the short-, medium-, and long-term strategy.



SUSTAINABLE DEVELOPMENT GOALS





GRI 2-9, GRI 3-3, GRI 205-2, GRI 205-3, GRI 405-1



- Reputational and financial risks related to the possible ascertainment of violations and consequent application of sanctions due to unethical behaviour (for example, corrupt actions, fraud, and other behaviour that may have an unethical component), which could potentially alter the Group's operational prospects and market presence.
- Risk of a lack of efficient sustainability governance to oversee the progressive integration of environmental and social aspects in the Group's business model.

, RELATED

- Implementation of solid governance practices in order to mitigate the risk of legal and regulatory violations on the matter of business ethics and anti-corruption, thus limiting exposure to regulatory sanctions and consequent impacts on brand value and identity.
- Strengthening of the perception and internal and external image of the brand as a result of responsible, transparent conduct attentive to the progressive integration of environmental and social sustainability aspects into strategic and operational business choices.
- Indirect reduction of running costs in the medium-long term thanks to the adoption of sustainability principles and logics for the running of the business.



The Corporate Governance model adopted by the Parent Company is the traditional type and consists of the following bodies:

- the Board of Directors (BoD), which has strategic policy-making powers for the proper and efficient management of the Company;
- the Chief Executive Officer (CEO);
- the Board of Statutory Auditors, as the controlling body;

• a Supervisory Board (SB)¹ endowed with independent powers of initiative and control, and being responsible for supervising the functioning, observance and regular updating of the Organisation and Management Model pursuant to Legislative Decree No. 231/2001 (Model 231).

Specifically, in its current composition – the mandate began in 2021 and will end with the approval of the statutory financial statements as at 31.12.2023 - the **BoD** is composed of 4 members, of which 2 independent directors (non-shareholders).

The role of Chairman is held by Roberto Bertazzoni, and the Chief Executive Officer (CEO) is Vittorio Bertazzoni. The CEO is the person with the highest responsibility for sustainability issues, including aspects related to climate change. In consultation with the other members of the Board, the CEO in fact identifies the main objectives in this area and commits the Group to achieving the most relevant SDGs in terms of the contribution the Group is effectively able to make to the 2030 Agenda (see below) considering the characteristics and business operations of Smeg.



COMPOSITION OF THE SMEG BOARD OF DIRECTORS, BY GENDER

COMPOSITION OF THE SMEG BOARD OF DIRECTORS, BY AGE GROUP



¹ Present in all the Group's manufacturing companies.

Responsible governance

In 2021, the BoD met 5 times, with a member attendance rate of 95%.

In 2020, on the initiative of the CEO, the establishment of the Sustainability Committee was proposed – composed of the first production and commercial lines, chaired and coordinated by the CEO themselves, and having investigative, propulsive and advisory functions on sustainability issues and initiatives related to business operations.

In particular, the key members of the Committee are the Chief Financial Officer (CFO), who is responsible for supervising the projects and actions undertaken from a financial point of view, the Chief Operating Officer (COO), who is responsible for integrating the new projects into existing operations, the Brand Manager, who focuses on product innovation and the business strategy, the Sustainability Coordinator, who provides the team with technical expertise, the EHS Manager, who oversees environmental issues, as well as other figures from various departments (for example, legal, product management and financial departments). Within the Committee, smaller work groups meet on a weekly basis to carry on the activities under way.

The Committee, through the CEO, updates the BoD on the progress of projects undertaken in the social and environmental sphere, as well as on the development of the Sustainability Report.

The **Board of Statutory Auditors** on the other hand is composed of 5 members, of which 3 are permanent members and 2 are alternate members, in office since 2021 and until the approval of the statutory financial statements as at 31 st December 2023. In 2021, this body met 6 times, with a member attendance rate of 100%.

Lastly, the **BoD** consists of 3 members, similarly in office until the BoD meeting summoned for the approval of the draft financial statements as at 31 st December 2023.

Further information on the composition of the Group companies' governing bodies is provided in the section "Annexes to the report" at the end of this document.



E

risk Management

The Group adopts a **responsible and cautionary approach** when making strategic decisions and conducting its business operations. Even during the most difficult times, such as the recent circumstances owing to the global health emergency, this line of action has demonstrated the efficacy of the Group's oversight of the specific risks of its operations, not only from a financial point of view², but also with respect to issues of prevention, safety, and workplace hygiene, as well as environmental protection.

Specifically, the main extrafinancial risks are overseen through the adoption of specific instruments. Among these, the Code of Ethics serves as a deontological frame of reference, while Model 231 and the Quality, Safety and Environment Management System identify the departments involved in monitoring and overseeing the reputational and operational risks within the scope of their activities (see below, paragraph "Transparency and ethics in the conduct of business").

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The types of financial and sustainability risks identified are summarised below. Details of the risks attributable to the Group's material topics are provided at the start of each relevant Chapter, in the boxes entitled "Chapter Presentation".

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² That is, with regard to the information required by Article 2428, paragraph 2, number 6-bis of the Italian Civil Code.

Financial risks

- Credit risk
- Liquidity risk
- Risk of cash flow variations
- Exchange rate risk

Risks related to material topics

IDENTITY AND GOVERNANCE

- Reputational and economic risks due to unethical behaviour
- Risk of a lack of efficient sustainability governance to oversee the progressive integration of environmental and social aspects in the Group's business model

PRODUCT RESPONSIBILITY

- Risk of product non-conformities in terms of quality, safety and functionality
- Risk of non-alignment with regulatory developments, particularly with regard to the introduction of new bans or restrictions on the use of certain substances deemed hazardous
- Risks associated with maintaining the quality of technologically complex new products
- Risk of lack of communication to customers on product sustainability
- Risk of lack of end-consumer awareness regarding the correct use of the product and consequent negative environmental and social impacts

ECONOMIC RESPONSIBILITY

• Risk of lack of transition to a responsible approach towards investments able to generate a positive impact on society and the environment

ENVIRONMENTAL RESPONSIBILITY

- Risks associated with increased costs of transition to ecofriendly materials
- Risk of inability to offer technologically advanced and energy-efficient products to the market, with repercussions on the end-customer base
- Risk of generating environmental damage from company activities, resulting in business interruption, damage to the corporate image and administrative or criminal sanctions for the Group
- Risk of increasing exposure to regulatory constraints and relative operating costs if the carbon footprint is not reduced
- Economic and financial risks related to climate change events
- Risk of longer journey times for logistics as a result of choosing more sustainable transport solutions (sea, intermodal)

SOCIAL RESPONSIBILITY

- Risk of inability to manage and incentivise employees resulting in demotivation, declining productivity and erosion of value of the Group's human capital
- Risk to occupational health and safety
- Risk of loss of social licence to operate by the local community
- Risk of lack of supplier differentiation
- Risk of scarcity of raw materials and price increases due to the effects of exogenous factors on the market
- Risk of long and sometimes uncertain delivery times for certain types of procurement
- Risk of geopolitical instability with repercussions on procurement and purchasing choices



TRANSPARENCY AND ETHICS IN THE CONDUCT OF BUSINESS

The Group's corporate culture and business conduct are inspired by fundamental values such as integrity, trust, transparency and completeness of information.

The value framework, principles and rules of conduct on which the Group's work is founded are contained in the Code of Ethics³, aimed at all of the Group's internal and external collaborators, without exception, and shared externally with the main stakeholders. The application of specific contractual clauses, compliance with the Code of Ethics and relative anticorruption rules, and abstention

from any conduct incompatible with said obligations, in fact constitutes an essential condition for the establishment and continuation of all relations forged by Smeg with suppliers, business partners, clients and the Public Administration.

The adoption of the Code of Ethics is therefore based on a threefold purpose:

• to establish a **standard of** conduct aimed at preventing the commission of offences connected with Smeg's operations or in any case in the interest or to the advantage of the Group;

- to identify suitable internal control measures and instruments in order to monitor compliance with the Code itself:
- to create value.

The Code of Ethics is an integral part of Model 231 – of which the latest update was approved on 31.03.2022 – adopted by the Parent Company and all of the Group's manufacturing companies. Said document classifies the predicate offences for the application of Legislative Decree

231/01, divided into groups and subgroups based on the similarity of their method of implementation. Specifically, Model 231 identifies so-called "sensitive areas", that is, company processes encompassing activities that may be exposed to the commission of the aforementioned offences, or for which, despite there not being a direct risk of offences being committed, controls are adopted for the purpose of prevention.

³ The Code of Ethics is available to the public on the website www.smeg.com, Legal area.

⁴ In allineamento alle Linee Guida di Confindustria

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Specific control principles⁴ are defined for the identified sensitive areas, and consequent measures for their application, to ensure that:

- each operation, transaction and action is verified, documented, consistent and congruous;
- each company process is managed by several parties;
- each control is documented by a reporting system.

These documents provide a clear and shared overview of the principles and rules of conduct to be observed in compliance with the law and for the protection of all stakeholders

The SB is entrusted with the task of overseeing compliance with the Code of Ethics and Model 231. responsibly and impartially, while all recipients of said documents are obliged to report to said body on any violations or suspected violations of the provisions

contained therein of which they become aware.

To this end, a special **internal** reporting channel has been activated to report any violations of the Code of Ethics or Model 231, but also any other irregularities and malfunctions, or suspicious conduct constituting offences attributable to collaborators, business partners, suppliers and third parties involved in the Group's operations.

Moreover, persons holding senior positions are required to send information flows on a six-monthly basis to report any violations of the Code of Ethics and Model 231

TThis method of oversight was also made possible thanks to the transposition of Law No. 179 of 30th November 2017, which supplemented Model 231 through the adoption of a "Speak Up and Whistleblowing Policy" and

the establishment of a reporting channel for any problems, risks, and potential wrongdoing also on the matter of anti-corruption. The Policy auarantees anonymity and protection of the whistleblower.

It is specified that **no reports were** received through this channel during the year.

In order to ensure full awareness and application of the specific policies and procedures implemented by the Group within the framework of Model 231 and on the matter of anti-corruption, in-depth training sessions are provided for individuals covering senior roles and for all employees with clerical duties within the Group's manufacturing companies. At the end of the training, a final auestionnaire is distributed to the participants aimed at verifying their effective acquisition of knowledge on the topics addressed.

In 2021, a major revision of the power of attorney system was also initiated, which was concluded in early 2022 with an individual info-training activity aimed at stakeholders regarding the content of the powers of attorney themselves, for a total of 18 hours.

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As in previous years, no proven incidents of corruption were registered in 2021.

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- Economic performance and distribution of created value
- Innovation and digitalisation



SUSTAINABLE DEVELOPMENT GOALS





GRI 3-3, GRI 201-1



- Risk of failure to transition towards a responsible approach to business investment and development that takes into account the principles of environmental and social sustainability.
- Risk of increased price tensions with regard to transport, raw materials and components due to extraordinary events such as the continuing Covid-19 pandemic and outbreak of war in Ukraine.

Copportunities

 Definition of a corporate strategy able to achieve the objectives of shared and valuecreating economic growth for the Group's priority stakeholders.



¹ The war in Ukraine began in February 2022. The Group operates in Ukraine and Russia through two subsidiary companies: the socio-economic impacts suffered due to the changed situation will be reported in the 2022 Sustainability Report.

The year 2021 was a year of growth for the home appliances sector, despite the continuing health and economic-financial crisis owing to the Covid-19 pandemic².

Underlying this positive trend are mainly the effects generated by the pandemic on people's daily lives: the centrality of the home was in fact rediscovered, and with it greater consumer awareness of the quality of life, accompanied by a more thorough search for sustainability and quality in one's purchases and a focus on reducing the environmental impact generated, as demonstrated by the increased interest in more energyefficient products.

With regard to the professional appliances sector, a recovery has similarly been noted with the restoration of pre-pandemic values thanks to the reopening of food service and hospitality businesses.

In particular, the market has recorded a significant increase in demand, which has exceeded the capacity for supply of industry operators, who were affected by the main difficulties associated with the procurement of raw materials given their scarcity and longer delivery times.

Growth was across the board for all sectors of the industry, but the main results were achieved with reference to MDAs, which recorded an increase in sales of more than 18% (in value), producing more than 11 million appliances throughout the year. The sector also recorded an 18.5% increase in terms of exports. The most significant contribution was

made by the Cooking sector (+35.6% in value), followed by the Washing sector (+13.7%) and the Refrigeration sector (+12.3%).

SDAs also ended 2021 on a positive note, in line with the trends already manifested in previous years, recording 5.5% growth (in value and in volume), also in this case driven by the cooking sector.

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² The data and information provided at the start of this section was compiled from studies published by APPLiA Italia.
Economic performance

THE GROUP'S 2021

In this snapshot of the national context, it is possible to frame the Smeg Group's economic performance, which in 2021, as in the previous year, was characterised by a strongly positive trend.

Specifically, Group sales in 2021 amounted to Euro 906.6 million, up 26% compared to 2020 (Euro 718 million circa), of which 84.6% was attributable to exports and the remaining 15.4% to sales in Italy.

Below is a representation of the Group's 2021 turnover by Division and by geographical area.

GROUP TURNOVER 2021, BY DIVISION



GROUP TURNOVER 2021, BY GEOGRAPHICAL AREA



• 66% MDA



These results have allowed the Group to continue investing in industrial-type activities as well as in Research and Development, aimed at consolidating its production structure, the creation of new production and product innovations, and achieving greater efficiency and safety in the workplace and respect for the environment. In 2021, investments were therefore made in intangible assets for a total of Euro 5.4 million (development and program licence costs) and in tangible assets totalling Euro 12.5 million (plants, machinery, moulds and equipment, etc.).

Specifically, investments in **process digitalisation** sustained by Smeg concerned the plants and their software interconnection with factory management systems. These actions have allowed **increasingly advanced productivity and quality control** through sets of information that can be used along the entire production chain and by internal logistics. It was also possible to significantly reduce the use of paper in the industrial production context.



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SHARING THE CREATED VALUE

With the aim of highlighting the Group's ability to generate wealth to the benefit of its main stakeholders, while ensuring cost-effective management and meeting the expectations of said stakeholders, the economic value generated is shown below, highlighting the portion distributed to stakeholders and the remainder retained internally by the Group.

In 2021, 87% of the economic value generated by the Group was used to remunerate the socio-economic system with which it interacts (88% in 2020 and 90% in 2019). The breakdown of the economic value distributed shows in particular that the largest share (78%) went to suppliers (of goods and services), followed by 16% given to collaborators, and approximately 4% paid to the Public Administration (in the form of income tax and non-income tax payments). The retained economic value, determined by the difference between the economic value generated and the economic value distributed, represents on the other hand the financial resources dedicated to the Group's economic growth and asset stability, as well as the creation of new wealth to the benefit of stakeholders. This amount, equal to 13% of the economic value generated, is to be considered the amount allocated each year to maintaining the Group's efficiency and therefore its longterm sustainable development. Economic value directly generated by the Group and distributed to the main categories of stakeholders

Economic value distributed 87%

> 16% collaborators
> 4% public administration

• 78% suppliers

• 2% other

Economic value retained 13%

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- Product safety and quality
- Product and service innovation
- Eco-design
- Support and after-sales services
- Responsible communication and marketing
- Education for sustainable consumption

SUSTAINABLE DEVELOPMENT GOALS





GRI 3-3, GRI 417-1



- Reputational risk arising from noncompliance of the finished product with respect to applicable regulatory requirements on product quality, safety and functionality.
- Risk of non-alignment with rapidly changing sustainability legislation, especially with regard to the introduction of new bans and restrictions on the use of certain chemical substances deemed harmful to human health.
- Reputational risks related to the failure to promptly develop the innovations required by the market, uncertainty regarding the successful launch of said new products and the ability to simultaneously maintain the same levels of quality.
- Risk of lack of end-consumer awareness regarding the correct use of the product and consequent negative environmentaltype impacts (excessive consumption – for example, of energy or water) and socialtype impacts (safety of use).
- Risk of misalignment between the sustainability strategy and its communication to the outside world. Failure to communicate the actions undertaken in relation to sustainability would prevent consumers from making informed choices when purchasing.

, RELATED OPPORTUNITIES

- The presence of a third-party issued conformity marking on products reassures consumers, and the Group's stakeholders in general, regarding the safety and quality of the products placed on the market.
- Product innovation and the associated focus on sustainability not only allows the product portfolio to be expanded, strengthening the brand and catering to new end-consumer needs, but in the medium to long term also makes costs and production processes more efficient.
- Creating a lasting and constructive relationship with clients can foster strategies more aligned with market demands and consumer needs in terms of sustainability.
- A solid corporate communication strategy able to externally transmit the commitment to sustainability, also helps convey to consumers the Group's approach to sustainability.



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QUALITY, SAFETY AND CONFORMITY

The adoption of the Quality Management System certified according to international standards ISO 9001¹ and ISO 13485², in 1997 and 2000 respectively, has made it possible to regulate, through specific procedures, the control activities to be carried out during the various stages of product design, production and after-sales assistance, ensuring the utmost quality and safety of the product purchased by the end consumer.

With the aim of ensuring its customers receive safe products free of defects and non-conformities, the Group continuously invests in the quality and safety of its products along

the entire value chain, from design and development to the selection of materials, production, and finished product testing, paying close attention to the technical training of the resources involved. In addition, each year, specific funds are allocated to the testing of consolidated products, in order to ascertain their continued conformity over time.

The purchase of new equipment to update the production line safety testers, as well as specific machinery to conduct reliability tests is also scheduled for 2022. This will make it possible to identify potential product flaws in advance and therefore improve the reliability and quality of products.

The development of new projects requires specific verification and review activities through socalled product or process "quality gates", carried out at the end of each stage of the production process. The name assigned to said control activities recalls the image of "gates", which must in fact be passed in order that the product, starting from the development stage and through to the production stage, is perfectly aligned with the applicable regulatory requirements and internally defined specifications. The controls carried out also allow information to be gathered regarding incidents related to the safety of the production process, which are then analysed to identify the root causes and integrate correct measures into product development.

Said audits are regulated by an internal procedure that defines the relative responsibilities, necessary skills and actions to be carried out. The procedure includes specific checklists for each quality gate.

¹ Certification obtained by all of the Group's manufacturing companies.

² Quality Management System for Medical Devices, in accordance with which the Smeg and Bonferraro operating companies are certified.

The eco-design checklist for the project development and

With the aim of integrating eco-design principles into the project definition stage, during project development and approval the quality gate is supported by a checklist that focuses on ecodesign aspects.

approval stage

In particular, the elements assessed include, for example, the composition of the material, in order to determine whether or not the components can be subsequently recycled, the product recyclability percentage in accordance with the WEEE Directive, or compliance with the requirements of the **RoHS Directive** and the possible **identification** of prohibited or restricted materials in the product.

With regard to the Home Appliances Division, the quality gates are organised as described below. Initially, in the product development stage, the Group's technical departments collaborate with the inhouse R&D/approval and performance laboratories to verify compliance with the requirements of internationally applicable standards and those related to the specific project set out by Smeg.

In the advanced stages of design - or in some cases during development, for specific components – a reliability test is conducted by the relevant laboratory to assess the reliability of the product's quality and durability over time, according to defined standards and procedures.

In order to assess and ensure compliance with all product essential safety requirements, specific test reports must also be issued by third parties.

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At the same time, just before pilot production and in preparation for the approval of official mass production, the new incoming components are subjected to routine preliminary checks to filter out and prevent any potential defects that may cause interruptions in the production process. In the case of components/materials subject to the MOCA specification³ (i.e., materials and objects in contact with foodstuffs), prior to confirming procurement by the identified supplier, specific contamination and release tests are conducted at authorised external laboratories to ensure full compliance with internal specifications and the relevant mandatory standards

The "**pre-series**" is therefore developed: in order to test the entire process and the capacity to develop products that meet the requirements, the design and product validation process is compared with this additional important gate. The pre-series products and related manufacturing process are checked by the Quality Department and other technical departments, based on which a specific analysis report is published. This report is what triggers the so-called "failure list" based on which the Quality Department defines the improvement actions necessary to obtain final and definitive approval for mass production. This additional verification stage, together with the sharing of the results of the previously implemented reliability tests, as well as any feedback from sample products assigned in *field tests*⁴, allows additional feedback on the reliability of the device in order to secure its final validation.

The **manufacturing** stage is similarly subject to specific quality gates, carried out directly on the product.

Each mass production is in fact subjected to strict controls in its entirety, which are then recorded to confirm the conformity of every single serial number associated with the product. Sampling is carried out on mass production at each facility every day, and checks are performed for statistical purposes in accordance with predefined checklists.

In particular, the following checks/tests are carried out, with specificities linked to the characteristics of each device (whether for washing, cooking, refrigeration):



³ Regolamento (CE) n. 1935/2004.

⁴ These are products intended for candidate users, such as company employees, for product use tests.



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- functional check:
- aesthetic check:
- electrical safety check;
- gas seal and flow test;
- microwave leak check:
- hydraulic circuit leak check;
- torque check and inspection of special critical gas seals⁵.

These measures make it possible to prevent problems linked to the safety and functionality of products, and if all the checks are passed, the products are subsequently registered.

Product shipping depends on the successful outcome of the checks on mass production, and in the case of failure and subsequent non-registration, the products are retained for the necessary reclamation

All the instruments used to carry out the necessary checks on products

are periodically checked and recorded in a special register. If the Group has no way of internally validating the equipment used, it relies on the collaboration of recognised third-party organisations.

The quality checks carried out on professional products also follow the same control and sampling logic, with an additional verification of the products' specific characteristics and compliance with mandatory functional and safety requirements according to the legislation in force.

Regarding the manufacture of products in non-Italian facilities on the other hand, which is the case for most products in the SDA range, stringent controls are in place based on specific documents prepared by the Group.

An Acceptance Quality Limit (AQL) is defined for each of the defects found during testing, which,

depending on the specific batch, determines the number of pieces to be checked and the number of acceptable defects for each AQL.

Lastly, specific quality gates are in place for the finished product warehouse, from where the products are distributed to the different branches and geographical markets. A traceability system has in fact been activated for all products that pass through the warehouse, which are registered by means of a barcode assigned to each serial number, making it possible to record and monitor the outcomes of the multiple testing stages to which the product has been subjected.

This system therefore allows the tracking of the entire product history, including data relating to its production, testing, shipments made, and even its eventual return.



THE QUEST FOR CONTINUOUS INNOVATION

The Group has always characterised its new product development by the search for the highest standards of technological innovation, and at the same time, a strong focus on design and visual appeal. This is a competitive factor and distinctive value for Smeg.

It is precisely this contamination between the historical look of its products, designed by internationally renowned architects (such as Renzo Piano, for example) and the Group's technical expertise which has shaped the company's know-how.

Innovation is driven by the desire to meet market expectations, as

well as respond to emerging trends and seek solutions that build on the products' existing performance.

Moreover, for Smeg, technology also represents a key component in pursuing the environmental and economic sustainability of its products; in particular, the Group strives to achieve greater product durability, although planned obsolescence has never been part of the company's business model.

Specifically, product connectivity is a theme on which Smeg has been working for several years. The solutions explored to date mainly concern additional components at the service of product use, such

as access to digital manuals or the possibility to save recipes.

Further product digitalisation actions have also made it possible to remotely track the operation of certain products through IoT (Internet of Things) technology, laying the foundations for further development of aspects concerning product maintenance and repair, the optimisation of energy consumption and continuous process improvement.

Among the most recent and significant innovation and R&D projects implemented by the Group is the Galileo Platform, unique to its kind insofar as it

introduces a new concept of new-generation multifunction smart ovens that combine various technologies: electric cooking, grill, steam cooking, microwave and low temperature cooking, with an additional pyrolytic function for the automatic cleaning and sanitising process.

The Platform was scheduled for launch in 2020, but due to the outbreak of the Covid-19 pandemic, the official presentation was postponed to 2022 at the biennial EuroCucina Fair, the industry's most important trade fair held in Milan.

The Galileo Platform

The name recalls the genius and revolutionary ideas of the scientist Galileo Galilei: the Galileo Platform is a hub of innovation, design, creativity and tradition.

In particular, the project is based on 5 pillars:

- innovation and smart cooking underlying the new multicooking technology;
- high technical performance, hrough the implementation of an innovative fluid-thermodynamic heating and cooking system;
- product design guaranteed by using the aesthetic lines most representative of the Smeg style;
- valuable experience for the end user, thanks to the availability of professional accessories and algorithms combined with a user-friendly interface;
- product sustainability, extremely energy-efficient solutions (class A++) destined to last.

The heart of the product is the cavity or "muffle": new welding technologies have in fact made it possible to obtain a watertight cavity, subsequently enamelled in the internal production process, which guarantees the coexistence of the three types of cooking (electric, microwave, and steam).

The latter can be used simultaneously in a single cooking process (vertical, or multitech approach), or in sequence, that is, in separate cooking steps, freely using the different technologies (horizontal, or multistep approach).

The new line of ovens is therefore able to ensure:

- optimal and healthy cooking, enhancing the specific characteristics of the food and maximising the quality of the food preparation process;
- optimised energy consumption, reduced by up to 25% compared to traditional cooking, also through the optimisation and guided customisation of recipes, and the possibility to reduce cooking times thanks to the combined use of the three different technologies;
- an improved user experience, through the integration of emerging connectivity solutions for home appliances with advanced sensor technology;
- one product instead of three: combining three home appliances (traditional oven, microwave and 100% steam) in one, offers a clear advantage in terms of fewer resources used and fewer products to dispose of at the end of their life cycle.

In addition to the aforementioned project, mention should also be made of the Group's desire to develop new SDA products allowing the synergic integration of multiple technologies for cooking or food and beverage preparation. Sustainability aspects concerning the product and relative production process, as well as packaging, will be integrated into their design.

In addition to objectives related to the launch of new products, the Group is monitoring the possible technological development of its customer service, imagining possible solutions to manage problems that may arise during use of the product, through **telematic assistance** (for example, via app).



Ecodesign

Right from the design stage, utmost attention is afforded to the use of materials, favouring in particular the choice of easily recyclable components such as steel, glass, and aluminium.

Smeg products are designed

reserving special attention to

protection requirements.

the integration of environmental

Furthermore, the current focus and sensitivity towards ecodesign issues is leading the group to consider, with increasing interest, opportunities related to disassembly and the recovery of components at the end of their life.

Specifically, the approach adopted by the Group is to search for the best solutions able to prolong the useful life of products, reducing their impact throughout their entire life cycle and aiming for the progressive improvement of energy efficiency and technical performance.

In particular, Smeg strives to develop functional designs and ensure **maximum product** durability and serviceability. Special simulations are in fact carried out on home appliances through intensive and accelerated tests that simulate an average product life of 10 years in a more limited time period (a few months).

With regard to product disassembly, the Group has already begun to consider, starting from the product design stage, a design allowing the product to be easily disposed of and

converted back into a secondary raw material. An example of this can be found in the reduced use of glue, in exchange for greater use of screws, thus making it easier to disassemble the product's components, as well as the use of manually removable glass in all ovens.

The effective application of ecodesign principles, with particular regard to improving the energy efficiency of products, can also be seen in the following approaches and results:

• Energy class: the continuous study of materials, production techniques and technologies enabling the products to be as efficient as possible, with the aim of achieving increasingly higher energy classes, and therefore reducing consumption;

• Tolerance" approach: internal specifications have been developed setting out tolerances and acceptability limits for energy consumption during the product development stage, which are more stringent than the applicable regulations currently in force

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Internal procedures are therefore defined for surveillance testing of serial production, measuring energy consumption and comparing it with the declared values.

Eco-design and energy efficiency of Smeg products

In reference specifically to the oven product, mention is made of the following applications of eco-design principles enabling the energyefficient consumption of products developed in line with said principles:

- **90cm oven cavity:** said cavity achieves a class A+ ranking thanks to an important study on sheet metal thickness, welding, and heat dispersion;
- New oven with class A++: the development of the new Galileo Platform made it possible to achieve the ambitious target of class A++, for the first time.

It is also specified that by 2022, a Life Cycle Assessment (LCA) analysis will be conducted, initially implemented on the packaging of MDAs (ovens in particular) and SDAs in order to search for alternatives able to offer greater mechanical sustainability in terms of their endof-life disposal.

The analysis will subsequently be extended – with the second stage beginning in 2023 – to the entire life cycle of the Galileo oven (ref. "Galileo Platform" box), in order to evaluate alternatives that offer improvement in terms of the sustainability of the materials and components used.

Lastly, in order to improve the ecological footprint of its products, in addition to strictly observing the indications and keeping well within the limits of European directives and regulations, in particular the RoHS Directive (Restriction of Hazardous Substances) 2011/65/EU⁶ and REACH Regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals)⁷ no. 1907/2006, Smeg has adopted internal regulations – the List of banned or restricted substances - that further extend restrictions on the use of substances considered potentially harmful, aimed at guiding the choice of new materials or replacement of existing materials in the Group's products, as well as the purchase of machinery and systems used in the production process.

The list and established limits are also shown in the technical drawings in order that suppliers are aware of the requirements in place.

In particular, with reference to the use of paints (enamel), the Group implements an electrostatic (dry) enamelling process whereby the enamel powder is electrostatically charged, allowing it to directly adhere to the product inside the enamelling booths. Smeg uses a single enamel colour to develop the oven cavities, for which it implements strict controls to ensure the components of the material are able to ensure the desired aesthetic result. Over time, it has been possible to obtain an enamel free of toxic components - RoHS and Reach compliant and nickel-free – which, like the other materials used, undergoes specific testing to ensure its safety in this regard, also with the support of external laboratories.



⁶ The RoHS Directive provides for strict restrictions on the use of hazardous materials and substances such as lead, cadmium, mercury, hexavalent chromium VI, polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs). ⁷ REACH is a system governing the management of chemical substances, the regulation of which is intended to ensure a high level of protection of human health and the environment.

CLIENT RELATIONS

For Smeg, creating a solid, direct, and trusting relationship with its clientèle is essential in order to promptly recognise emerging needs in its target markets and constantly improve the Group's performance.

The main types of clients Smeg interfaces with are:

- B2B clients (including: electrical retailers, kitchen specialists, online players, homeware stores, and real estate developers);
- B2C customers (tramite l'ecommerce e la rete di Smeg stores).

Client interaction is managed through various and specific communication channels based on client needs and the type of product. In particular, **Customer Service** is available through which to request information on the products and services offered by Smeg.

In Italy, and similarly also in other markets, reports of product nonconformities and the causes of defects can be made through two main channels:

• in the first case, by making a direct claim to **Customer**

Service, which takes charge of all calls received, providing a direct response to requests by replacing or repairing the reported products; in case of more serious flaws or problems, the issue is internally communicated to the directly responsible departments, which then take charge of and manage the request;

 alternatively, in accordance with the terms of the conventional warranty⁹ or PlusValue Program¹⁰, the customer can return the product to the point of sale (dealers or Smeg Stores) where it was purchased, where it will then be replaced.

In 2021, a **new application** was introduced allowing a more versatile, timely and manageable classification and analysis of claims in the various markets. This investment is an example of the Group's efforts to seek continuous improvements to enhance the safety, quality and reliability of its products and brand (ref. section "Quality, safety and conformity").

The Group also provides its customers with an after-sales support service managed by a

 $^{\circ}$ 2-year warranty, as stipulated in the Consumer Code. o.

10 Through Smeg's PlusValue Program, customers have the option to extend the warranty for another 3 years after the end of the legal warranty in order to continue benefiting from the after-sales support services.

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network of specialised companies, constituting the Smeg Authorised Service Network.

This Network is responsible for processing and managing service requests relating to the operation or maintenance of Smeg products, managing the conventional warranty, and also the supply of spare parts and consumables.

Smeg authorised technicians are constantly updated on the latest product innovations and technological advances, and therefore ensure utmost professionalism and efficiency in solving any technical problems that arise.

The Group intends to **further** strengthen relations with end customers by increasing the services offered both directly at Smeg stores and through social media channels, including, among others, the activation of chat and

other communication tools.

The main communication channels used are catalogues (mainly in digital format with a view to reducing the use of printed paper), newsletters, the company website, social media, press releases in selected publications for each country, and advertisements where product campaigns are published.

Both preventive and corrective maintenance plans are offered in the Instruments Division.

There is also an increasing focus on ensuring best use of the product by the end customer, not only to improve the user experience but also to ensure the user is always aware of the impact generated by the product and how it can best be used to effectively prolong its useful life and efficiency.



Did you know that...

- Up to 90% of the impact of a cooked food can be linked to the cooking stage? Efficient oven use, for example, cooking more than one portion at a time, can reduce the impact of electricity consumption and associated costs by up to 50%.
- By heating the kettle with only enough water needed for a cup of tea (250 ml of water), it is possible to consume a quarter of the energy needed with respect to the consumption required to heat a litre of water every time, thus also reducing water wastage.
- Using longer, medium-temperature cycles for dishwashers and washing machines increases the efficiency of the cycle and reduces water consumption: this is why "eco" washing modes have longer cycle times.

With specific reference to food-related product lines (such as ovens), Smeg has introduced several solutions in terms of both communication and product operation aimed at **reducing food waste**.

In particular, several recipes developed for different food categories are published on the website, in addition to cooking suggestions allowing food to be stored for longer or raising awareness about reusing leftovers.

For certain product types, special functions have also been designed to ensure improved preservation of food quality over time, thus allowing a reduction in waste: examples include the **blast chiller**, which by rapidly cooling food, prolongs its quality over time, **steam cooking**, which allows cooking of pre-cooked foods by regeneration, and the **vacuum drawer**, which slows down the rapid deterioration and oxidation of food without altering its characteristics.

The manuals for both SDAs and MDAs also contain all the necessary information to use the product correctly and obtain the best performance. The manuals are drawn up in accordance with current European legislation¹¹ and meet all essential information requirements regarding health and safety during use of the product, as well as all product information and labelling.

In particular, through specific boxes identified by self-explanatory icons, the user manuals of Smeg products provide additional tips and specific warnings to use the product in the most correct and non-dangerous way. In addition, instructions are provided on how to correctly dispose of the appliance, and in some cases (for example in the oven user manual), also tips on how to save power during use.

¹¹ Directive 2006/42/EC.



PEOPLE

Talent attraction	60
Training and skills development	62
Commitment to	
occupational health,	
safety and well-being	65



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TOPICS

- Talent attraction, retention and development
- Respect for human rights
- Diversity and equal opportunity
- Health and safety of workers
- Resilience and business continuity
- Work organisation and welfare initiatives

SUSTAINABLE DEVELOPMENT GOALS





GLOBAL REPORTING

GRI 2-7, GRI 2-8, GRI 2-30, GRI 3-3, GRI 401-1, GRI 401-2, GRI 403-1, GRI 403-5, GRI 403-9, GRI 404-1, GRI 405-1, GRI 406-1



- Risk of inability to manage and incentivise employees resulting in demotivation, declining productivity and erosion of value of the Group's human capital.
- Health and safety risks in the workplace. The main sources of risk include: sheet metal handling; manual load handling; risk of collision with self-propelled vehicles; biomechanical overload of upper limbs; line layouts; internal movement of people, materials and vehicles; posture at workstations (ergonomic risk); virus contagion (in particular, biological risk of Coronavirus).

, RELATED

- The definition of a strong and clear employee value proposition based on the values and principles that define the brand identity allows the Group to attract an increasingly qualified and skilled workforce.
- The Group contributes to creating skills in the territories where it operates, and the consequent generation of local employment.
- The extreme attention to safety in the workplace guaranteed by the Group serves not only to protect a fundamental human right, which is the right to health, but also to prevent any damage to the company's reputation due to the occurrence of workplace accidents, and prevent possible disruptions to production activities.



At Smeg, people management is developed on the basis of a model centred on the active and responsible engagement of all human resources in company processes, on the establishment of transparent relations open to discussion, and the full enhancement and empowerment of all colleagues, in line with the principles and values declared in the Code of Ethics.

> From an internal organisational point of view, the Parent Company's Human Resources Department coordinates staff management activities, interfacing with the Group's other companies.

> As at 31st December 2021, the Group's workforce numbered 2,325¹, a light increase (+3%) over the previous year.

> Most of the Group's human resources (59% of the total) are employed in the manufacturing companies.

EVOLUTION OF COMPANY WORKFORCE OVER THE THREE-YEAR PERIOD 2019-2021



BREAKDOWN OF COMPANY WORKFORCE BY COMPANY TYPE AND GEOGRAPHICAL AREA (2021)



¹ This figure includes all Italian (manufacturing and commercial distribution) and foreign (commercial distribution) companies.

Approximately 98% of the workforce is employed on open-ended contracts and 91% have full-time contracts.

GROUP EMPLOYEES, BY CONTRACT TYPE (2021)



- 97.85% Permanent contract
- 2.11% Temporary contract
- 0.04% On-call contract





- 91% Full time
- 9% Part time

In Italy, 95.75% of workers employed in the Manufacturing Companies are protected by collective bargaining agreements, based on the following contracts:

- Managers; covered by collective agreement for industrial company executives (CCNL Dirigenti aziende Industriali), and collective agreement for industrial engineers (CCNL Metalmeccanici industria);
- White collars; covered by collective agreement for industrial engineers (CCNL Metalmeccanici Industria);
- Workers; covered by collective agreement for industrial engineers (CCNL Metalmeccanici Industria).

GROUP EMPLOYEES, BY PROFESSIONAL CATEGORY (2021)



Community

The Group, in pursuing relations of constructive cooperation with trade union representatives and favouring internal relations, over time has confirmed the centrality of people, seeking to structure and preserve corporate culture, values and identity, promoting the active involvement of people, a sense of belonging, transparency, ethical principles and accountability.

The activation of a Corporate Collective Bargaining level for the Manufacturing Companies is part of this framework; in particular, at Smeg and Bonferraro, this second bargaining level has been active since the '60s/'70s, making it possible to anticipate contractual provisions only later sanctioned by the category collective bargaining agreement, by virtue of the company's historical industrial relations. The Corporate Collective Bargaining level has also made it possible to introduce, since as early as the 1990s, the performance bonus, which is also linked to environmental and occupational health and safety objectives.

With reference to the Italian commercial distribution companies, 100% of employees are covered by collective bargaining agreements, mainly under Trade and Tertiary Sector contracts.

In regards to foreign companies on the other hand, in and outside of Europe, only a few companies, in accordance with local legislation, apply the collective bargaining agreements in force in the relative countries.

The Group's various companies, each to varying degrees, also utilise the services of non-employee personnel, mainly in contracted employment, internships/apprenticeships, or in the capacity of representative agents. In 2021, the number of contracted hours of production services was double compared to the year 2020, when a strong increase in demand had already been recorded due to the need to flexibly and promptly adapt to the uncertain and volatile demand situation that emerged on a global scale due to the Covid-19 pandemic.

Specifically, contracted employment is predominantly implemented at production sites (99.6%).

WORKERS WHO ARE NOT EMPLOYEES, BY CONTRACT TYPE (2021)



Community

Diversity and equal opportunity

The Group ensures equal conditions and opportunities for its workers, and in line with the Group's Code of Ethics, no form of isolation, exploitation or harassment is tolerated, nor any cause of discrimination based on ethnicity, language, colour, faith and religion, political opinion and affiliation, nationality, age, gender and sexual orientation, marital status, disability and physical appearance, socio-economic status.

Confirming the effectiveness of this policy is the fact that during the three-year reporting period, no episodes associated with discriminatory phenomena, verbal or otherwise, occurred in the Group's companies.

The current snapshot of the company's composition show that, of the Group's total resources, 34% are women: female representation shows an overall upward trend over the three-year reference period (+6% compared to 2019).

The greater male presence in the Group's workforce is partially influenced by the legacies of the specific industry, whereby the production sphere has historically been entrusted to male workers; regardless, the evolution of processes, automations, aids and ergonomic studies applied to production have made it possible over time to employ a greater female workforce, previously limited to the small parts and precision stages.

With reference to age, on the other hand, at Group level the corporate population is mainly concentrated in the 30-50 age bracket inclusive (55%).

Protected categories (recognised as such by national law) are similarly protected, valued and included in the daily tasks of the Group's various companies. In 2021, a total of 100 of the Group's employees were in protected categories, employed in various professional categories.

EVOLUTION OF COMPANY WORKFORCE OVER THE THREE-YEAR PERIOD 2019-2021, BY GENDER



GROUP EMPLOYEES. BY AGE GROUP AND GENDER (2021)



TALENT ATTRACTION

Underlying the selection process for new resources is the Group's aim of attracting people with technical skills suited to the role they are called to cover, and whose values are consistent with those shared and supported within the company. The Group seeks to identify profiles compatible with a dynamic company, open to internationality, innovation, commitment, teamwork and individual responsibility, harmonious and sustainable growth and development. Additional elements constituting the Group's Employee Value Proposition include a broad corporate organisational structure, openness to the outside world and a strong sense of internationality, and the Group's

far-reaching and diversified offer, allowing employees to develop their skills in different production areas, product types and business lines

This attractiveness is fostered and developed through multiple channels dedicated primarily to younger resources:

• collaborations with major Italian universities through initiatives involving mutual encounters between undergraduates/graduates and companies (e.g. university career days), and doing **a** thesis and/or internship at the company, with the Politecnico di Milano, Politecnico di Torino, Università Commerciale Luigi Bocconi, Università di Modena

e Reggio Emilia, Università di Parma, Alma Mater Studiorum - Università di Bologna, and Università di Padova and/or Verona

• The awarding of scholarships that combine specific research activities and internship activities. In some cases, these opportunities have led to the development of specific technical-scientific activities, even significantly contributing to the development of applications and/or solutions for Smeg products.

Overall, there were 271 new hires throughout the year Group-wide $(37\% \text{ in Italy}^2 \text{ and } 63\% \text{ abroad}),$ up 55% compared to 2020.

4.5% of new hires are female. The number of young resources (<30 years) that joined the Group during the year was 105 (39% of total new hires), up 48% compared to the previous year.

² With reference to both manufacturing companies and commercial distribution companies.

Overall, the inbound employee turnover rate³ for the year in question is equal to about 12%.

GROUP-WIDE NEW HIRES BY GENDER, OVER THE THREE-YEAR PERIOD 2019-2021



GROUP-WIDE NEW HIRES BY AGE GROUP. OVER THE THREE-YEAR PERIOD 2019-2021



• 30<x>50 years

By contrast, in 2021 there were 171 terminations (153 in 2020), the causes of which can mainly be attributed to the following reasons: retirement, voluntary resignation, termination of contract and dismissal.

During the year, the outbound employee turnover rate⁴ was 8%.

³ Calculated as the ratio of new hires in 2021 to Group employees as at 31.12.2020, which is assumed to be a representation of the company's workforce at the start of 2021.

⁴ Calculated as the ratio of terminations in 2021 to Group employees as at 31.12.2020, which is assumed to be a representation of the company's workforce at the start of 2021.

GROUP-WIDE HIRES AND TERMINATIONS, OVER THE THREE-YEARS PERIDOD 2019-2021



TRAINING AND SKILLS DEVELOPMENT

Skills and specialisation are key factors for the Group.

Corporate development requires the support and enhancement of human resources. To this end, special educational courses and professional development paths are implemented, focusing on the acquisition of general skills ("soft skills") and technical skills ("hard skills").

Main training programs

The main training programs, obligatory and otherwise, provided by the Group include:

- induction training program for new hires at the Parent Company (no. 25 resources involved for a total of 600 hours);
- coaching and operational training in the field;
- training on the matter of environmental protection, with reference to introductory courses on environmental sustainability, waste management, and the implementation of circular economy models, and on Life Cycle Assessment in accordance with ISO 14040:2006 and ISO 14044:2018;
- training on the matter of health, safety, and accident prevention (about 5,500 hours with more than 900 participants at the manufacturing companies, and about 360 hours for sales companies). General and specific training is provided for all employees in accordance with Legislative Decree 81/2008; in addition, dedicated training courses are provided based on the specific role covered;
- enhancement of language skills to support internationalisation;
- technical-professional refresher courses and technical-specialist training;
- refresher courses on the continuously evolving industry technical regulations;
- training on governance, Model 231, Code of Ethics and anti-corruption;
- training on the management systems adopted and relative updates;
- coaching for managers.

It is also specified that, with reference to the collaborators of foreign sales branches, training is provided directly on-site and independently managed by said companies; however, training programs are also implemented designed to share the Smeg corporate culture in all of the Group's companies, as well as promote product knowledge and familiarity with the production facilities. Experiential training is in fact carried out at the Parent Company with new employees of the sales companies, to whom special induction training or periodic refresher courses are dedicated.

GROUP-WIDE TOTAL TRAINING HOURS, BY PROFESSIONAL CATEGORY, OVER THE THREE-YEAR PERIOD 2019-2021



Managers • White Collars Workers

Overall, a total of 24,012 hours of training were provided Group-wide in 2021 – broadly in line with the hours provided in 2020 (24,126 total hours) – distributed as shown in the following graphs. On average, the Group provided 10.43 training hours per employee, or 14.65 hours with reference specifically to employees of the manufacturing companies⁵.

GROUP-WIDE TOTAL TRAINING HOURS, BY GENDER, OVER THE THREE-YEAR PERIOD 2019-2021



Sustainability Report 2021

⁵ The total average training hours are calculated as the ratio of total training hours to total active employees as at 31.12 of the year of reference.

In 2021, courses were also launched for specific figures identified within the Group, consisting in in-depth training on the specific role covered, and also workshops focused on strategic and organisational management aspects, in collaboration with SDA Bocconi di Milano. The training – which involved 17 managers and young resources, with over 400 hours of specific high-profile training.

Personal development is also achieved through job rotation/development programs at an international level, aimed in particular at younger and/or newly recruited resources.

The Group is committed to ensuring **fair**, **equal**, **and stimulating remuneration** for its collaborators.

A Management by Objectives (MBO) system

is also in place, which for certain roles – mainly sales ones – provides for a variable remuneration linked to the achievement of qualitative and quantitative objectives.

Lastly, all employees of the Parent Company, based on the Corporate Collective Bargaining Agreements in force, have access to a variable remuneration called a **Performance Bonus**, similarly linked to the results achieved by the Company based on common objectives defined and shared on a contractual basis with the company Unitary Trade Union Representation. Examples of objectives related to this instrument include the results of the strong implementation and management of rules and good practices on the matter of occupational health and safety and accident prevention, to raise awareness among all employees of the importance of working together to protect personal integrity and the growth of a corporate culture based on the safeguarding of a safe and healthy working environment.

COMMITMENT TO OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

In the Group's corporate culture, the issue of workplace health and safety is considered a primary and essential value, as demonstrated by the implementation of specific measures for the continuous improvement of workplace health and safety, also in line with that provided for by the Integrated Quality, Environment and Safety Management System.

It is specified that, in 2021, implementation of the internal auditing plan continued, with certain audits still carried out remotely in accordance with current provisions protecting against Covid-19 contagion.

Health and safety provisions are also dealt with in the Code of Ethics and Model 231

The Occupational Health & Safety Management System sets out the following responsible persons, physically present at the Group's various factories.

- Employer and any delegates;
- Prevention & Protection Service Manager (RSPP);
- Prevention & Protection Service Officers (ASPP);
- Workers' Health & Safety Representative (RLS);
- Authorised Doctor (MC);

- Directors and Supervisors;
- Emergency team officers (first aid, evacuation, fire prevention, etc.).

With reference to the headquarters in San Girolamo (Guastalla), 4 delegates have also been appointed pursuant to art.16 of Legislative Decree 81/08⁶, each appointed to one of the buildings on the premises – spare parts warehouse and technical support department, logistics area, executive offices and production plant – in order to ensure a constant presence of occupational health & safety experts in the various production areas.

There is also an **emergency team** that is always ready to intervene to deal with any emergencies concerning health and safety, the environment, or with reference to the most important critical issues at Smeg S.p.A. This team mainly consists of maintenance technicians, specifically chosen insofar as being exposed to a higher risk, who must act with extra awareness and care, meaning the safety culture is well ingrained in their work ethic.

The main occupational hazards and most significant sources of risk in relation to the Group's activities are assessed through the Risk

⁶ The last delegate was appointed in December 2021.

Assessment Document (DVR), which is regularly updated.

Any new risks related to the various production tasks are also assessed and identified through yearly visits to the production departments, conducted in the presence of the Authorised Doctor.

The latest assessments did not reveal any risk situations requiring any particular remediation or prevention measures at the production sites. To deal with and limit the specific ineliminable risks to which the workers of the production departments are exposed, all workers have access to suitable Personal Protective Equipment (PPE) (for example, safety shoes, gloves protecting against mechanical hazards, long-sleeved work clothes, safety goggles) and their correct use is constantly monitored.

Moreover, the Authorised Doctor visits the Guastalla headquarters

at least once a week, and is available to consult with the Company's employees. Inoltre, il MC è presente presso la sede centrale di Guastalla almeno una volta alla settimana, a disposizione dei collaboratori della Società.

In 2021, health surveillance activities were particularly intense, insofar as 786 regular visits pursuant to health protocols were conducted. 153 visits pursuant to worker requests, 160 toxicological examinations (with reference to forklift drivers), 34 audiometry tests, 68 biological monitoring services repeated twice, 124 eye examinations, and various check-ups following Covid-19 infections with particular reference to fragile persons within the company. The Authorised Doctor also requested additional specialist visits in 30 cases. Each year, the Group sets itself the goal of achieving zero accidents and zero occupational illnesses, striving to implement all that which

is technically and economically possible to avoid the occurrence of said situations. The importance of this objective is further emphasised by the fact that the issue of safety has been included as an important part of the Performance Bonus (ref. section "Training and skills development"). This aspect is provided for in all Performance Bonuses, and health and safety and quality objectives have the same weight, and together account for 50% of the bonus. Moreover, there is an obligation to report on the matter directly to the Board of Directors twice per year.

In 2021, a total of 30 injuries were recorded Group-wide among the employees of manufacturing and sales companies, both Italian and foreign – a figure unchanged from the previous year - out of a total of more than 3.5 million hours worked (+18% compared to 2020). The highest share of injuries occurred at the production sites (57%), where

there were also 7 injuries among contracted staff.

Given that throughout the year, there were no injuries – in any of the Group companies – with serious consequences⁷, all of the episodes that occurred can be ascribed to: cuts, bruises, crushing, abrasions, impacts and fractures at the production sites, and minor injuries due to handling operations in the warehouses or tripping at the sales companies. Only one minor commuting injury occurred in Germany.

In 2021, the total rate of recordable work-related injuries⁸ was equal to 7.89 with respect to employees, down by about 21% compared to 2020, and equal to 13.7 with respect to workers who are not employees (mainly contracted).

Various initiatives have been implemented by the Group – and in particular by the manufacturing

⁷ In line with the definition given by GRI Standard 403, high-consequence work-related injuries are defined as those accidents from which the worker cannot recover, or does not or is not expected to recover fully to pre-injury health status within 6 months.

companies – to minimise the number of injuries (e.g. replacement, at the Guastalla plant, of certain forklifts with less dangerous "robot" machinery that does not require the presence of a driver).

GROUP-WIDE RECORDABLE WORK-RELATED INJURY RATE (EMPLOYEES), OVER THE THREE-YEAR PERIOD 2019-2021



⁸ The rate of recordable work-related injuries is calculated according to the following formula: [(No. injuries/No. hours worked) x 1,000,000].



Management of Covid-19 pandemic

At the onset of the health emergency linked to the Covid-19 pandemic, the Group promptly introduced a series of measures intended to protect the health of its employees first and foremost, and also to allow the rapid resumption of its operations.

In particular, in April 2020, the Parent Company adopted the **Safety and Prevention Guidelines to contain the spread of Covid-19**°, which was more stringent than the Protocols defined at national level, and which was constantly updated in line with the regulatory developments enforced by the Government at the various stages of the pandemic.

Particular attention was afforded to social distancing measures in common areas, for example at the company restaurant, where flow control systems have been implemented both for the waiting stage, and the distribution and consumption of the meal itself. For the whole of 2021, it was also decided to discontinue both national and international travel, maintaining the obligation for all employees to wear FFP2 masks, and contact tracing continued by means of swab tests paid for directly by the Company, in addition to verification of vaccination (or recovery) against Covid-19 (Green Pass).

Suppliers and guests who needed to access the Site were required to take a swab test before entering the premises (molecular or antigenic, depending on how long they planned to stay).

The emergency plan adopted in line with the Guidelines also provided for the definition of specific protocols to be implemented in the event of contagion by the virus, indicating how to manage "suspected" and "confirmed" cases within the work areas, as well as how to manage close contacts, in full respect of the privacy of employees and any other affected persons. To this end, the Company activated an information and collaboration channel with ATS Valpadana and AUSL Reggio Emilia to report the isolation of any persons who tested positive, to trace the work contacts of persons who tested positive, and to organise for swab testing and subsequent reporting of the results to the competent bodies.

In line with the provisions of the Shared Protocol of 14th March 2020, and the company agreement of 16th March 2020, a Supervisory Committee was established having the role of assessing the efficacy of the adopted measures and verifying any amendments or integrations to the Guidelines, also on the basis of specific checklists. Special meetings were also organised between Company Management and the Protection and Prevention Service and the Unitary Trade Union Representation, at least once a week, aimed at discussing the course of the pandemic, measures taken and what still needed to be implemented.

Overall, the Group demonstrated good resilience in dealing with the Covid-19-related health emergency. On the strength of its business model and thanks to the measures taken to manage such a complex situation, the Group succeeded not only in ensuring its business continuity without needing to interrupt its operations, but also in increasing its economic and financial performance. The set of measures implemented has in fact made it possible to prevent the occurrence of internal outbreaks, thus protecting the health of its collaborators to the greatest possible extent.

⁹ In force for the Guastalla site.

Well-being and quality of life

Programs aimed at improving people's well-being and quality of life are considered an important means of fostering each person's sense of belonging to the Group and consolidating each person's trust.



Prevention and healthy lifestyles

Since 2016, Smeg has established, on an experimental basis, a collaboration with the **Reggio Emilia regional section** of LILT (Italian Cancer League), aimed at preventing different types of cancer, activating free screening procedures within the company.

The examinations took place on a voluntary basis at the plant infirmary and related specifically to the prevention of breast cancer, melanoma, and, starting from 2021, also prostate cancer: in 2021, 132 employees joined the initiative.

Also worth mentioning is the collaboration with **Susan G Komen Italia**, similarly aimed at raising awareness among female employees on breast cancer prevention.

Lastly, a cigarette smoke deterrence project was also launched with LILT, which led to the elimination of all indoor smoking areas and the identification of specific and organised outdoor spaces, as also regulated in the Group's Code of Ethics. Deterrence initiatives and psychological support was also made available to reduce smoking and alcohol abuse.



Community

The company also promotes the adoption of healthy eating standards; solutions for the treatment and prevention of osteoarticular and musculoskeletal disorders through the adoption of ergonomic solutions in production processes and the dissemination of postural methods of personal prevention. Moreover, in order to promote a better work-life **balance**, part-time working arrangements are granted each year, in a greater percentage than that provided for in the relative collective bargaining agreement¹⁰.

The Parent Company has a HR portal, introduced a few years ago, with a section dedicated to corporate welfare, allowing employees to benefit from a series of agreed services (socalled flexible benefits, as per the collective bargaining agreement), as well as apply for various types of rebates (school, health, welfare, tourist services, sports services

and transport), and use/purchase directly payable services such as vouchers, gift cards, sports activities, travel and holidays, supplementary pension and health care.

The welfare portal also allows employees the opportunity to convert all or part of their production bonuses granted by the company, into welfare vouchers. Below is a summary of the additional benefits guaranteed to employees in the Group's various companies, either in line with locally applicable provisions or supplementary to those established by law.

¹⁰ Maximum 4% of full-time workforce.

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Type of benefit	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)
Health insurance/assistance ¹¹	0	⊘	\bigcirc
Life insurance cover ¹²	0	⊘	\bigcirc
Parental leave ¹³	0	⊘	\bigcirc
Contribution to supplementary pension funds of contractual categories ¹⁴	⊘	⊘	
Disability/invalidity insurance cover ¹⁵	⊘	⊘	
Ancillary benefits (e.g. shopping vouchers, company car, fuel vouchers, Christmas gifts, public transport agreements ¹⁶	•	•	0
Professional and extra-risk accident insurance (discretionary benefit) ¹⁷	⊘		
Extraordinary leave for precautionary purposes related to Covid-19 or possible Covid-19 situations ¹⁸	•		
Meal vouchers ¹⁹		⊘	
Affiliated after-school and summer camp services ²⁰	0		

¹¹ Contributions to supplementary health funds at Smeg are automatically allocated to employees under the collective agreement for Engineers, and following individual adhesion by managers under the collective agreement for Industrial Company Executives. The following are also active: "Fondo Metasalute" for La Pavoni and Apell; "Fondo Est" for Domestika, SD Toscana, Tesec and SD Lazio, provided together with SanImpresa for employees under the collective agreement for the Trade and Tertiary Sector ("Fondo Besusso" for employees under the collective agreement for Trade Executives). Abroad, health insurance/assistance is provided by the following companies: Smeg Poland (supplementary to local legislation), Smeg Nordic, Smeg USA (medical, dental, and optical insurance), Smeg UK, Smeg Portugal, Smeg Ukraine, Smeg France, Smeg South Africa (50% contribution to medical expenses), Smeg Kazakhstan, Smeg Belgium and Smeg Germany.

¹² Life insurance cover for Smeg employees under the collective agreement for Executives, with no tax or personal contribution burden on the part of the claimants. The company SD Lazio on the other hand uses the "Fondo Pastore" (collective agreement for Trade Executives). Abroad, life insurance is provided by Smeg Poland, Smeg USA (value of USD 10,000), Smeg UK (for all employees in the event of death at work, for a value of 4 times their annual salary), Smeg South Africa (compensation of 3 times their annual salary), and Smeg Germany (required by law, for all employees).

¹³ In addition to that required by law, at national level, the following specificities are mentioned: Smeg Australia provides maternity leave for a period of 6 weeks with full pay, and for partners ("non-primary carer") for a total period of 2 weeks with full pay; Smeg UK provides 4 weeks' paid leave for all employees; Smeg USA provides 3 months' paid leave; in Germany, both parents can request 24 months' parental leave in the period between the child's third birthday and eighth birthday; in Belgium, parental leave can be requested up to the child's tenth birthday.

¹⁴ For the Manufacturing Companies, all eligible persons, and subject to individual adhesion, are entitled to contribute to the supplementary pension funds of the contractual categories (Cometa for Engineers' collective agreement, and Previndai for Industrial Executives' collective agreement).

¹⁵ Recognised by Apell, SD Lazio, and abroad, by Smeg Poland, Smeg USA, Smeg UK, Smeg Netherlands, Smeg Portugal, Smeg France and Smeg South Africa.

¹⁶ For Smeg, we mention in particular the disbursement of € 250 one-off shopping vouchers in 2021 in application of the tax regulations issued limited to 2021, in derogation of art.51 TUIR letter b.
¹⁷ e ¹⁸ Provided by Smeg S.p.A.

¹⁹ Provided by SD Lazio S.r.l.

²⁰ Provided by Smeg S.p.A. for school-age children of employees, in order to better reconcile work and family needs at certain times of the year.

The initiatives promoted and activities implemented, even on an experimental basis, are also monitored by the company Unitary Trade Union Representation through checks and assessment of the degree of appreciation and satisfaction by the resources that have benefited from the welfare services and initiatives.



Environmental Protection

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The fight against climate change	85
Preservation of the	
natural environment	92

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MATERIAL TOPICS

- Sustainability and efficient use of raw materials
- Sustainable packaging
- Responsible environmental management of the production process
- Emission management and fight against climate change
- Environmental impacts of logistics







GRI 2-27, GRI 3-3, GRI 301-1, GRI 301-2, GRI 302-1, GRI 302-3, GRI 302-4, GRI 303-1, GRI 303-3, GRI 303-4, GRI 303-5, GRI 304-1, GRI 304-4, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 305-7, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5



- Risk associated with increased costs of transition to eco-friendly materials.
- Risk associated with the inability to offer the market technologically advanced and environmentally friendly products – especially energy-efficient ones – which could result in the loss of customers in the future, especially among the younger segments of potential end users.
- Risk of generating environmental damage from company activities, resulting in business interruption, damage to the corporate image and administrative or criminal sanctions for the Group.
- Risk of increasing exposure to regulatory constraints and relative operating costs if the carbon footprint is not reduced.
- Risk of non-alignment and non-compliance with national and European climate change regulations, resulting in economic and reputational damage for the Group.
- Economic and financial risks related to climate change events.
- Risk of longer journey times for logistics as a result of choosing more sustainable transport solutions (sea, intermodal).

Selated → OPPORTUNITIES

- New consumer demands, their growing awareness of climate change issues, and at the same time, the multiplication of European technical regulations imposing ever-stricter standards, are driving the Group to invest and work in Research and Development activities. The aim is to promote the creation of increasingly innovative, durable, and environmentally friendly products, while also ensuring the resilience and continuity of the Group's business model.
- Entry into new markets and strengthening of the brand following the development of new products with a lower environmental impact.
- With regard to the environmental impacts of logistics, the Group recognises the opportunity arising from the collaboration with its suppliers to optimise energy consumption and reduce relative downstream transport costs.
- The implementation of energy-efficiency initiatives with regard to its direct operations will enable the Group to reduce the emission impacts of its activities.
- Improved waste management, understood as minimising landfilling and maximising waste sent for recovery through recycling, saves resources, which can subsequently be allocated to other needs, such as, for example, investments in R&D.





The Group's core values include a constant commitment to safeguarding and protecting the environment. This focus is expressed through the strict monitoring of the impacts generated, with a view to continuous improvement both in terms of efficient use of resources (materials, energy, water), and virtuous waste management. As evidence of the Group's specific focus on

• the "built-up area over total area" ratio

maintained at less than 30% thanks to

tree species, which harmonise the site's

landscape context and reduce the carbon

• the percentage of waste sent for recovery

maintained at over 95% in recent years.

the many green areas with numerous

footprint of production activities;

noted.

the environment, the following commitments are

At all of the Group's manufacturing companies, with the exception of La Pavoni, an Environmental Management System is in place certified in accordance with standard ISO 14001. The production plants¹ are also subject to the Single Environmental Authorisation (AUA), with regard to atmospheric emissions, water discharge and noise pollution.

Over the last 10 years, a number of actions have been taken that have not only optimised plant performance, but also simplified production processes as much as possible, and thus limited the related environmental impacts.

Mention is made, in particular for the San Girolamo site, of the replaced enamelling kiln, which allowed the previous one fitted with a lime filter to be eliminated. This made it possible to eliminate the purifiers and thus obtain authorisation for discharge into the public sewage system.

¹ With the exception of La Pavoni.

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THE GROUP'S IMPACTS

This section of the document describes the Group's main environmental impacts for each environmental matrix concerned.

Materials used

The main raw materials, components and processes purchased by the production sites mainly fall within **3 macrocategories**, that cover about 50% of purchases:

- Metals (stainless steel, iron and sheet metal);
- Electronic components (for example, circuit boards) and electromechanical components;
- Moulding (moulds purchased already customised according

to specific production requirements) and machining.

Of the remaining approximately 50% of purchases, attributable to categories of raw materials and semi-finished goods other than those mentioned above, approximately 40% of the economic flow to suppliers can be summarised in the following macro-categories:

- Plastic;
- Fridge componentsi;
- Motors;
- Glass;
- Toll manufacturing on mechanical and pre-assembled moulds;

- Cast-iron and chrome-plated wire grilles;
- Polystyrene, used as reinforcement, together with wood, for product packaging;
- Gas components;
- Rubber.

Lastly, the remaining 10% of raw materials used are **enamel**, **wood**, **paper** (used for manuals), cardboard (used for packaging), and multi-material (in the case of cabling for example, consisting of copper wire, silicone or PVC sheathing, metal connectors and plastic material).



In 2021, a total of around 27 million kg of renewable and non-renewable materials² were used for Smeg and Bonferraro. To date, neither company has purchased and used recycled materials.

The material which, by weight, has the largest share of total materials used in 2021 by the two companies is carbon steel (galvanised and enamelled) (56%), followed by stainless steel (12%), glass (12%) and polystyrene (6%)..

In order to reduce its impact on resource use and implement production models increasingly geared towards a circular approach, the Group has begun to evaluate various solutions to replace several of the materials currently used with more eco-friendly alternatives.

In particular, in 2021, Smeg obtained ISCC certification for the use of Tritan[™] Renew, a recycled copolyester material that the Group will use to progressively replace several plastic components in its SDAs.

With regard to packaging, which is an essential component of the product to preserve its quality and prevent damage due to stress suffered during transport, the Group is moving towards more sustainable solutions, also in collaboration with universities and research centres, as well as with specialised suppliers.

Specifically, a technical study is currently underway for the gradual replacement of EPS (expanded polystyrene) inserts in favour of recycled cardboard. In particular, this will concern internal production, at the San Girolamo (Guastalla) plant, of a number of small domestic appliances that will be packaged in a paper pulp material.

MATERIALS USED BY SMEG AND BONFERRARO. BY WEIGHT (%) IN 2021



At the same time, at the Bonferraro factory there is a machine able to shred - after cleaning the material, removing the adhesive labels and extracting the wooden parts - the polystyrene used in packaging. This allows the polystyrene to be compressed and reinserted into the supply chain.

² Note that the calculation does not include materials (e.g. cast iron in the case of Bonferraro, circuit boards and rubber) for which, insofar as valued in number and not weight (kg), a value cannot be determined at present.

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Environmental protection

In 2021, this made it possible to recover and resell about 100 tonnes of compressed polystyrene (approx. 90 tonnes in 2020).

The process of substantially changing the packaging, begun in recent years and concerning first and foremost the SDA division, is also focused on the following additional improvements:

- elimination of all polyethylene (PE) bags that are not strictly necessary;
- replacement of non-disposable PE bags with bags in bio-based PE or cellulosic material:
- replacement of the protective polypropylene (PP) layer of the gift boxes with water-based paint.

At the same time, the Group has developed a specification allowing the **final dimensions** of the packaged product to be optimised through the creation of specific platforms per product type. In particular, for MDAs, there are 2 main platforms: one for

ovens and one for kitchens. Both provide for the shrink-wrapping of products and the main packaging structure, without the need for cardboard boxes

The Group has set several objectives for itself regarding the increasingly efficient and responsible use of resources, in particular with reference to the following materials:

• plastics, use of which will be progressively reduced in packaging, also through the involvement of suppliers. For plastics used in SDAs on the other hand, the Group aims to continue developing the project to replace plastic with the Tritan[™] Renew material:

- polystyrene, use of which will be progressively reduced through the application of an alternative system (currently under development) for the protection of products using cardboard pulp;
- wood, use of which will be optimised through the recovery of pallets and their future reuse;
- absorbent materials, with a significant reduction in the use of oils and emulsions to be reclaimed:
- paper, reducing its use in manuals, favouring the use of more detailed online manuals. and using more concise manuals with only the essential information to accompany the product.

In particular, Smeg is already working on reducing the number of pages in the user manuals of both SDAs and MDAs by proposing a "slim" version, which on one hand guarantees the completeness of information regarding product safety and warnings, as required by

law, and on the other hand, uses images to summarise the descriptive and explanatory sections

Moreover, from 2022 onwards. QR codes will be more frequently inserted in slim manuals to refer the user to a more in-depth consultation directly online.

• recycled materialsi, with reference to SDAs, the Group's aim is to progressively increase the use of Tritan™ Renew and other materials from recycled or renewable sources in certain product components, as well as to reduce the use of plastic materials in packaging.



Energy consumption

In 2021, the Group's total energy consumption was equal to 210,628.63 GJ (178,761.60 GJ in 2020), of which 28% from renewable sources (7% in 2020). The energy intensity³ is equal to 0.0002, constant with respect to 2020.

The main energy sources used by the Group are:

- Methane gas for use in the production process in particular to operate the enamelling kiln - and to air-condition the rooms. With regard to the Guastalla site, a reduction cabin is used to optimise the consumption of said energy source.
- Fuel (diesel and petrol), used for the company's fleet of cars and generators;
- Electricity for the production process, lighting, and air-conditioning of the rooms in summer. It is also specified that the Smeg, Apell and La Pavoni production sites⁴ have **photovoltaic systems**, with the energy produced partly self-consumed by the company (75%) and partly fed back into the grid (25%). The remaining energy needed by the manufacturing companies is provided by a consortium of supply companies, which in the reporting year ensured that 87% of the energy purchased came from renewable sources. Overall, Group-wide, 73% of the electricity consumed was purchased from suppliers who certified its origin from renewable sources.

GROUP ENERGY CONSUMPTION, BY TYPE OF CONSUMPTION, OVER THE THREE-YEAR PERIOD 2019-2021 (GJ)



- Energy consumption from renewable sources
- Energy consumption from non-renewable sources

GROUP'S ENERGY MIX (2021)





- 27% Electricity purchased from renewable sources certified
- **9%** Electricity purchased from conventional sources
- 8% Diesel
- 2% Gasoline
- 1% Electricity self-generated and selfconsumed
- 0,02% Diesel fuel for electrical generators

³ It is specified that at the Bonferraro site, the system is currently being installed and is scheduled for completion in 2022. ⁴ The Apell, La Pavoni and Smeg Belgium sites feed part of the self-produced photovoltaic energy into the grid.

In particular, the photovoltaic system at Apell is currently able to meet about one quarter of the plant's total electricity needs, while the La Pavoni system contributes to about 30% of the site's total needs.

With reference to the photovoltaic system installed at Smeg - with a capacity of 28 kWp - it is specified that, at the moment, the energy produced is negligible compared to the overall energy requirements. The systems at San Girolamo will in fact be expanded during the course of 2022.

Photovoltaic systems

Important projects are currently being implemented to expand the photovoltaic system already installed at the Parent Company, and to install a new system at Bonferraro, which will cover approximately 31% and 20% of the two facilities' energy needs, respectively. The overall power of the Smeg system will increase from the current 28 kWp to 1.9 MWp, while the Bonferraro system will reach 1.6 MWp. The two systems, both latest-generation, will in fact consist of more than 900 photovoltaic modules equipped with power optimisers.

It is estimated that these measures will **prevent** the emission of approximately 1,710 tonnes of CO₂ equivalent on an annual basis (equal to more than 42% of the total emissions currently attributable to the electricity supply). Photovoltaic panels are also installed at the Smeg Belgium and Smeg UK sites. Specifically, in the case of Smeg UK, the system currently covers 8% of the site's energy needs, but an expansion is planned for 2022 that will increase this percentage to around 15-20%.

Again regarding the implementation of energy-efficiency initiatives, the following measures were implemented at the production sites and several of the commercial distribution companies:

 Relamping – in particular, Smeg is implementing the progressive replacement of existing luminaires with continuous lighting LED systems. To date, more than one quarter of the luminaires inside the building have been replaced and the external lighting is already fully in LED. Similar measures have also been implemented at Apell and Bonferraro. Verinox and foreign branches Smeg Germany, Smeg Belgium, and Smeg Singapore also use LED lamps instead of fluorescent lamps.



 Actions to reduce the consumption of electricity from transformer stations at the Smeg and Bonferraro facilities, electricity consumption and its relative distribution from the transformer stations is monitored by means of a specific management system. In case of anomalies and on the basis of the consumption profile, Management defines

make processes more efficienti. • Actions to reduce the environmental impact of the company car fleet - various measures have been taken in this regard, starting with the progressive replacement of diesel-operated vehicles with hybrid or electric alternatives: this is the case, for example, of Smeg Portugal and Smeg Belgium. At Smeg Germany, a decision was instead made to no longer use large vehicles (e.g. SUVs) and at Smeg UK, at

any specific actions necessary to

the Abingdon and Portsmouth offices, no. 8 and no. 2 charging stations have been respectively installed for hybrid and electric vehicles⁵. Smeg Singapore on the other hand, chose to offer its employees a car-sharing service to be used during their lunch break and at the end of the work day: this initiative is estimated to save around 480 litres of petrol per year.

- Inverter efficiency Smeg and Bonferraro have installed inverters on the motors of their production plants, in addition to compressed air compressors with inverter technology, allowing a 5% saving in consumption. Smeg Singapore has also adopted an energy-efficient air-conditioning system, which saves around 20% compared to previous, less efficient models.
- Site efficiency Smeg Germany has had LEED (Leadership in Energy and Environmental

Design) Sustainability System Gold certification for its offices since 2013. Similarly, Smea Australia is considering buildings with modern, sustainable features for its new headquarters, to reduce its impact.

The Group has also set the following targets related to the reduction of electricity consumption:

- since 2022, procurement of electricity from 100% renewable sources for all production sites;
- continuation of the gradual replacement of luminaires with latest-generation LED lighting;
- installation of compressed air production equipment at the Bonferraro facility.

Water consumption

The Group makes use of two distinct types of water supply:

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- drawn from wells (for a total of 11 wells)⁶ to support production (in the case of Bonferraro and Apell) and for normal irrigation use, and with reference to the Smeg facility, there are more than 100 coolers. - located in the main facility, in the warehouses and production areas - which are fed to the greatest possible extent from the wells:
- drawn from municipal aqueduct for drinking water, for catering at the Smeg company restaurant, for the toilet facilities and for the fire-fighting reserve at the San Girolamo site.

At the San Girolamo site, water is also used in part inside the reprocessing booth during the enamelling stage.

⁵ UK legislation requires charging points for electric/hybrid vehicles to be made available to all employees.

⁶ Smea uses 5 wells in San Girolamo and 1 well in Guastalla.

In 2021, the Group's total water withdrawal amounted to 195.91 ML^7 – of which 12% in water-stressed areas⁸ – representing a 3% increase compared to the amount withdrawn in the previous year.

Effluents generated by the production sites are **constantly monitored** through quarterly analyses and more specific assessments carried out periodically.

The purification systems installed at the facilities (not present at the Smeg site) are checked daily by in-house personnel, while a specialised external company is responsible for carrying out weekly maintenance on the entire system.

At the Parent Company headquarters, industrial discharge has been reduced to zero for several years following the dismantling of the pickling activities previously carried out, and to date, water discharge into the sewage system concerns only the water used for the toilet facilities and

company restaurant. At the Bonferraro site on the other hand, in recent years there has been an increase in the use of water resources and its consequent discharge, due to an increase in washing activities in production processes relative

to professional products. Bonferraro performs **periodic analyses**⁹ **on its wastewater** in accordance with AUA (Single Environmental Authorisation) requirements, with reference to the parameters COD, BOD, Zinc, Lead, Ammonium Ion, Nitric Nitrogen, Nitrous Nitrogen, Settleable Solids, Chloride Sulphates, Iron, Nickel, Phosphorous, Chromium, and Total

GROUP WATER WITHDRAWAL, OVER THE THREE-YEAR PERIOD 2019-2021 (ML)



Surfactants. The site has a chemical-physical purification system through which the industrial water is suitably treated before being discharged to surface water: the system also includes, among other things, a final automatic quality check with a turbidity meter, thanks to which the discharge is blocked in the event of an anomaly.

⁷ The value indicated does not include the volumes of the companies Elettrodomestici Bonferraro, Domestika, SD Lazio, Smeg Nordic, Smeg USA, Smeg UK, insofar as water withdrawal is included in the rent paid by the companies and cannot be quantified by them.

⁸ Water stress is understood as the inability of the area in question to meet the relative demand for water, both human and ecological. The assessment of the Group companies' areas of competence, in order to understand whether or not they were affected by the water stress condition, was carried out using the Aqueduct Water Risk made available by the Water Resources Institute.

[°] Monthly for discharge to surface water and annually for discharge to public sewers.

Moreover, in order to reduce the risk of potential non-compliance, continuous pH meters have been installed at the Apell facility, which, as soon as the set limits are exceeded, immediately stop the spill and signal the anomaly. Here, too, there is a purification system through which the industrial water is pre-treated with polyelectrolytes and flocculants to correct the pH and allow the solids to precipitate, and is then collected in an equalisation/ accumulation tank. The two types of water (industrial and biological) are further treated following a process of denitrification, total oxidation, clarification, final disinfection, and then discharged. Finally, the effluent undergoes final disinfection with peracetic acid.

For La Pavoni, the amounts of water discharged into the sewage system mostly correspond to the volumes of water drawn for civil purposes and for the provision of the fire-fighting reserve.

Lastly, the effluents of the Italian and foreign sales branches are mainly civil and in some cases related to the activities of the local warehouses.

In 2021, a total of 88.72 ML of water was discharged, 19% of which was in water-stressed areas, down 11% from the previous year.

The Group's 10 total water consumption in 2021 is therefore 107.19 ML (about 90 ML in 2020).

INDUSTRIAL WATER DISCHARGE, OVER THE THREE-YEAR PERIOD 2019-2021 (ML)



Waste

The Group has always afforded particular attention to waste management, seeking first and foremost to reduce the amount of waste produced, and at the same time, to consistently enhance its subsequent recovery, limiting its disposal to the extent possible.

In particular, it is important to mention the ongoing commitment to sending the following materials at the Group's production facilities for recovery:

¹⁰ The total water consumption is calculated by the difference between the Group's total water withdrawal and total water discharge.

- mechanical processing waste (sheet metal or steel scrap);
- plastic or glass scraps (e.g. for oven door/ kitchen);
- recovery of other packaging materials such as cardboard, wood and plastic.

Said materials are in fact meticulously sorted along the production process - scrap management is integrated into all stages of the production process, starting with the assembly lines - with the aim of sorting them correctly before they are resold or delivered to authorised recycling companies. An example of this is the activity at the Bonferraro site related to the **volumetric reduction of polystyrene** coming off the production lines, making it possible to obtain a **perfectly recyclable and compact material**, as well as a significant reduction in transport-related impacts.

Material that cannot be reused (that is, process waste) is analysed by an accredited laboratory, defining its EWC¹¹ and possible hazard class.

Hazardous waste, on the other hand, follows a different procedure for its transport. An annual analysis of the waste is in fact first carried out, then an authorised treatment facility is identified, and lastly, the facility's authorisations and carriers are checked before confirming the take-back.

In general, the care and attention afforded to this process has made it possible, over the last 10 years, to minimise the amount of waste sent for general disposal, and to properly direct all production waste, maintaining the amount of waste sent for recovery¹² or recycling¹³ at a constant rate of more than 98%¹⁴.

Commitment to raising awareness on the importance of waste reduction

Smeg's focus on the issue of waste is also demonstrated by the awareness-raising activities implemented, aimed at both its employees and the local community.

In particular, in order to promote more sustainable use of resources and the adoption of reuse practices, the **"Plastic Free" Project** – launched in 2019 – was continued in 2021, involving the installation of 4 water dispensers and the distribution of a reusable water bottle to all employees. In total, it is estimated that this initiative saves several hundred plastic bottles per day. Moreover, it was decided to abandon the use of plastic bottles in the company restaurant, in favour of water dispensers.

In addition, in 2020, Smeg adhered, by donating a professional dishwasher, to the **"Liberare l'Emilia Romagna dall'usa e getta" campaign** promoted by Legambiente to rid the region of disposable crockery and cutlery, focusing above all on school canteens and local festivals.

The primary objective was to replace plastic plates, glasses, and cutlery with similar products made of reusable materials (ceramic, metal, etc.), supported by the use of dishwashers.

- ¹² Recovery of useful materials from scrap products.
- ¹³ Measures implemented in order that products that are not yet waste, can be reused for the same purpose.
- ¹⁴ Percentage of waste sent for recycling out of total waste produced by the Operating Companies.



¹¹ European Waste Code.

Overall, a total of 13,806.83 tonnes of waste were produced in 2021, of which 6% was non-hazardous and 88% was sent for recovery: 50% of the waste was produced by foreign commercial distribution companies, and 47% at the Group's Manufacturing Companies. Details on the composition of the waste produced are provided in the Annexes to the report (ref. section "Insights").

In particular, the Group has the following objectives for the near future:

- constant increase in recycling activities with the aim of increasing the percentage of waste sent for recovery;
- progressive reduction of waste generated upstream.

PRODUCT WASTE (TONNES), BY DISPOSAL METHOD (2021)



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THE FIGHT AGAINST CLIMATE CHANGE

With regard to direct and indirect greenhouse gas (GHG) emissions on the other hand, the following emission sources are identified.

- direct (Scope 1) GHG emissions are generated from the consumption of natural gas (methane), in particular due to the operation of the enamelling kiln, from fuel consumption for the company car fleet, from leaking refrigerant gases used to operate the room airconditioning systems, and from the diesel used for the generator;
- indirect (Scope 2) GHG emissions on the other hand are attributed to the Group's electricity consumption. It is specified that the Production Sites'¹⁵ decision to meet their energy needs through the electricity produced by the photovoltaic panels installed on-site has made it possible to avoid emissions of around 162.80 tonnes of CO₂ equivalent in 2021 (in 2020, approximately 542.19 tonCO₂eq). Once 100% of the electricity supply from renewable

sources is achieved, it will be possible to prevent the emission of around 3,649 tonnes of CO₂ equivalent on an annual basis, almost entirely eliminating emissions associated with electricity supply;

• indirect (Scope 3) GHG emissions, generated by all upstream and downstream activities in the Group's value chain. The Group carried out an initial screening to calculate the Scope 3 indirect emissions for the year 2021, with reference to the categories considered

potentially most relevant to the Group's business: purchased aoods and services¹⁶; inbound transport and distribution¹⁷, waste management¹⁸; business trips¹⁹; commuting²⁰; transport and distribution of products (outbound)²¹; product use phase²².

- ¹⁵ The reference is to the Smeg, Apell and La Pavoni sites. At Bonferraro, construction works for the photovoltaic system began in 2021 and will be completed in 2022.
- ¹⁶ With reference to this category, the raw materials were considered of the products comprising 70% of the company's turnover (including packaging).

¹⁷ This category includes the inbound transport of raw materials and components, the distribution of products to foreign branches, and the procurement of marketed products transported from the supplier directly to Smeg branches.

¹⁸ This category considers all waste from production, offices, commercial branches and its transport to treatment facilities.

¹⁹ Transport, travel during the stay and accommodation (facilities) were evaluated.

²⁰ Daily trips to and from work by employees.

²¹ Transport activities related to retail sales, both at Smeg stores and through e-commerce.

²² The emissions intensity is calculated by comparing the total CO₂ emissions generated (tonCO₂eq) with the revenue from sales and services for the year under review (€K).

Environmental protection



In 2021, the Group generated a total of 7,599 tonCO₂eq of direct (Scope 1) emissions, with an emissions intensity²³ equal to 0.00001 tonCO₂eq/€K, up 12% compared to 2020 (6,794 tonCO₂eq), mainly attributable to the increase in natural gas volumes used throughout the year.

With reference instead to the production of indirect (Scope 2) CO₂ emissions, during the year the Group generated 7,169 tonCO₂eq (according to the location-based method) – 5,404 tonCO₂eq in 2020 – and 2,372 tonCO₂eq (according to the market-based method) - 4,247.03 tonCO₂eq in 2020 -, with an emissions intensity of 0.00001 tonCO₂eq/€K and 0.000003 tonCO₂eq/€K respectively. In particular, it is specified that the decrease in the amount of indirect emissions (Scope 2) calculated according to the market-based method, is mainly due to the increase in electricity from renewable sources used by the Group in 2021 compared to the previous year.



DIRECT (SCOPE 1) CO₂ EMISSIONS IN 2021

- 82% Natural gas
- 14% Diesel
- 4% Gasoline

INDIRECT (SCOPE 2 - LOCATION-BASED) CO₂ EMISSIONS, BY COMPANY (2021)



- 83% Manufacturing Companies (Italy)
- 2% Italian Commercial distribution companies
- 15% Foreign commercial distribution Companies

²³ The emissions intensity is calculated by comparing the total CO₂ emissions generated (tonCO₂eq) with the revenue from sales and services for the year under review (€K).

astly, the indirect (Scope 3) CO₂ emissions are the most incisive on the total CO₂ emissions generated by the Group, representing more than 99% of the Group's carbon footprint (2,170,616 tonCO₂eq in 2021). Of the total Scope 3 emissions, the following 3 categories are particularly incisive, in line with the specificity of the Group's business: product use phase (65%), purchased goods and services (29%) and inbound transport and distribution (5%).



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Inbound transport and distribution activities managed by the production sites mainly concern the procurement of raw materials, semi-finished goods, components, and finished products.

Generally, goods purchased from Italian suppliers are transported by road or via intermodal transport solutions²⁴. Goods arriving from abroad on the other hand, depending on their specific origin, can reach the production facilities in specific containers after having been transported by sea, rail, or road

To this end, it is specified that the Group is trying to opt for more sustainable modes of transport by favouring:

• sea transport for certain routes that were historically served by land or intermodal (such as Spain and UK);

• the intermodal mode for routes that were previously only served by road (such as Belgium, Netherlands, UK, and Sweden).

In particular, with regard to the Parent Company, road transport is preferred for inbound raw materials and components from Central and Eastern Europe (Poland, Germany and Romania), while the intermodal mode is adopted for goods arriving from Denmark and Portugal.

Procurement from non-European suppliers (Far East), both of components and finished products, is mainly by sea, and then continues by road or in intermodal mode depending on the final destination once the relevant port is reached.

The inbound carriage of finished products to the Smeg warehouses amounts to an average of 15 deliveries per day.

At the same time, finished products are distributed to the sales branches in different ways depending on the final destination and how quickly customers need to receive the goods, with preference afforded to sea or intermodal travel where possible, in particular to the islands.

Smeg seeks to limit air travel to exceptional situations only, for example the particularly urgent shipment of finished product samples or new products at specific times of the year (such as Christmas campaigns). Thanks to this approach, in 2021, only 2 finished product shipments were made by air. This mode is also used for spare parts shipments to European branches.

The outbound carriage of finished products amounts to between 50 and 60 trips per day.

Once the warehouses of the sales branches have been reached, said branches are directly responsible for managing relations in the relevant local territory.

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In those markets where there is no sales branch, a similar function is performed by local importers (for example, in the United Arab Emirates, New Zealand, South Korea and China).

²⁴ Intermodal transport is a method of transferring goods using standardised "load units" that can easily be moved from one vehicle to another to reach their destination. It is generally implemented to allow the hybrid rail-road transport mode.

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For e-commerce-related

shipments, the Group mainly relies on freight companies able to deliver goods to the end customer on time, either at home or via pickup points. In Italy, carriage occurs mainly by road in order to ensure rapid delivery.

In 2021, Group-wide, the following quantities of CO₂ emissions were generated in relation to inbound and outbound logistics activities: 100,172 tonCO₂eq for procurement and 5,417 t \overline{CO}_{2} eq for distribution, jointly accounting for 4.86% of the Group's indirect emissions in 2021.

Quantifying the emissions resulting from said operations is an important starting point for the Group in order to monitor the issue in a progressively more solid and systematic manner, moving in the direction of ever-greater optimisation of deliveries and shipments, and towards the choice of less environmentally damaging modes of transport, with particular reference to carriage by sea and rail.

For the Group, the measurement of direct and indirect emissions represents the first step in the process of identifying and planning suitable strategies for the reduction and offsetting of emissions directly and indirectly related to the company's activities.

The main corporate objectives of the manufacturing companies in this field include:

- the expansion of the photovoltaic systems installed at the San Girolamo and Bonferraro sites, increasing the production capacity of the two facilities to 1.9 MWp and 1.6MWp respectively, thus covering 25% of the two factories' energy needs. Said installation, which is scheduled for completion by the end of 2022, will prevent the emission of approximately 1,710 tonCO₂eq on an annual basis;
- the exclusive procurement, as of 2022, of electricity from 100% renewable sources through a certified supply process;

• the installation of **charging** stations.

With reference to the medium- to long-term objectives related to logistics activities, this means:

- identifying solutions allowing more frequent use of intermodal transport for medium- and longhaul shipments;
- promoting the optimisation of logistics and production processes through the implementation of innovative, digital solutions to support transport planning and the allocation of goods to the various Sites, thanks to the use of software able to estimate the demand by analysing the order history of each market. Said application will allow the automation of a process already in place, ensuring greater efficacy and efficiency in managing demand, allowing the facilities to produce based on the actual demand of the target market, and limiting warehouse stocks as much as possible.

Other atmospheric emissions

Within the Production Sites, potentially harmful emissions are mainly generated by a few clearly identifiable sources:

- the extraction of dusti, which includes particulate matter (or "emery") generated by the grinding and polishing of steel;
- boiler rooms used to heat the different areas.
- test benches:
- insulation processes;
- welding processes;
- polyurethane foaming process;
- soundproofing process;
- enamelling process, for which it is specified that, as of 2014, all systems in the enamelling department have been progressively replaced, with a significant improvement in atmospheric emissions.

All emissions from the aforementioned activities are constantly monitored, and the different emission points, duly authorised, are periodically

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checked and monitored – normally on an annual basis, except for the six-monthly requirement applicable to enamelling kiln emissions – by the appropriate bodies.

In particular, Smeg and Bonferraro operate under the AUA (Single Environmental Authorisation) regime in accordance with current legislation. The AUA provides companies with the list of atmospheric emissions to be monitored, and how frequently.

Moreover, all buildings and workplaces are equipped with dedicated engineering systems to keep them constantly well ventilated and free of potentially harmful substances for the personnel present.

Prior to the installation of each new system, preliminary checks are carried out to understand the impact in terms of emissions generated by the system's operations.

The following graph shows the significant emissions generated and released into the atmosphere by Apell and Bonferraro during the three-year period under review.

SIGNIFICANT EMISSIONS, BY TYPE, OVER THE THREE-YEAR PERIOD 2019-2021



- NOx
- SOx
- Volatile organic compounds
- SParticulate matter (PM) dust
- NaOH



PRESERVATION OF THE NATURAL ENVIRONMENT

Smeg's headquarters²⁵ is set in a natural context, characterised by a 380,646 square-metre park, of which only 23.9% is built up – in line with the Parent Company's objective of maintaining a "built-up area over total area" ratio of less than 30% – taking care to camouflage and harmonise the buildings with the surrounding natural context, creating a margin between production activities and the civil context beyond its borders.

There is a protected area within the company boundaries, which covers a total of 190,485 square metres, corresponding to the green areas and the drainage canal that runs through the settlement.

The company's natural park is home to 1,683 trees belonging to 33 different species. Whenever a tree needs to be felled, the Company plants two more of the same species: in 2021, a total of 174 new trees and 1,384 new shrubs and herbaceous perennials were planted. This makes it possible to transplant and maintain indigenous tree species, such as, for example, the poplar, field maple, cypress poplar and prunus, and protect the local fauna, including pheasants, hares, magpies and carps; the latter can be found in the Zenzalino drainage canal.

²⁵ Locatable at the following GPS coordinates: 44.923181 - 10.726723. The facility is classified at the land register by parcels 409, 379, 420, 417, 418, 412, 54, 80 of sheet 13 of the Municipality of Guastalla.

SMEG SITE PLAN



Aim: Census of vegetation at Smeg facility (Guastalla)

In 2021, in line with its important focus on green areas and the company's natural surrounds, Smeg decided to launch, during 2022, a collaboration with the CNR (National Research Council, Italy), in order to **monitor** - by measuring and classifying the species present in the company's natural park - the surrounding vegetation's annual capacity for CO, absorption (CO, sequestration from the atmosphere), for CO accumulation in its biomass (roots, trunk, branches and leaves) and to remove gaseous pollutants (ozone) and inhalable particulate matter (PM10) from the atmosphere. The study will also make it possible to assess the importance, within the ecosystem, of tree plants in the company's natural park in reducing run-off water, thus alleviating the drainage of intense and localised rainfall further to increasingly frequent extreme climatic events.

The results of this study will be available in 2022 and reported in the next reporting year.

In order to detect the presence of local flora and faunas species considered to be endangered, Smeg conducted an analysis through the online platform made available by the **International Union for Conservation of Nature** (IUCN) **Red List**²⁶. La Red List identifica i seguenti livelli di rischio per le specie vegetali e animali: "A minor preoccupazione" (LC); "Quasi minacciata" (NT); "Vulnerabile" (VU); "In pericolo" (EN); "In pericolo critico" (CR); "Estinta in natura" (EW); "Estinta" (EX).

The analysis conducted by Smeg revealed the following results²⁷:



²⁶ The IUCN Red List of Threatened Species was established in 1964 and is now considered the world's most comprehensive source of information on the global extinction risk status of animal, fungal and plant species.

²⁷ With reference to plant species, of the 33 plant species surveyed in Smeg's natural park, the analysis conducted did not provide any information for 11 species (not catalogued in the IUCN Red List, or for which the assessment was not possible insofar as data deficient, as indicated by the Red List acronym "DD").

Community

Environmental protection

Moreover, at a distance of about 5,000 metres as the crow flies from the facility, a protected natural area has been established, in accordance with the parameters of the Habitat Natura 2000²⁸, map, corresponding to a stretch of about 10 km along the right floodplain of the Po River, near the border with Lombardy. Within this site, in addition to the tree plantations present – mainly artificial poplar groves (corresponding to around 70% of the area's surface) - about 26 bird species, mostly aquatic and of community interest, as well as certain amphibian, reptile and bird species were detected. The rare and/or threatened species identified include the Trapa natans (NT) and Salvinia natans (NT).

In order to help preserve regional natural areas, in 2021 Smeg also joined the initiative entitled **KILOMETROVERDEPARMA** ("Green Kilometre Parma"). conceived in 2015 and

operational as of 2020 thanks to a virtuous group of local public and private companies. Said initiative aims to contribute to **reforestation** in the Province of Parma, thus generating a positive impact on the environment and local community. Smeg will contribute to the project through a forestation project in Mezzani (PR) with ash, maple, hornbeam and oak trees.

²⁸ European Habitats Directive (Directive 92/43/EEC). With reference to the area of interest, 7 types considered of community interest were found to be in the site, including one priority type, which overall cover approximately 6% of the site's total surface area.





COMMUNITY AND TERRITORY

An active role	
for the territory	98
Supply chain	
management	100

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- Connection with the local territory
- Responsible supply chain management
- Respect for human rights







GLOBAL REPORTING INITIATIVE

GRI 3-3, GRI 204-1, GRI 308-1, GRI 412-3, GRI 414-1



- Risk of loss of social licence to operate, recognised by the local communities of reference, with consequent impediment to the development of projects or business activities in the territories where Smeg operates, and negative effects on the company's reputation.
- Risk of scarcity of raw materials, in particular metal and electronic materials, and increase in their price due to the effects of exogenous factors (for example, the Covid-19 pandemic) on the market.
- Risk of lack of differentiation between suppliers and consequent procurement from individual partners for the purchase of very specific goods and services, which, in situations of market pressure or in the event of a critical supply relationship, may determine a slowdown or the impossibility of procurement of the specific good or service.
- Risk of long and sometimes uncertain delivery times for certain types of procurement.
- Risk of geopolitical instability, which impacts procurement choices, but also the purchasing decisions of the end customer.

RELATED **OPPORTUNITIES**

- Considering the ever-increasing competition for local natural resources and the importance of obtaining a social licence to operate from the Group's local host communities, it is recognised that the Group has an opportunity to collaborate with the territory of reference to manage and reduce its environmental footprint and generate positive social impacts, contributing to job creation and local development.
- Careful, transparent and responsible management on the part of all actors in the Group's supply chain makes it possible to know, mitigate and remedy the social and environmental impacts indirectly generated by the Group.



Smeg is committed to proactively contributing to the social, economic, employment and environmental development of its territories of reference, and the well-being of the communities living therein.

In carrying out its activities, the Group effectively assumes its responsibilities towards the community, inspired by the values of solidarity and dialogue with the interested parties.

AN ACTIVE ROLE FOR THE TERRITORY

The Group intervenes in the territories where it operates through sponsorships and donations in favour of local projects and associations aimed at improving social, environmental and cultural aspects.

In particular, the Group's commitment is manifested in the following areas of focus, where the link between doing business to the benefit of the social and territorial sphere, culture and art, is always clear:

- support for the activities of national or international charitable organisations;
- participation in projects to

restore and add value to the area's artistic, cultural and architectural heritage;

• sponsorship of socio-cultural events.

To this end, also mentionable is the support for the local preschool with annexed daycare centre, to facilitate access to the children of the Parent Company's employees, and the provision of services aligned with working hours and the production calendar (also in summer):

- collaboration with associations involved in sports and youth activities;
- the development of important

campaigns in support of local hospitals, through the donation and funding of apparatus and technological equipment for diagnosis and prevention, as well as the sponsorship of research activities on rare diseases and cancers in collaboration with the Reggio Emilia Oncohaematology Centre (CORE).

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In particular, in 2021, the Group¹ made donations to various associations and spheres, at a national and international level.

Smeg's active role in the territory is also manifested through its membership to several national and local associations, including:

- Unindustria Reggio Emilia (Confindustria);
- APPLiA Italia and APPLiA EU trade associations for companies operating in the domestic appliances sector. As of 2021, and until 2023, the CEO Vittorio Bertazzoni was appointed Vice President of the Association. With reference to APPLiA EU, there are several working groups dedicated to different thematic areas. Smeg participates in many of them through its collaborators, each of whom is in charge of monitoring their own area of competence;
- EFCEM Italia, the Association of Catering and Hospitality Equipment representing companies in the professional sector;
- KILOMETROVERDEPARMA, a project adhered to by Smeg in 2021 as an ordinary member. More information in Chapter 7 (ref. section "Preservation of the natural environment");
- Fondo Ambiente Italiano (FAI), Italian Environment Fund, which Smeg sponsors.





 65% Manufacturing companies

• 35% Foreign Commercial distribution companies

DONATIONS MADE BY THE GROUP, BY DONATION TYPE (2021)



¹ This includes the Operating Companies Smeg and Bonferraro, and the commercial distribution companies Smeg Australia, Smeg Belgium, Smeg Germany, Smeg Spain, Smeg France, Smeg Netherlands, Smeg Nordic, Smeg Poland, Smeg Portugal, Smeg Russia, Smeg Singapore, Smeg South Africa, Smeg UK and Smeg USA.



SUPPLY CHAIN MANAGEMENT

The Group's supply chain consists of the following types of supply:

- raw materials and components for production;
- systems, machinery and equipment for production;
- materials and services related to maintenance;
- materials and equipment for offices;
- consultants, certification bodies and laboratory test providers.

companies in 2021 was approximately Euro 296.4 million, up 54% compared to the previous year, which was instead characterised by a significant

reduction in procurement spending due to the Covid-19 pandemic and the consequent closure of the facilities during the months of March and April.

Among these suppliers, about 76% are based in Italy (of which 38% in the provinces of the Group's Production Sites²), while the remainder are European and non-European suppliers.

The procurement process is regulated by the Corporate procedure "Acquisition of materials and services of external origin³ with the aim of defining the rules and responsibilities

of the company departments involved in the process of supplier identification, assessment, gualification, and management of the relationship.

In particular, the procurement process begins with market research, conducted by Buying Management, which operates by taking into account the technical specifications received from the following competent departments: Design Department with reference to the drawings and technical specifications of components or semi-finished goods; Acceptance **Control** for all technical specifications that have already

been formalised with reference to the product families of components to be purchased; Plant Manufacturing and Technical Services Department with regard to technical information on the systems, machinery and equipment.

During this stage, Buying Management also collaborates with the Group Quality Control Assurance Manager, in charge of sending an informative questionnaire to the supplier through which to collect various information concerning:

• organisational and structural set-up;

² To determine the "location" of the supplier, suppliers located in the regions of operation of the Manufacturing Companies and neighbouring regions were considered. ³ Last updated in 2018.

• aspects related to the

administrative liability of the

any presence of a Code of

Ethics, the adoption of Model

231, the willingness to subscribe

to the Group's Code of Ethics);

company or entity (for example,

- the presence of structured
- knowledge of and compliance with the applicable quality, workplace safety and environmental legislation, focusing specifically on the strict application of the requirements of the RoHS Directive⁴, the Packaging and Packaging Material Directive⁵, the MOCA Directive on food contact materials⁶ and provisions on other banned substances and conflict minerals from Congo and neighbouring countries;
- and certified management systems with reference to the areas mentioned in the previous point⁷. Should the supplier company not have a certified management system, it is asked to complete an additional section of the questionnaire in which it must state whether: it has a documented and approved policy on the subject; whether a person has been appointed in charge of managing any issues that may arise in said contexts; its willingness to host audits organised by the Group and initiate joint projects in order to meet stricter standards in the area of quality, workplace safety and the environment.

Based on the outcome of the questionnaire, Buying Management assesses whether or not a visit to the supplier's premises is necessary.

It can therefore be stated that all new suppliers with which the manufacturing companies⁸ began relations in 2021 were assessed on the basis of the social and environmental criteria in the questionnaire described above.

As an alternative to the above, if the supplier has ISO 9001 certification for the products to be supplied, or has already been qualified by one of the Group's operating companies, Buying Management can directly qualify said supplier, thus simplifying the process⁹.

Relations with suppliers are based on criteria of trust, quality, competitiveness, professionalism and respect for the rules of fair competition.

As part of the contractual documentation, the supplier is required to:

- act in compliance with the applicable industry occupational health and safety¹⁰ legislation, assuming responsibility for any damage or injury to its personnel that occurs during the performance of the service:
- properly fulfil contractual, social security and insurance obligations towards its employees;
- comply with environmental protection and waste management legislation in force.

⁴ Directive 2011/65/EU.

⁵ Dir. 94/62/EC, 2008/98/EC, ISPM No.15.

⁶ Reg. EC 1935/2004, Reg. EC 2023/2006.

⁷ Quality management system certified in accordance with ISO 9001 or other recognised standard; environmental management system certified in accordance with ISO 14001, EMAS Regulation or other recognised standard; safety management system certified in accordance with OHSAS 18001/ISO 45001, BSI 8800 or other recognised standard.

⁸ he reference is to Smeg (4 new suppliers in 2021) and Bonferraro (51 new suppliers in 2021).

⁹ Said simplification is not possible in the case of toll manufacturing on finished products.

¹⁰ Leg. Dec. 81/08.

Support to suppliers during the health emergency

During the health emergency, the Group sough to offer its full support to its suppliers, collaborating with them and giving them additional notice – in terms of time – of its procurement needs, thus placing them in the position to be able to purchase the necessary material and ensure sufficiently flexible economic arrangements.

Moreover, with regard to the ten suppliers that historically have a significant weight in the total value of the Group's supply, efforts are being made to lighten the load on said suppliers to the extent possible.

These safeguards have made it possible to ensure the continuity of the Group's business and therefore of supply, without losing any of its suppliers. Supplier qualification management requires the Acceptance Control and Quality Assurance departments to carry out a periodic analysis of the quality of supplies over the last 12 months, using a Vendor Rating system. Following said analyses, any qualitative problems that emerge in relation to the supplies are shared during specific periodic meetings with Buying Management and Plant Management, in order to identify improvement actions to be implemented against the most critical suppliers, up to and including, in the most serious cases, termination of the contract.

The Acceptance Control manager constantly monitors the implementation of the determined actions, also through visits and checks at the supplier premises, so as to assess the efficacy of the measures implemented and the results obtained.

The audit also investigates aspects regarding the health and safety conditions of the supplier's premises and the supplier's responsibility in terms of environmental protection: for example, whether the company is subject to environmental authorisations, whether energy sources and raw materials are used in a rational and efficient manner, whether the supplier has implemented a certified environmental management system, or whether a program has been defined to improve the environmental impacts generated. The Buying Department, in collaboration with Quality Assurance, identifies, from among the most critical and strategic suppliers, those to which it shall propose the **Smeg Group Quality Agreement**, which clearly and explicitly defines:

- the quality objectives required of the supplier;
- the relative calculation and control methods;
- any countermeasures in the event of failure to achieve the agreed objectives;
- the general warranty terms to be ensured by the supplier in the event of non-conformities and disputes by the Group.

Lastly, it is specified that the Group has defined **medium- to long-term objectives** with reference to its supply chain, including:

- further expansion and diversification of the Supplier Database to increase the efficiency, reactivity and resilience of the entire supply chain;
- integration of new environmental and social criteria for the ongoing selection and evaluation of suppliers;
- strengthening of the audit process at suppliers' premises in order to gather further assurances regarding the competence and reliability of the Group's partners;



• greater involvement of suppliers to avoid, where possible, the use of hazardous substances in purchased materials and components, and, alternatively, to limit their presence well below the maximum legal limits: in this case, the main focus will be on increasing the level of efficiency in communicating said information, and sharing the cost of any analyses performed by accredited laboratories.



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INSIGHTS

Chapter 3 Responsible governance

Smeg S.p.A. Board Members	2021	2020	2019
Members of the governance body to whom all anti-corruption policies and procedures <u>have been</u> <u>communicated</u>	4	4	4
Percentage of total members of governance bodies	100%	100%	100%
Members of the governance bodies that have received anti-corruption training	0	0	0
Percentage of total members of governance bodies	0%	0%	0%

GRI 205-2 Communication and training about anti-corruption policies and procedures

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Employees	2021	2020	2019
Managers to whom all anti-corruption policies and procedures have been communicated	192	134	136
Percentage of total Managers	100%	100%	100%
Managers who have received anti-corruption training	0	134	136
Percentage of total Managers	0%	100%	100%
White Collar to whom all anti-corruption policies and procedures have been communicated	1,063	1,062	1,045
Percentage of total White Collars	100%	100%	100%
White Collar che hanno ricevuto formazione in materia di anticorruzione	0	1,062	1,045
Percentage of total White Collars	0%	100%	100%
Workers to whom all anti-corruption policies and procedures have been communicated	1,070	1,063	1,056
Percentage of total Workers	100%	100%	100%
Workers who have received anti-corruption training	0	0	0
Percentage of total Workers	0%	0%	0%

GRI 205-2 Communication and training about anti-corruption policies and procedures

Business partners	2021	2020	2019
Business partners to whom all anti-corruption policies and procedures have been communicated	All contracted p	artners receive commu Group Code of Ethics	inication of the
Percentage of total business partners	100	% of contracted partne	ers

GRI 205-2 Communication and training about anti-corruption policies and procedures

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Governing bodies in operating companies

COMPOSITION OF SMEG S.P.A. BOARD OF DIRECTORS

Office	Role	Independence ¹	Gender	Age group
Chairman	Executive		Μ	> 50 years
Chief Executive Officer	Executive		Μ	30 - 50 years
Independent director	Non-executive	Х	F	> 50 years
Independent director	Non-executive	Х	Μ	> 50 years

GRI 2-9 Governance structure and composition GRI 405-1 Diversity of governance bodies

COMPOSITION OF SMEG S.P.A. BOARD OF STATUTORY AUDITORS

Office	Role	Gender	Age group
Statutory auditor	Standing	Μ	> 50 years
Statutory auditor	Standing	Μ	> 50 years
Statutory auditor	Standing	Μ	> 50 years
Statutory auditor	Substitute	Μ	> 50 years
Statutory auditor	Substitute	Μ	30 - 50 years

GRI 2-9 Governance structure and composition

GRI 405-1 Diversity of governance bodies

¹ Definition of "independence" pursuant to art. 148 of the Consolidated Law on Finance, according to which a director is defined as independent if they are not related to other directors and are not linked to the Company or Group by employment or self-employment relationships, or by relationships of a financial or professional nature that may compromise their independence.

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Chapter 5 People

	2021											
Active employees as at 31 st December	Operating companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (FOREIGN)			Smeg Group		
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Open-ended	983	360	1,343	51	39	90	477	365	842	1,511	764	2,275
Fixed-term	13	14	27	4	3	7	8	7	15	25	24	49
On-call]	0]	0	0	0	0	0	0	1	0	1
Total	997	374	1,371	55	42	97	485	372	857	1,537	788	2,325

GRI 2-7 Employees

	2021											
Active employees as at 31 st Operating companies (ITALY) December			Commercial distribution companies (ITALY)			Comr comp	Commercial distribution companies (FOREIGN)			Smeg Group		
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	975	257	1,232	54	25	79	475	337	812	1,504	619	2,123
Part-time	22	117	139	1	17	18	10	35	45	33	169	202
Total	997	374	1,371	55	42	97	485	372	857	1,537	788	2,325

GRI 2-7 Employees
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Number of employees by type of contract		2019			2020	
	Women	Men	Total	Women	Men	Total
Open-ended	725	1,475	2,200	738	1,485	2,223
Fixed-term	17	20	37	17	19	36
Total	742	1,495	2,237	755	1,504	2,259

GRI 2-7 Employees

Number of employees by type of employment		2019			2020	
	Women	Men	Total	Women	Men	Total
Full time	570	1,456	2,026	582	1,465	2,047
Part time	172	39	211	173	39	212
Total	742	1,495	2,237	755	1,504	2,259

GRI 2-7 Employees

	2021											
Active workers who are not employees as at 31st December	Operating companies (ITALY)			Comm cor	Commercial distribution Commercial distribution companies (ITALY) companies (FOREIGN)			bution EIGN)	Smeg Group			
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Contracted/interim	171	83	254	1	0	1	0	0	0	172	83	255
Representative agents	8	1	9	24	1	25	0	0	0	32	2	34
Interns/trainees	6	5	11	0	0	0	10	12	22	16	17	33
Other workers who are not employees	0	0	0	0	0	0	19	19	38	19	19	38
Total	185	89	274	25	1	26	29	31	60	239	121	360

GRI 2-8 Workers who are not employees

•se•smeg

		2020										
Active workers who are not employees as at 31st December	Oper	ating comp (ITALY)	anies	Comm con	Commercial distribution Commercial distribution companies (ITALY) companies (FOREIGN)			bution EIGN)	Smeg Group			
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Contracted/interim	311	130	441	1	0	1	0	0	0	312	130	442
Representative agents	7	1	8	16	1	17	0	0	0	23	2	25
Interns/trainees	6	11	17	0	0	0	16	17	33	22	28	50
Other workers who are not employees	0	0	0	0	0	0	9	5	14	9	5	14
Total	324	142	466	17	1	18	25	22	47	366	165	531

GRI 2-8 - Workers who are not employees

		2019										
Active workers who are not employees as at 31st December	Oper	ating comp (ITALY)	anies	Comm con	Commercial distribution Commercial distribution companies (ITALY) companies (FOREIGN			bution EIGN)	Smeg Group			
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Contracted/interim	163	65	228	1	0	1	0	0	0	164	65	229
Representative agents	5	1	6	17	1	18	0	0	0	22	2	24
Interns/trainees	9	10	19	0	0	0	15	14	29	24	24	48
Other workers who are not employees	0	0	0	0	0	0	12	4	16	12	4	16
Total	177	76	253	18	1	19	27	18	45	222	95	317

GRI 2-8 Workers who are not employees

Employees covered by collective bargaining, by professional category (%)	2021	2020	2019
Operating companies (ITALY)	95.75	97.25	98
Commercial distribution companies (ITALY)	100	100	100
Commercial distribution companies (FOREIGN)	41.75	41.75	41.75
Total	79.17	79.67	79.92

GRI 2-30 Collective bargaining agreements

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Hires	2021											
	Operating companies (ITALY)			Commercial distribution Commercial distribution companies (ITALY) companies (FOREIGN			bution EIGN)	n Smeg Group				
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	27	18	45	3	2	5	26	29	55	56	49	105
30 <x>50 years</x>	19	11	30	8	3	11	51	49	100	78	63	141
>50 years	5	0	5]	2	3	10	7	17	16	9	25
Total	51	29	80	12	7	19	87	85	172	150	121	271
Inbound turnover rate	0.05	0.08	0.06	0.27	0.18	0.23	0.19	0.24	0.21	0.10	0.16	0.12

GRI 401-1 New employee hires and employee turnover

Terminations	2021												
	Oper	Operating companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (FOREIGN)			Smeg Group		
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Donne	Totale	
<30 years	6	2	8	0	0	0	10	13	23	16	15	31	
30 <x>50 years</x>	14	3	17	2	1	3	30	40	70	46	44	90	
>50 years	21	9	30]	3	4	11	5	16	33	17	50	
Total	41	14	55	3	4	7	51	58	109	95	76	171	
Outbound turnover rate	0.04	0.04	0.04	0.07	0.10	0.08	0.11	0.16	0.13	0.06	0,10	0,08	

GRI 401-1 New employee hires and employee turnover



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New hires and terminations during the year	2020									
	Women	Men	Total	<30 years	30-50 years	>50 years				
New hires	71	104	175	71	85	156				
Terminations	59	94	153	20	80	100				
New hire rate	9%	7%	8%	21%	7%	10%				
Turnover rate	8%	7%	7%	6%	6%	6%				

GRI 401-1 New employee hires and employee turnover

New hires and terminations during the year	2019								
	Women	Men	Total	<30 years	30-50 years	>50 years			
New hires	105	117	222	95	107	16			
Terminations	72	115	187	35	87	20			
New hire rate	14%	8%	10%	30%	8%	8%			
Turnover rate	10%	8%	8%	11%	7%	10%			

GRI 401-1 New employee hires and employee turnover

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	2021						
Employees	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
Number of hours worked	2,200,916	135,125	1,463,944	3,799,985			
Number of recordable work-related injuries	17	1	12	30			
of which en route (only if transport was organised by the organisation – e.g. use of a company car, or shuttle service provided by the company)	0	0	1	1			
Rate of recordable work-related injuries	7.7	7.4	8	7.9			
Number of work-related injuries with serious consequences (excluding deaths)	-	-	-	-			
Rate of work-related injuries with serious consequences (excluding deaths)	-	-	-	-			
Number of deaths resulting from work- related injuries	-	-	-	-			
Rate of deaths resulting from work-related injuries	-	-	-	-			

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	2021								
Workers who are not employees	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN) ²	Smeg Group					
Number of hours worked	477,105	-	107,116	584,221					
Number of recordable work-related injuries	7	-	1	8					
of which en route (only if transport was organised by the organisation – e.g. use of a company car, or shuttle service provided by the company)	0	-	0	0					
Rate of recordable work-related injuries	14.7	-	9.3	13.7					
Number of work-related injuries with serious consequences (excluding deaths)	-	-	-	-					
Rate of work-related injuries with serious consequences (excluding deaths)	-	-	-	-					
Number of deaths resulting from work- related injuries	-	-	-	-					
Rate of deaths resulting from work-related injuries	-	-	-	-					

² It is specified that it was not possible to collect data on the number of hours worked and work-related injuries in 2021 for all foreign commercial distribution companies, insofar as workers who are not employees are often representative agents who are not always physically present at the site. Therefore, the data shown does not include the following companies: Smeg Portugal, Smeg Australia, Smeg Singapore, Smeg Spain (included only with reference to 2021), Smeg Netherlands, Smeg UK (for which only one recordable work-related injury is known to have occurred in 2019), Smeg France (included only with reference to 2021), Smeg Nordic, Smeg Poland, Smeg Poland, Smeg Kazakhstan, Smeg Belgium (included only with reference to 2021), Smeg Russia, Smeg Denmark.

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	2020						
Employees	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
Number of hours worked	1,695,548	46,885	1,273,526	3,015,959			
Number of recordable work-related injuries	13	0	17	30			
of which en route (only if transport was organised by the organisation – e.g. use of a company car, or shuttle service provided by the company)	2	0	0	2			
Rate of recordable work-related injuries	7.7	0.0	3	9.9			
Number of work-related injuries with serious consequences (excluding deaths)	-	-	-	-			
Rate of work-related injuries with serious consequences (excluding deaths)	-	-	-	-			
Number of deaths resulting from work- related injuries	-	-	-	-			
Rate of deaths resulting from work-related injuries	-	-	-	-			

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	2020							
Workers who are not employees	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group				
Number of hours worked	112,933	-	37,088	150,021				
Number of recordable work-related injuries	1	-	0	1				
of which en route (only if transport was organised by the organisation – e.g. use of a company car, or shuttle service provided by the company)	0	-	0	0				
Rate of recordable work-related injuries	8.9	-	0.0	6.7				
Number of work-related injuries with serious consequences (excluding deaths)	-	-	-	-				
Rate of work-related injuries with serious consequences (excluding deaths)	-	-	-	-				
Number of deaths resulting from work- related injuries	-	-	-	-				
Rate of deaths resulting from work-related injuries	<u>-</u>	-	-	-				

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	2019						
Employees	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
Number of hours worked	1,885,043	54,188	1,258,084	3,197,316			
Number of recordable work-related injuries	14	0	14	28			
of which en route (only if transport was organised by the organisation – e.g. use of a company car, or shuttle service provided by the company)	0	0	0	0			
Rate of recordable work-related injuries	7.4	0.0	11	8.8			
Number of work-related injuries with serious consequences (excluding deaths)	-	-	2	2.00			
Rate of work-related injuries with serious consequences (excluding deaths)	-	-	1.59	0.63			
Number of deaths resulting from work- related injuries	-	-	-	-			
Rate of deaths resulting from work-related injuries	-	-	-	-			

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		20)19	
Workers who are not employees	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group
Number of hours worked	64,076	-	33,366	97,442
Number of recordable work-related injuries	0	-	1	1
of which en route (only if transport was organised by the organisation – e.g. use of a company car, or shuttle service provided by the company)	0	-	0	0
Rate of recordable work-related injuries	0.0	-	30.0	10.3
Number of work-related injuries with serious consequences (excluding deaths)	-	-	-	-
Rate of work-related injuries with serious consequences (excluding deaths)	-	-	-	-
Number of deaths resulting from work- related injuries	-	-	-	-
Rate of deaths resulting from work-related injuries	-	-	-	-

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						20)21					
	Operatin	g compani	es (ITALY)	Comm cor	nercial distr npanies (IT/	ibution ALY)	Comm comp	nercial distr anies (FOR	ibution EIGN)	Smeg Group		
Hours of training, by professional category and gender	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers (N)	62	5	67	4	2	6	78	35	113	144	42	186
Total hours of training (H)	1,229	1,229	2,458	16	16	32	203	94	297	1,448	1,339	2,787
Average hours of training (h)	19.82	245.80	36.69	4.00	8.00	5.33	2.60	2.69	2.63	10.06	31.88	14.98
White Collars (N)	250	126	376	32	40	72	281	318	599	563	484	1,047
Total hours of training (H)	3,581	3,581	7,162	109	109	218	1,296	1,247	2,543	4,986	4,937	9,923
Average hours of training (h)	14.32	28.42	19.05	3.41	2.73	3.03	4.61	3.92	4.25	8.86	10.20	9.48
Workers (N)	685	243	928	19	0	19	117	6	123	821	249	1,070
Total hours of training (H)	5,234	5,234	10,468	294	294	588	240	5	246	5,768	5,533	11,302
Average hours of training (h)	7.64	21.54	11.28	15.47	0.00	30.95	2.05	0.90	2.00	7.03	22.22	10.56
Total employees	997	374	1,371	55	42	97	476	359	835	1,528	775	2,303
Total hours of training	10,044	10,044	20,088	419	419	838	1,739	1,347	3,086	12,202	11,810	24,012
Total average hours of training	10.07	26.86	14.65	7.62	9.98	8.64	3.65	3.75	3.70	7.99	15.24	10.43

GRI 404-1 Average hours of training per year per employee

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Hours of training provided		2019			2020	
	Donne	Uomini	Totale	Donne	Uomini	Totale
Managers	116	615	731	101	345.5	447
White collars	4,654	7,891	12,545	4,262	6,433	10,695
Workers	4,504	20,237	24,741	1746	11238	12,984
TOTAL	9,274	28,742	38,016	6,109	18,017	24,126

GRI 404-1 Average hours of training per year per employee

		2021										
Active employees as at 31 st December	Operatin	g companie	es (ITALY)	Comm con	nercial distri npanies (ITA	bution ALY)	Comm comp	mercial distribution Smeg Group				0
Professional category, by age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	62	5	67	4	2	6	84	35	119	150	42	192
<30 years	0	0	0	0	0	0	1	3	4	1	3	4
30 <x>50 years</x>	28	4	32	1	2	3	56	29	85	85	35	120
>50 years	34	1	35	3	0	3	27	3	30	64	4	68
White Collars	250	126	376	32	40	72	284	331	615	566	497	1,063
<30 years	21	34	55	4	4	8	29	66	95	54	104	158
30 <x>50 years</x>	139	63	202	17	21	38	180	218	398	336	302	638
>50 years	90	29	119	11	15	26	75	47	122	176	91	267
Workers	685	243	928	19	0	19	117	6	123	821	249	1,070
<30 years	134	31	165	1	0	1	24	0	24	159	31	190
30 <x>50 years</x>	339	107	446	13	0	13	66	4	70	418	111	529
>50 years	212	105	317	5	0	5	27	2	29	244	107	351
Total	997	374	1,371	55	42	97	485	372	857	1,537	788	2,325

GRI 405-1 Diversity of employees

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						20	21					
	Operating companies Commercial distribution (ITALY) companies (ITALY)							nercial distri anies (FORI	bution EIGN)	Smeg Group		
Protected categories, by professional category	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	1	0	1	0	0	0	0	0	0	1	0	1
White Collars	5	2	7	1	2	3	2	4	6	8	8	16
Workers	52	28	80	1	0]	2	0	2	55	28	83
Total	58	30	88	2	2	4	4	4	8	64	36	100

GRI 405-1 Diversity of employees

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Number of employeed by type of qualification		2019			2020	
	Women	Men	Total	Women	Men	Total
Managers	21	115	136	22	112	134
White collars	469	576	1,045	480	582	1,062
Blue collars	252	804	1,056	253	810	1,063
Total	742	1,495	2,237	755	1,504	2,259

GRI 405-1 Diversity of employees

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Chapter **7** Environmental protection

Materials used ³ (kg)	2021	2020	2019
RENEWABLES			
Wood	891,527	870,178	868,816
of which from recycling	0	0	0
Total renewable materials	891,527	870,178	868,816
Total recycled materials	0	0	0
NON-RENEWABLES			
Polystyrene	1,543,607	1,292,371	1,208,085
of which from recycling	0	0	0
Steel	3,039,000	2,615,275	3,189,671
of which from recycling	0	0	0
Plastic	1,310,000	829,086	881,747
of which from recycling	0	0	0
Sheet metal	14,936,000	9,192,479	11,910,666
of which from recycling	0	0	0

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 $^{\scriptscriptstyle 3}$ The data refers to the Smeg and Bonferraro companies.

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Materials used (kg)	2021	2020	2019
Glass	3,283,000	2,632,000	2,830,500
of which from recycling	0	0	0
Paper and cardboard	887,078	905,296	994,916
of which from recycling	0	0	0
Cast iron	743,477	493,448	514,077
of which from recycling	0	0	0
Polyethylene	86,672	65,118	66,927
of which from recycling	0	0	0
Total non-renewable materials	25,742,163	17,959,955	21,529,662
Quantity of recycled materials	0	0	0

Total materials used	26,633,689	18,830,133	22,398,478
% of renewable materials out of total materials used	3%	5%	4%
% of recycled materials out of total materials used	0%	0%	0%

GRI 301-1 Materials used by weight or volume

GRI 301-2 Recycled input materials used

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Energy consumption, by energy source (GJ	2021	2020	2019
Electricity ⁴	77.725,23	61.234,68	72.520,13
Of which from conventional sources	18,505.22	49,293.99	55,879.28
Of which from renewable sources (purchase of electricity from certified renewable sources)	56,524.57	8,186.50	6,668.11
Of which from renewable sources (self-produced and self-consumed from photovoltaics)	2,695.45	3,754.19	9,972.74
Self-produced electricity from photovoltaics and fed into the grid ⁵	891.86	1,674.03	932.36
Natural gas ⁶	112,288.15	91,170.68	89,819.63
Diesel for generators ⁷	38.19	94.99	91.37
Fuel (automotive and company fleet)	20,577.06	26,356.24	31,025.28
Diesel ⁸	15,556.74	24,643.42	29,151.87
Petrol ⁹	5,020.31	1,712.82	1,873.41
Total energy consumption	210,628.63	178,761.60	193,365.04
Of which from renewable sources	59,220.02	11,940.69	16,640.85
Intensità energetica (GJ/€K)	0,00022	0,00025	0,00028

GRI 302-1 Energy consumption within the organisation

GRI 302-4 Energy intensity

⁴ The companies whose electricity consumption has not been included in the calculation of total consumption are those whose premises are rented, so consumption is accounted for in the rent payments

⁵ The companies that sell part of the energy produced by photovoltaics are Apell, La Pavoni and Smeg Belgium.

⁶ Natural gas is used by Smeg, Apell, Bonferraro, La Pavoni, Inea, Tesec, Verinox, Smeg Belgium, Smeg Ukraine.

⁷ The reference is to Smeg.

⁸ The data refers to Smeg, Apell, Bonferraro, La Pavoni, Inea, SD Lazio, Smeg Australia, Smeg France, Smeg Germany, Smeg Spain and Smeg Ukraine.

⁹ The data refers to Smeg, La Pavoni, Inea, Smeg Australia, Smeg France, Smeg South Africa, Smeg Ukraine.

¹⁰ IThe data refers to Smeg, Apell, Bonferraro, La Pavoni, Inea, SD Lazio, Smeg Australia, Smeg France, Smeg Germany, Smeg Spain and Smeg Ukraine.

	2021						
PWater withdrawal (ML) ¹¹	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
From non-water-stressed areas	135.34	0.62	36.09	172.05			
Groundwater (aquifer)	115.15	-	-	115.15			
Third-party water resources (Municipal water service providers)	20.19	0.62	36.09	56.90			
From water-stressed areas	17.97	0.19	5.70	23.86			
Groundwater (aquifer)	15.13	-	-	15.13			
Third-party water resources (Municipal water service providers)	2.84	0.19	5.70	8.73			
Total water withdrawal	153.31	0.81	41.79	195.91			

GRI 303-3 Water withdrawal

	2020						
Water withdrawal (ML)	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
From non-water-stressed areas	160.13	0.48	0.00	160.61			
Groundwater (aquifer)	140.20	-	-	140.20			
Third-party water resources (Municipal water service providers)	19.92	0.48	0.00	20.41			
From water-stressed areas	13.84	0.11	14.79	28.74			
Groundwater (aquifer)	12.88	-	-	12.88			
Third-party water resources (Municipal water service providers)	0.96	0.11	14.79	15.86			
Total water withdrawal	173.97	0.59	14.79	189.35			
GRI 303-3 Water withdrawal							

¹¹ Smeg Nordic, Smeg UK and Smeg USA consumption is not included insofar as not relevant.

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	2019						
Water withdrawal (ML)	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
From non-water-stressed areas	152.31	0.53	1.75	154.59			
Groundwater (aquifer)	133.96	-	-	133.96			
Third-party water resources (Municipal water service providers)	18.35	0.53	1.75	20.62			
From water-stressed areas	18.21	0.12	8.93	27.26			
Groundwater (aquifer)	17.04	-	-	17.04			
Third-party water resources (Municipal water service providers)	1.17	0.12	8.93	10.22			
Total water withdrawal	170.52	0.65	10.68	181.84			
GRI 303-3 Water withdrawal							

Industrial water discharge (ML) ¹²	2021	2020	2019
From non-water-stressed areas	71.52	86.20	81.65
Surface water		72.00	69.00
Third-party water resources (Municipal water service providers)	14.52	14.20	12.65
From water-stressed areas	17.20	13.15	17.30
Surface water	17.20	13.15	17.30
Third-party water resources (Municipal water service providers)	-	-	-
Total water discharge	88.72	99.35	98.95

GRI 303-4 Water discharge



¹² The reference is to Operating companies only.

	2021						
Water consumption (ML)	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
From non-water-stressed areas	63.82	0.62	36.09	100.52			
Water withdrawal	135.34	0.62	36.09	172.05			
Water discharge	71.52	-	-	71.52			
From water-stressed areas	0.77	0.19	5.70	6.66			
Water withdrawal	17.97	0.19	5.70	23.86			
Water discharge	17.20	-	-	17.20			
Total water consumption	64.58	0.81	41.79	107.18			

GRI 303-5 Water consumption

	2020						
Water consumption (ML)	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
From non-water-stressed areas	73.92	0.48	0.00	74.40			
Water withdrawal	160.13	0.48	0.00	160.61			
Water discharge	86.20	-	-	86.20			
From water-stressed areas	0.69	0.11	14.79	15.59			
Water withdrawal	13.84	0.11	14.79	28.74			
Water discharge	13.15	-	-	13.15			
Total water consumption	74.61	0.59	14.79	89.99			

GRI 303-5 Water consumption

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	2019						
Water consumption (ML)	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
From non-water-stressed areas	70.66	0.53	1.75	72.93			
Water withdrawal	152.31	0.53	1.75	154.59			
Water discharge	81.65	-	-	81.65			
From water-stressed areas	0.91	0.12	8.93	9.96			
Water withdrawal	18.21	0.12	8.93	27.26			
Water discharge	17.30	-	-	17.30			
Total water consumption	71.56	0.65	10.68	82.89			

GRI 303-5 Water consumption

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Species	IUCN Red List Assessment	Species	IUCN Red List Assessment
FLORA		FAUNA	
Acer campestre	LC	Phasianus	LC
Acer platanoides	LC	Lepus europaeus	LC
Aesculus hippocastanum	VU	Pica pica	LC
Betula utilis	LC	Cyprinus carpio	VU
Carpinus betulus	LC		
Celtis australis	LC		
Fagus sylvatica	LC		
Ficus carica	LC		
Fraxinus excelsior	NT		
Fraxinus ornus	LC		
Juglans regia	LC		
Lagerstroemia indica	LC		
Liquidambar styraciflua	LC		
Magnolia grandiflora	LC		
Populus tremula	LC		
Prunus avium	LC		
Pyrus	LC		
Quercus cerris	LC		
Quercus robur	LC		
Quercus rubra	LC		
Thuja occidentalis	LC		
Tilia platyphyllos	LC		

GRI 304-4 Red List species and national conservation list species with habitats in areas affected by operations

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		202	21	
Direct and indirect CO ₂ emissions (tonCO ₂ eq)	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group
Direct (Scope 1) CO ₂ emissions	6,232.96	489.42	876.86	7,599.23
Natural gas	5,773.13	410.99	68.60	6,252.72
Diesel	429.49	78.01	518.55	1,026.04
Petrol	30.34	0.42	289.72	320.47
Direct (Scope 1) CO_2 emissions intensity	-	-	-	0.00001
Indirect (Scope 2 - location-based) CO ₂ emissions) ¹³	5,931.97	187.03	1,050.45	7,169.45
Electricity	5,931.97	187.03	1,050.45	7,169.45
Indirect (Scope 2 - location-based) CO ₂ emissions intensity	-	-	-	0.00001
Indirect (Scope 2 - market-based) CO ₂ emissions	1,061.58	243.65	1,067.22	2,372.46
Electricity	1,061.58	243.65	1,067.22	2,372.46
Indirect (Scope 2 - market-based) $\rm CO_2$ emissions intensity	-	-	-	0.000003
Total direct and indirect (Scope 2 - location-based) $\mathrm{CO}_{_2}$ emissions	12,164.93	676.45	1,927.30	14,768.68
Direct and Indirect (Scope 2 - location-based) $\rm CO_2$ emissions intensity	-	-	-	0.00002
Total direct and indirect (Scope 2 - market-based) $\mathrm{CO}_{_2}$ emissions	7,294.54	733.08	1,944.08	9,971.69
Direct and indirect (Scope 2 - market-based) $\rm CO_2$ emissions intensity	-	-	-	0.00001
GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions				

GRI 305-4 GHG emissions intensity

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¹³ To fully adhere to GRI Standards, scope 2 emissions were calculated using both the location-based and market-based approaches. While the location-based methodology considers the average GHG emission intensity of the networks on which energy consumption occurs using mainly the network average emission factor data, the market-based methodology considers the emissions from electricity that an organisation has intentionally chosen by contract (or lack thereof).

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Emission sources (tonCO ₂ eq)	2019	2020
Emissioni dirette – Scope 1	7.359,69	6.794,33
Emissions from natural gas (methane) consumption	5,037.99	5,115.70
Emissions from company car fleet	1,754.93	1,555.14
Emissions due to F-GAS leaks ¹⁴	559.84	116.28
Emissions from diesel consumption related to generators	6.93	7.21
Direct (Scope 1) CO ₂ emissions intensity	0,00001	0,00001
Energy indirect energy emissions - scope 2		
Indirect emissions from the purchase of electricity (location-based approach)	6,368.15	5,403.76
Indirect (Scope 2 - location-based) CO ₂ emissions intensity	0.00001	0.00001
Indirect emissions from the purchase of electricity (market-based approach)	4,510.1	4,247.03
Indirect (Scope 2 - market-based) CO ₂ emissions intensity	0.00001	0.00001
Total direct and indirect (Scope 2 - location-based) CO ₂ emissions	13,727.84	12,198.09
Direct and Indirect (Scope 2 - location-based) CO ₂ emissions intensity	0.00002	0.00002
Total direct and indirect (Scope 2 - market-based) CO ₂ emissions	11,869.79	11,041.36
Direct and indirect (Scope 2 - market-based) $\rm CO_2$ emissions intensity	0.00002	0.00002

GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions

¹⁴ The figures reported for this item refer exclusively to the four Production Sites in Italy, due to the difficulties in collecting data for sales branches located in Italy and abroad.

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Emissions, by type	2021	2020	2019
NOx	33.51	22.92	26.14
SOx	1.93	0.01	0.43
Volatile Organic Compounds (VOCs)	0.0055	0.0055	0.0069
Particulate matter (PM) - dust	10.50	6.90	10.68
NaOH	0.00	20.74	12.19

GRI 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions

		20	21	
Waste generated, by type of waste (ton) ¹⁵	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group
Hazardous waste	51.31	9.16	779.34	839.81
Chemicals	6.24	-	-	6.24
Glass wool	1.43	-	-	1.43
Metals	0.56	-	-	0.56
Organic waste compost	0.17	-	-	0.17
Solvents	0.36	-	-	0.36
Refrigerants	-	-	778.44	778.44
Other	42.55	9.16	0.90	52.61
Non-hazardous waste	6,481.53	387.68	6,097.80	12,967.02
Cardboard	1,077.98	87.52	152.40	1,317.90
Chemicals	68.90	0.10	-	69.00
Metals	3,363.66	-	-	3,363.66
Oils	5.00	-	-	5.00
PET	102.93	75.75	13.02	191.69
		Continues on next page		

¹⁵ Data from Smeg USA is not included insofar as not relevant.

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		20	21	
Waste generated, by type of waste (ton) ¹⁵	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group
PP	25.11	O.11	0.02	25.24
PS	180.43	1.43	6.50	188.36
Septic tank	16.98	-	-	16.98
Solvents	1.47	-	-	1.47
Instruments	0.61	-	-	0.61
Paints and glazes	3.39	-	-	3.39
Glass	167.00	75.71	-	242.71
HDPE	-	22.16	-	22.16
LDPE	-	16.61	-	16.61
Municipal solid waste	-	-	154.76	154.76
Organic waste compost	-	O.11	-	0.11
Paper	-	77.83	16.88	94.71
PVC	-	1.08	6.00	7.08
Wood	-	1.65	29.74	31.39
Steel	-	-	138.96	138.96
Other	1,468.08	27.62	5,579.53	7,075.23
Total waste produced	6,532.84	396.84	6,877.14	13,806.83

GRI 306-3 Waste generated

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	2021						
Waste generated, by disposal method (ton)	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (FOREIGN)	Smeg Group			
Hazardous waste	51.31	9.16	779.34	839.81			
Landfill	3.35	-	-	3.35			
Recycling	47.96	9.16	779.34	836.46			
Non-hazardous waste	6,481.53	387.68	6,097.80	12,967.02			
Landfill	96.35	7.26	158.54	262.15			
Recycling	6,385.19	323.25	3,913.20	10,621.64			
Municipal solid waste	-	57.17	700.24	757.41			
Incineration	-	-	1,325.82	1,325.82			
Total waste produced	6,532.84	396.84	6,877.14	13,806.83			
Of which sent for recovery	6,433.15	389.58	5,392.78	12,215.51			
Of which sent for disposal	99.70	7.26	1,484.36	1,591.32			

GRI 306-4 Waste diverted from disposal GRI 306-5 Waste directed to disposal

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Waste management (ton) ¹⁵		2019			2020	
	Hazardous waste	Non-hazardous waste	Total	Hazardous waste	Non-hazardous waste	Total
Reuse ¹⁶	-	17.9	7.9	-	17.9	17.9
Recycling	-	1,731.9	1,731.9	-	1,522.0	1,522.0
Recovery ¹⁷	47.0	3,427.3	3,474.3	59.0	2,949.5	3,008.5
Recovery	47.0	3,427.3	3,474.3	59.0	2,949.5	3,008.5
Incineration	4.0	-	4.0	4.0		4.0
Landfill	25.0	170.2	95.2	0	98.0	201.0
On-site storage	1.0	149.2	150.2	1.0	58.6	59.6
Total	125.0	5,556.0	5,681.0	112.0	4,819.1	4,931.1

GRI 306-3 Waste generated

GRI 306-4 Waste diverted from disposal

GRI 306-5 Waste directed to disposal

¹⁵ The scope of the data presented does not include foreign sales branches in: Belgium, Scandinavian countries, Netherlands, Portugal, Singapore, Spain, South Africa, USA..

¹⁶ The values reported under "Reuse" are strongly impacted by the data provided by the sales office in Australia, which has about 16,000 square metres of warehouse space. The 15 tonnes attributed to said office refer in particular to the pallets transported in the containers from Italy, which once received are set up for reuse in deliveries to customers..

¹⁷ Including energy recovery.

¹⁸ The figure is almost entirely attributable to the Italian sales branches Elettrodomestici Bonferraro and Tesec, and concerns the collection of WEEE (Waste Electrical and Electronic Equipment) from private households..



Spending on local suppliers (Euro/000) ²⁰	2021	2020	2019
Total spending on procurement	296,382	192,170	207,776
Of which to local suppliers	112,001	74,113	79,656
Percentage of spending on local suppliers	38%	39%	38%

GRI 204-1 Proportion of spending on local suppliers

¹⁹ The reference is to Operating companies only.

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METHODOLOGICAL NOTE

The Sustainability Report, covering the period from 1st January to 31st December 2021 (where possible, data for 2020 and 2019 has been reported), is a voluntary exercise for Smeg, which, pursuant to Legislative Decree 254/2016, does not fall within the category of large public interest entities required to report on their nonfinancial performance.

This instrument was prepared based on the universal and topicspecific reporting principles and standards, "GRI Sustainability Reporting Standards (GRI Standards)" according to the "With Reference to" option, issued in 2016 by the Global Reporting Initiative and subject to subsequent updates.

The following versions of the GRI Standards have in fact been adopted for this Report:

- GRI Standard Universal (2021);
- GRI 303 Water and effluents (2018);
- GRI 306 Waste (2020);
- GRI 403 Occupational health and safety (2018).

In order to facilitate the reader in finding the information within the document, the GRI Content Index is given on pages 141-147.

Materiality assessment

A description of the process that led to the Smeg Group's materiality matrix, which is the subject of this Report, can be found in Chapter 2 under "The Materiality Assessment". The

materiality assessment is aimed at identifying significant economic, social and environmental topics that may influence the strategic choices of the organisation and its stakeholders.

Reporting scope

The reporting scope includes the 30 companies comprising the Group as at 31 st December 2021, namely:

- the 4 manufacturing companies Smeg S.p.A., Bonferraro S.p.A., Apell S.p.A., and La Pavoni S.p.A.;
- the 7 commercial distribution companies in Italy (Inea S.r.l., Domestika S.r.l, SD Lazio S.r.l., SD Toscana S.r.l., Elettrodomestici Bonferraro S.r.l. Verinox S.r.l, Tesec S.r.l.);

• the 17 sales branches operating abroad.

It is specified that the data relating to La Pavoni has only been included in the reporting scope since 2020, insofar as the company was acquired by the Group in September 2019. With reference to the "Environment" chapter on the other hand, the Italian branch Domestika s.r.l., which has no utilities under its responsibility, was excluded from the scope, as was the company located in Hong Kong, due to its very small size. Any other exclusions from the scope are appropriately indicated in the footnotes of the chapters making up the document.

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With reference to the information on the Group's people, the Hong Kong company was not included in the data collection due to its very small size.

Any further variations to this reporting scope, intended to provide stakeholders with additional information or specific clarifications, are duly indicated in the various sections of the document

All company departments were involved in the drafting of this document. The data and information presented is derived from direct surveys, and where data could not be found or estimates were made, this has been duly noted in the document.

Calculation methodologies

With reference to the environmental data, the following methodological details are specified:

Energy consumption was calculated using the "Greenhouse gas reporting: conversion

factors" provided by DEFRA (UK Department for Environment Food & Rural Affairs) for the years 2021 (DEFRA 2022 version), 2020 and 2019.

With the ultimate aim of reducing the contribution of its activities to the global warming phenomenon, in recent years the Production Sites have begun to implement a model to map and quantify greenhouse gas emissions:

- under their direct control, insofar as a clear consequence of the company's activities (direct or "scope 1" emissions);
- resulting from the generation of electricity the Production Sites procure (indirect "scope 2" emissions):
- which, albeit generated by other actors in the supply chain, are nevertheless linked to activities carried out at the Production Sites (indirect "scope 3" emissions).

The methodological approach adopted is inspired by the ISO 14040 series of standards for

life cycle assessment (LCA) studies, standard ISO 14064 for the creation of inventories of greenhouse gas emissions generated by organisations and the Greenhouse Gas Protocol (GHG Protocol).

The calculation methodologies adopted to quantify the contribution of the different emission sources, and the main sources consulted to identify the emission factors used for said purpose, are briefly described below:

• Indirect (scope 1) GHG emissions): in order to calculate the climate-changing gas emissions related to the consumption of natural gas and generators in the Production Sites, petrol and diesel for the movement of the company car fleet, and those generated by F-GAS leaks at the various facilities, reference was made to the "Greenhouse gas reporting: conversion factors" provided by DEFRA (UK Department for Environment Food & Rural

Affairs) for the years 2021 (DEFRA 2022 version), 2020 and 2019;

- Indirect (scope 2) GHG emissions: the emissions were calculated, using the locationbased approach and marketbased approach, by multiplying the electricity purchased from the national electricity grid by the emission factors provided by:
 - Terna international comparisons on Enerdata 2018 data, with reference to the emissions calculated for the vear 2019;
 - ISPRA (Italian Higher Institute for Environmental Protection and Research) re-elaborations of Terna data on electricity production and consumption in Italy, for the year 2020;
 - Greenhouse gas reporting: conversion factors" provided by DEFRA (UK Department for Environment Food & Rural Affairs) for 2021 (DEFRA 2022 version). With reference to the market-based methodology, the residual mix defined by the Association of Issuing



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for European countries, and country-specific²⁰, electricity factors for the other countries.

Bodies (AIB) 2021 was used

• Indirect (Scope 3) GHG

emissions: in order to calculate the Group's upstream and downstream greenhouse gas emissions in the value chain. based on the categories identified as most relevant to Smeg's business (see section "The fight against climate change"), reference was made to.

- Scope 3.1: the emission factor for each component and raw material was extracted from the Ecoinvent database; the emission factor for the finished products was reconstructed using the specific calculation software used, maintaining the Ecoinvent database as the basis for the calculation;
- o Scope 3.4: from the Ecoinvent database, tonnes per km were multiplied for

each category of transport means:

- Scope 3.5: evaluation of transport with 7.5-16 lorry, the type of waste and type of end-of-life scenario (relative emission factors again from Ecoinvent);
- Scope 3.6 and 3.7: Ecoinvent database for each category of transport means;
- Scope 3.9: a 7.5-16 lorry was assumed for e-commerce distribution, and a car or van for B&M, depending on the size of the product purchased (Ecoinvent emission factors);
- So Scope 3.11: the emission factor of the country where the product was sold, and where it is assumed it is also used, was assessed (Ecoinvent Electricity database).

With reference to the data regarding the social sphere, it is specified that:

The calculation of the total hours worked, when the figure was not directly available, was defined on the basis of the following formula: [365 days - (n. Saturdays + Sundays) - midweek holidays - annual leave days - sick days (consider 5 sick days per employee)*8].

In order to obtain the rate of recordable work-related injuries, rate of injuries with serious consequences, and death rate, a value of 1.000.000 hours worked was used as the basis.

²⁰ United States Environmental Protection Agency's (EPA) eGrid database for the United States; Climate Transparency (2021 Report) for Mexico and South Africa; Australian Government 2019 for Australia; Singapore Energy Market Authority (EMA) 2020 for Singapore.

GRI CONTENT INDEX

The table below represents the GRI Content Index, highlighting the GRI Standard and related disclosures (or indicators) reported in this Sustainability Report.

The table provides an accurate reference to the pages of the document where the indicators are dealt with, or possibly the document reference to be consulted for a more detailed response to the requirements of the Standard.

In alignment with the GRI Standards, the "Comments and omissions" column also specifies any omissions, explanations and comments regarding the coverage of the disclosures.

Statement of use of GRI Standards	Smeg Group has reported the information cited in this GRI Content Index for the period 1st January 2021 - 31st December 2021, with reference to the GRI Standards ("With reference to" option).
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page	Comments and omissions
GENERAL DISCLOSURES			
GRI 2: General	2-1 Organisational details	Pages 4, 12-13	
disclosures 2021	2-2 Entities included in the organisation's sustainability reporting	Pages 138-139	
	2-3 Reporting period, frequency and contact point	Pages 139, 147	
	2-6 Activities, value chain and other business relationships	Pages 14-17, 100	
	2-7 Employees	Pages 56, <i>57</i> , 108, 109	

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GRI Standard	Disclosure	Page	Comments and omissions
	2-8 Workers who are not employees	Pages 58, 109, 110	
	2-9 Governance structure and composition	Pages 28, 107	
	2-22 Statement on sustainable development strategy	Pages 4-5	
	2-23 Policy commitments	Pages 19, 20	
	2-27 Compliance with laws and regulations		In the three-year reporting period, there were no significant cases of non-compliance with environmental laws and regulations and socio-economic
	2-28 Membership associations	Page 99	
	2-29 Approach to stakeholder engagement	Pages 24, 25	
	2-30 Collective bargaining agreements	Pages 57, 110	
MATERIAL TOPICS			
GRI 3: Material topics 2021	3-1 Process to determine material topics	Pages 21-23	
	3-2 List of material topics	Page 23	
ECONOMIC PERFORMANC	CE		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 35-39	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Page 39	
PROCUREMENT PRACTICES			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 97, 100- 103	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Pages 100, 137	
ANTI-CORRUPTION			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 27, 30-33	
GRI 205: Anti-corruption	301-1 Materials used by weight or volume	Pages 33, 105, 106	
2016	301-2 Recycled input materials used	Page 33	

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GRI Standard	Disclosure	Page	Comments and omissions
MATERIALS		Ŭ	
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 73, 75-77	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Pages 76, 124	
	301-2 Recycled input materials used	Pages 76, 124	
ENERGY			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 73, 74, 78-80	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Pages 78, 125	
	302-3 Energy intensity	Pages 78, 125	
	302-4 Reduction of energy consumption	Pages 79 , 80	
WATER AND EFFLUENTS			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 73, 74, 80-82	
GRI 302: Energy 2016	303-1 Interactions with water as a shared resource	Pages 74, 80-82	
	303-3 Water withdrawal	Pages 80, 81, 127	
	303-4 Water discharge	Pages 81, 82, 127	
	303-5 Water consumption	Pages 82, 128, 129	
BIODIVERSITY			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 73, 74, 92-94, 130	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pages 92-94	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Pages 93, 130	

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GRI Standard	Disclosure	Page	Comments and omissions
emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 73, 85-91	
GRI 305: Emissions 2016	306-1 Waste generation and significant waste-related impacts	Pages 87, 131, 132	
	306-2 Management of significant waste-related impacts	Pages 87, 131, 132	
	306-3 Waste generated	Pages 88, 90	
	306-4 Waste diverted from disposal	Pages 87, 131	
	306-5 Waste directed to disposal	Pages 89, 90	
	305-7 Ossidi di azoto (NO _x), ossidi di zolfo (SO _x) and other significant emissions	Pages 90, 91, 133	
WASTE			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 73, 74, 82-84	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pages 82-84	
	306-2 Management of significant waste-related impacts	Pages 31, 73, 82-84	
	306-3 Waste generated	Pages 84, 134, 136	
	306-4 Waste diverted from disposal	Pages 84, 135, 136	
	306-5 Waste directed to disposal	Pages 84, 135, 136	
SUPPLIER ENVIRONMENTAL	ASSESSMENT		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 97, 100-103	
GRI 308: Supplier environmental assessment 2016	401-1 New employee hires and employee turnover	Page 101	

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GRI Standard	Disclosure	Paae	Comments and omissions
EMPLOYMENT		0	
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 55, 60, 61, 69-71	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pages 60, 61, 111, 112	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 69-71	
OCCUPATIONAL HEALTH A	ND SAFETY		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 55, 65-68	
GRI 403: Occupational	403-1 Occupational health and safety management system	Pages 65, 66	
health and safety 2018	403-5 Worker training on occupational health and safety	Page 66	
	403-9 Work-related injuries	Pages 66, 67, 113-118	
TRAINING AND EDUCATIO	N		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 55, 62-64	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Pages 63, 119, 120	
DIVERSITY AND EQUAL OPP	ORTUNITY		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 55, 59	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 59, 120-122	
NON-DISCRIMINATION			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 55, 59	
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 59	

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GRI Standard	Disclosure	Page	Comments and omissions							
HUMAN RIGHTS ASSESSMENTI										
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 97, 100-103								
GRI 412: Human rights assessment 2016	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent		100% of contracts regularly sent in the form of Purchase orders to suppliers, as well as the General Sales Terms and acknowledgement of the Group's Code of Ethics, include a reference to human rights clauses. Specifically, the General Sales Terms provide for the acceptance of the clauses in points 12 (health and safety, correct regulatory treatment, retribution, and social security obligations) and 16 (request for acknowledgement and acceptance of Code of Ethics). The Code of Ethics also expresses the Group's ban on encouraging the implementation of "undeclared work", obligated or forced labour, child and juvenile labour, as well as any other conduct constituting an offence against the individual and against specific legal provisions ²¹ . Starting from the next Report, this indicator will no longer be included, in alignment with the latest edition of the GRI standards.							
SUPPLIER SOCIAL ASSESSM	ENT									
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 97, 100-103								
GRI 414: Supplier social assessment 2016	417-1 Requirements for product and service information and labelling	Page 101								
MARKETING AND LABELLIN	G									
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 41, 42-45, 50-53								
GRI 417: Marketing ed etichettatura 2016	417-1 Requirements for product and service information and labelling		Over the three-year reporting period, 100% of Smeg products were treated or assessed with respect to information and labelling compliance requirements.							

 $^{\mbox{\tiny 2l}}$ The scope of this disclosure includes the companies Smeg and Bonferraro.

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GRI Standard	Disclosure	Page	Comments and omissions
CUSTOMER PRIVACY			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 68	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		Over the three-year reporting period, Smeg S.p.A. received no substantiated complaints of privacy breaches or loss of personal data of customers and employees.
CONNECTION WITH THE L	OCAL TERRITORY		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 97-99	
INCLUSION OF ENVIRONM	IENTAL, SOCIAL AND GOVERNANCE ASPECTS IN THE S	SHORT-, MEDIUM-, AND	LONG-TERM STRATEGY
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 19, 30, 31	
RESILIENCE AND BUSINESS	CONTINUITY		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 37, 38, 68	
eco-design			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 43, 48, 49	
SUPPORT AND AFTER-SALES	S SERVICES		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 50-53	
PRODUCT AND SERVICE IN	NOVATION		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 46, 47	
TECHNOLOGICAL INNOVA	TION AND DIGITALISATION		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 35, 38	
EDUCATION FOR SUSTAINA	ABLE CONSUMPTION		
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 30, 31, 41, 50-53	

For more information regarding the contents of the 2022 Sustainability Report or the Group's commitment to sustainability, please refer to the following email address smeg@smeg.it

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