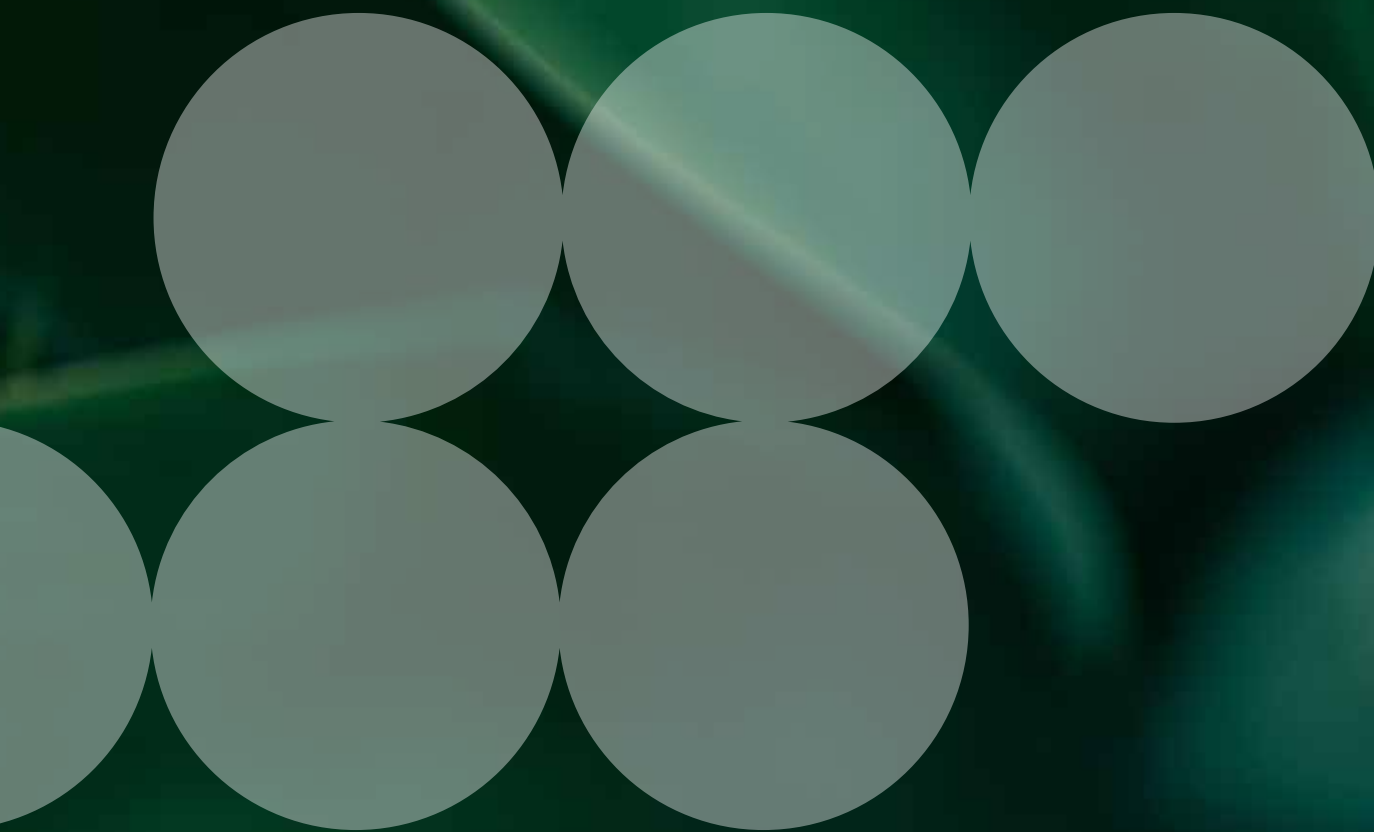
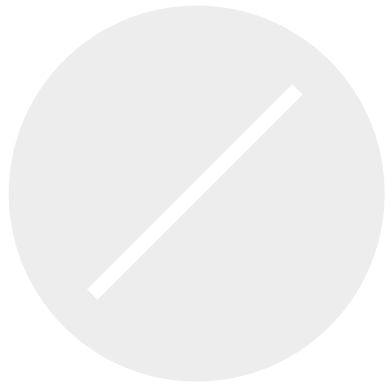


SUSTAINABILITY REPORT 2022



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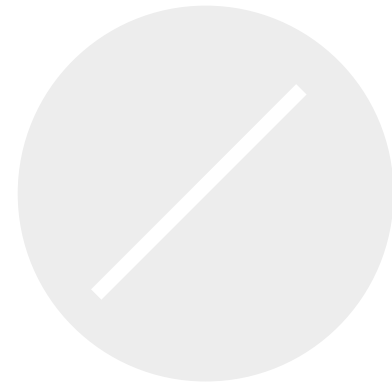
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A CONCRETE COMMITMENT TO SUSTAINABILITY



The climate emergency, as well as the social demands for equality and inclusion, require a committed, shared effort from each one of us: individuals, institutions and companies.

Dear Readers,

For the second time as the Smeg Group, we present an update on our journey in the name of ever greater sustainability in terms of the environment and social and economic aspects. We are aware of the challenges posed by current global and regulatory measures in addition to the expectations placed on us by our stakeholders with regard to transparency and stability.

We chose to take this journey on the understanding that there will never be a final destination. On the contrary, we shall strive each and every day towards constantly improving, concentrating on the future of our planet as well as the well-being of every person who, in any way whatsoever, might be impacted by our operations, whether they be our collaborators, partners, suppliers or members of local communities or users of our products.

The climate emergency, as well as the social demands for equality and inclusion, require a committed, shared effort from each one of us: individuals, institutions and companies.

Driven by the desire to do our part, we shall continue on this path of sustainability, trying to inspire and involve as many people as possible in achieving the United Nations' 2030 Agenda for Sustainable Development.

This report lays out the steps we have taken towards achieving the set objectives, the results delivered by each company in the Group, as well as the objectives for the future, taking inspiration, once again, from the reporting principles of the GRI Sustainability Reporting Standards (GRI Standards).

Chief Executive Officer
Vittorio Bertazzoni



Driven by the desire to do our part, we shall continue on this path of sustainability, trying to inspire and involve as many people as possible in achieving the United Nations' 2030 Agenda for Sustainable Development.

FOREWORD

The Smeg Group (hereinafter also the “Group”), of which Smeg S.p.A. is the parent company (hereinafter also “SMEG”, the “Company” or the “Parent Company”), has prepared and published this second edition of its Sustainability Report on a voluntary basis.

The Group, in accordance with the principles of **balance and completeness** of information defined by GRI Standard 1 - Foundation (2021) of the Global Reporting Initiative¹, 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 Group has adopted the GRI Standards (version 2016, as amended) as the reference reporting standards for this report, in accordance with the reporting option, “**With reference to**”.

The qualitative and quantitative information reported refers to the period **from 1 January 2022 to 31 December 2022**, providing

a comparison, where possible, with figures from the previous two year period, giving readers the possibility to **compare** the Group’s sustainability performance over time.

The contents set out in the document refer to the entire Group: the entities included within the **reporting scope** of the Sustainability Report are detailed in the Methodological Note (see “*Annexes to the report*”). Any scope limitations, with reference to the various material topics covered by the document and

to the individual items 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 The 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

The layout for the 2022 report has been designed with the aim of highlighting the Group's commitment towards an increasingly robust management and operation of its business based on sustainable principles, values and goals.

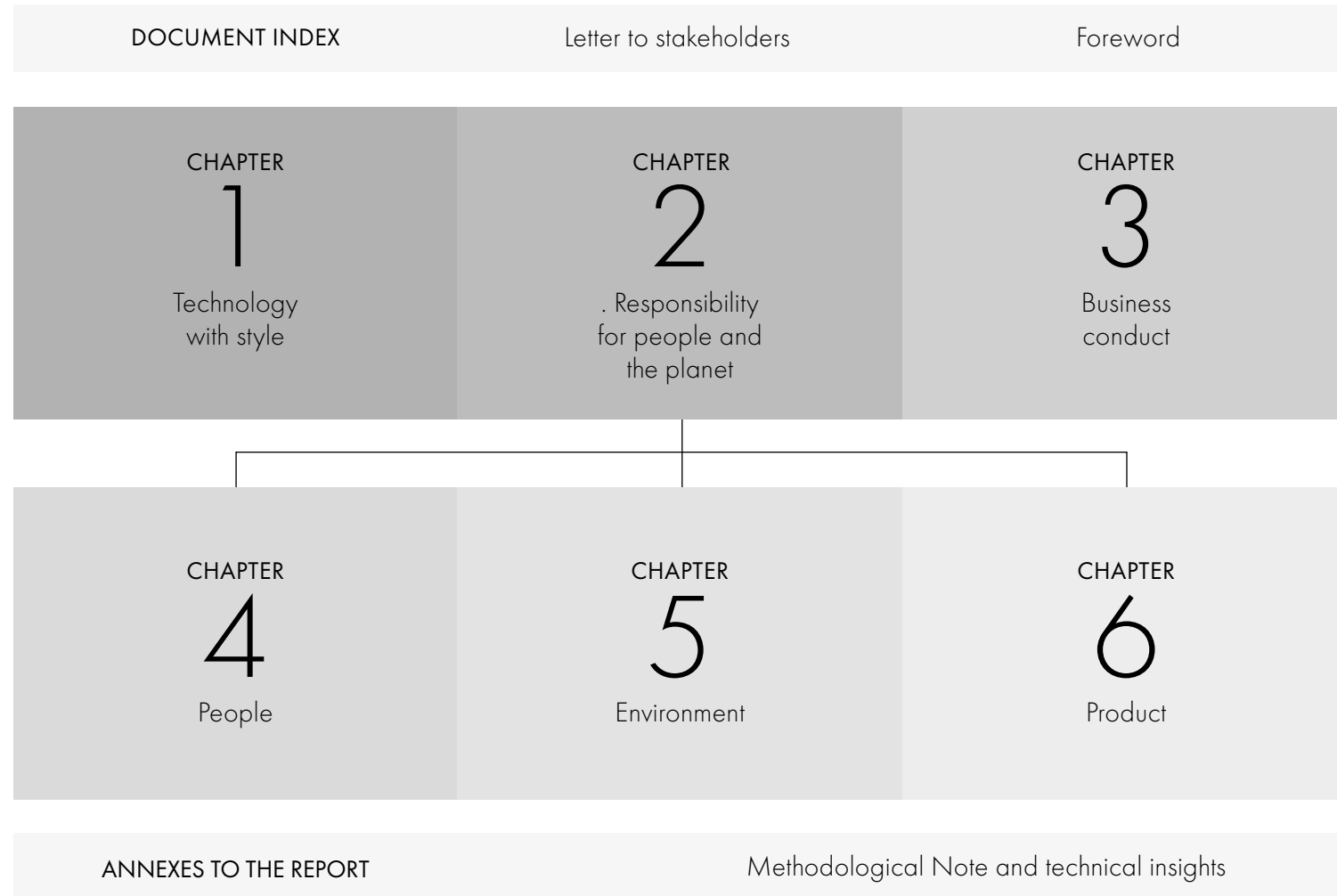
This commitment is described, in particular, in the first sections of the report, in which the approach to sustainability implemented by the Group within its business model is explained, in addition to how the Parent Company organises governance of its business (Chapter 2). The same section also describes the process by which the materiality assessment is updated and how stakeholders are involved.

Details on the social, environmental and sustainability performance of products is reported in the main body of the report (Chapters 4 – 6). It should be noted that the treatment of environmental and social impacts is done on the basis of a transversal approach relating to the Group's entire value chain.



Information regarding the SMEG supply chain is accompanied by the icon depicted here.

The 2022 Sustainability Report structure



- Presentation of the Group, its history and the specific characteristics of the sector in which it operates
- Description of the business model and how sustainability is integrated within it

Details on the Group's sustainability performance in the three priority areas, with a focus on the Group's entire value chain.

Starting from Chapter 3, at the beginning of each chapter, a detailed technical page will show the following information:

- the material topics covered by the chapter;
- the risks and opportunities connected to the topics covered;
- the GRI information reported;
- the SDGs of reference, to which the Group contributes directly or indirectly;
- reference stakeholders in relation to the topics covered by the chapter;
- the policies and other documents adopted by the Group in order to ensure the topics are managed appropriately.

In closing, the “Annexes to the report” section gives more detail 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. It should be noted that the selection of the indicators covered in this

report, both general and topic-specific, was done on the basis of the materiality (i.e., relevance) of the topics covered, taking into account the Group’s ability to be able to ensure the adequate collection and communication of the relevant qualitative and quantitative information.

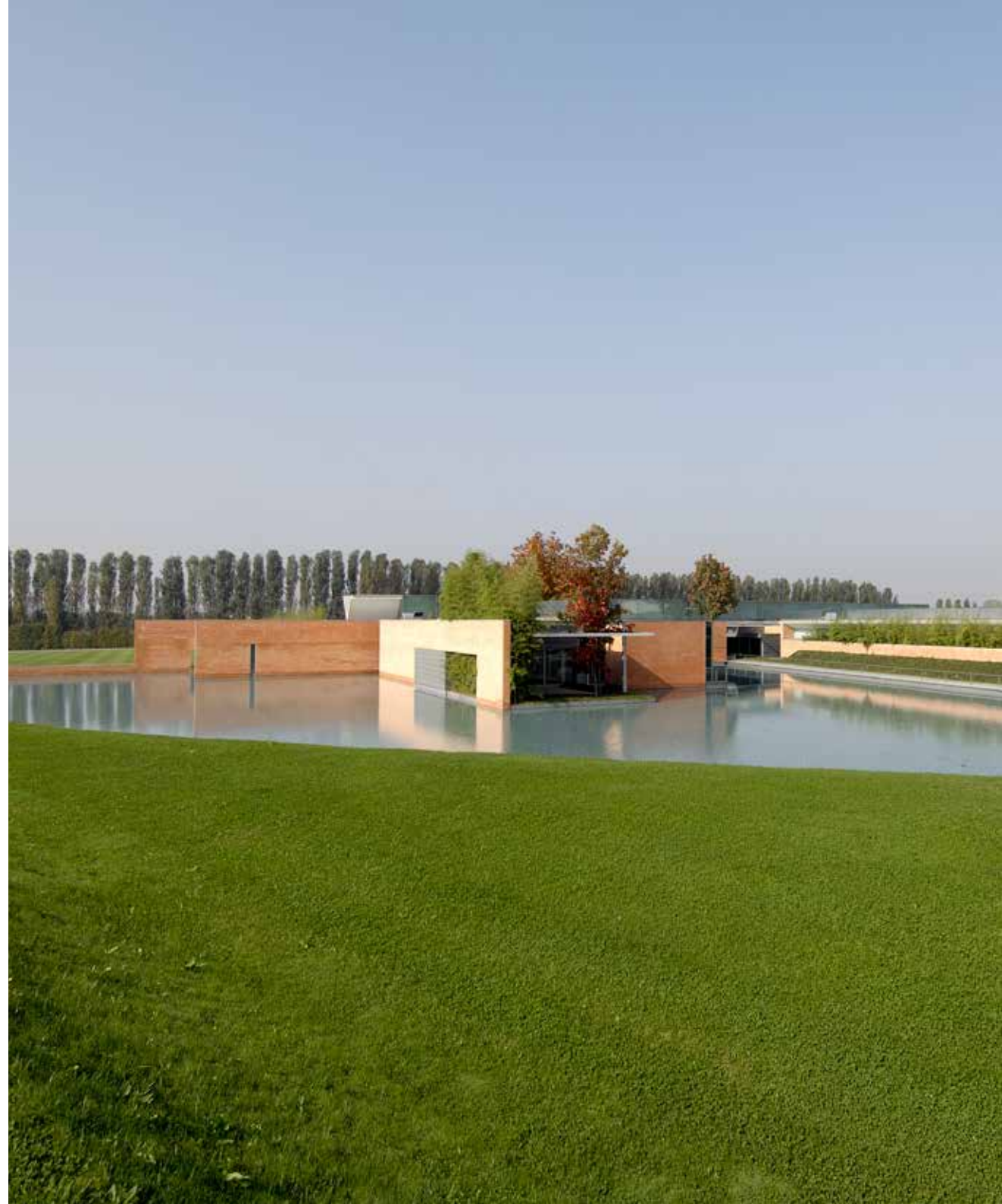
The Sustainability Report is published on SMEG’s corporate website and can be downloaded at the following link: <https://www.smeg.com/company/sustainability>

For more information regarding this report and SMEG’s commitment to sustainability, contact sustainability@smeg.it.



TECHNOLOGY WITH STYLE

More than 70 years of Made in Italy	11
A global brand	15



MORE THAN 70 YEARS OF MADE IN ITALY

Founded in 1948, SMEG, a family-run business, whose acronym refers to the first name of the company, “**Smalterie Metallurgiche Emiliane Guastalla**”, has been operating for almost 75 years by combining innovation and design on the basis of a logic of the strategic diversification of its products.

“*Technology with style*” expresses the brand identity, which interprets the **needs of contemporary living** by creating domestic appliances characterised by a **sober yet elegant style**, to which it is able to transmit a “soul” thanks to an

unceasing commitment to **cutting-edge industrial design** and the numerous collaborative initiatives undertaken with world-famous architects and designers.

This special identity is about much more than aesthetics, expressing the origins of the company itself, and its passion. It is, in fact, a burning ambition aimed at qualifying the characteristics of Italian design, such as inventiveness, originality and outstanding product quality.

Some key events in the Group’s history are given below, with

a particular emphasis on the most significant moments which, over the past twenty years, have characterised SMEG’s commitment to the sustainable development of its business.

The stages of the Smeg Group's history

1948

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

1950s

- Metalworking is accompanied by the production of the first cooking appliances.
- 1955: Presentation of the first cooker bearing the Smeg name, called Elizabeth.

1960s

- Start of the production of washing products (washing machines and dishwashers). In 1963, Smeg launches LEDA, its first washing machine.

1970s

- 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 the designer, Franco Moria Ricci.
- 1979-1982: Smeg sponsors the Ferrari team, which races with Gilles Villeneuve.

1980s

- 1982-1985: Start of the production of food service products and sanitary disinfection equipment.
- 1985: Collaboration with architect Guido Canali for ovens and hobs. Launch of the Smeg Instruments division, dedicated to the hospital, biomedical and dental sector.

The stages of sustainability in the Smeg Group

1990s

- 1991: Collaboration with architect Mario Bellini for ovens and hobs.
- 1995: Collaboration with architect Renzo Piano for ovens, hobs, fridges and domestic greenhouses.
- 1997: Launch of the iconic FAB28 Fridge.

2000s

- 2002: New SMEG headquarters, designed by the architect, Guido Canali.
- 2008: Collaboration with industrial designer Marc Newson.

2010s

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

2020s

- 2020: Start of the 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.
- 2022: Launch of the Galileo Platform. Acquisition of FRIMED.

- 1996: Implementation of the qualification procedure for suppliers of materials and services.
- 1997: ISO 9001 certification obtained for the Guastalla and Bonferraro sites and, later, for the other production companies in the Group.
- 1999: ISO 14001 certification obtained for the Guastalla site and, later, for the other production companies in the Group (with the exception of La Pavoni).

- 2005: OHSAS 18001 certification obtained for the Guastalla site, later replaced by ISO 45001 and also for the other production companies in the Group (with the exception of La Pavoni and Fri.Med.).
- 2007: Domotica Award in 2007 for the Guastalla facility, declared as one of the most innovative in Italy for intelligent consumption management and as an example of sustainable development.
- 2009: Implementation of the Model pursuant to Italian Legislative Decree no. 231/01 and the Code of Ethics.

- 2011: Eliminated the use of nickel sulphate and wet enamels with the consequent elimination of potential pollutants (San Girolamo site).
- 2016: Eliminated the lime filter on the outlet of the enamel kiln at San Girolamo. Eliminated the lime filter on the outlet of the enamel kiln at San Girolamo. Start of the collaboration with the Reggio Emilia section of LILT for the prevention of oncological diseases.

- 2020: Establishment of the Sustainability Committee.
- 2021: Appointment of a Sustainability Coordinator, preparation of the Group's first Sustainability Report and Completion of the Group's first carbon footprint analysis. First participation in the CDP Climate Change questionnaire. Agreement signed with Enel X to build two photovoltaic systems at Guastalla and Bonferraro. Membership of the Forestale Kilometroverde consortium of Parma. Survey of the vegetation present at the SMEG facility. ISCC certification obtained for the use of Tritan™ Renew. 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) and second in the ranking for "Italy's Best Employer for Women 2021".
- 2022: Second time participating in the CDP Climate Change questionnaire, obtaining the score C - Awareness. Collaboration with the CNR to carry out a study of the CO₂ sequestration capacity of the vegetation around the SMEG headquarters. Completion of an LCA study on the packaging of some Small and Major Domestic Appliances in collaboration with the Politecnico di Milano.



Production is done in **five plants in Italy**, the sites of the Group’s five production companies.

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 machine sector. The last production company to join the Group, FRI.MED S.r.l.², was acquired by SMEG (majority shareholder) in 2022 with the aims of consolidating the Group’s presence in the medical refrigeration sector and of sharing know-how in order to create solutions with high technological value and which contribute to a sustainable process of innovation.

 **ITALIAN COMMERCIAL DISTRIBUTION COMPANIES (REGIONS – FOCUSING ON ITALY)**

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

² FRI.MED S.r.l., established in 1997 and based in Chieri (TO), is active in the design of professional devices for the hospital, industrial, bio-medical and pharmaceutical sectors, thanks to a deep commitment to scientific research and innovation. It should be noted that this company’s impacts of an environmental, social and economic/governance nature are not included in this report, given the inability of being able to provide a complete set of the qualitative and quantitative information required due to the recent acquisition by the Parent Company. The company will, therefore, be included in the reporting scope from the 2023 financial year.

A GLOBAL BRAND

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

The Group's presence extends both nationally and internationally through sales branches, representative offices and a widespread network of distributors. Specifically, 7 and 19 **commercial distribution companies**³.

In the main cities of the world – as well as in Emilia Romagna, in Guastalla, Reggio Emilia and Modena, to be precise - there are **16 SMEG Stores**, or showrooms in which design is the undisputed star, carefully judged in order to express the style and the identity of the brand through the display of iconic pieces, as well as the virtuous collaboration initiatives with various Italian companies synonymous with excellence at the global level.



Technology with style

NETWORK OF PARTNER DISTRIBUTORS IN VARIOUS MARKETS

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

FOREIGN COMMERCIAL DISTRIBUTION COMPANIES (COUNTRIES)

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), Canada (2022), China (2022).

SMEG STORES

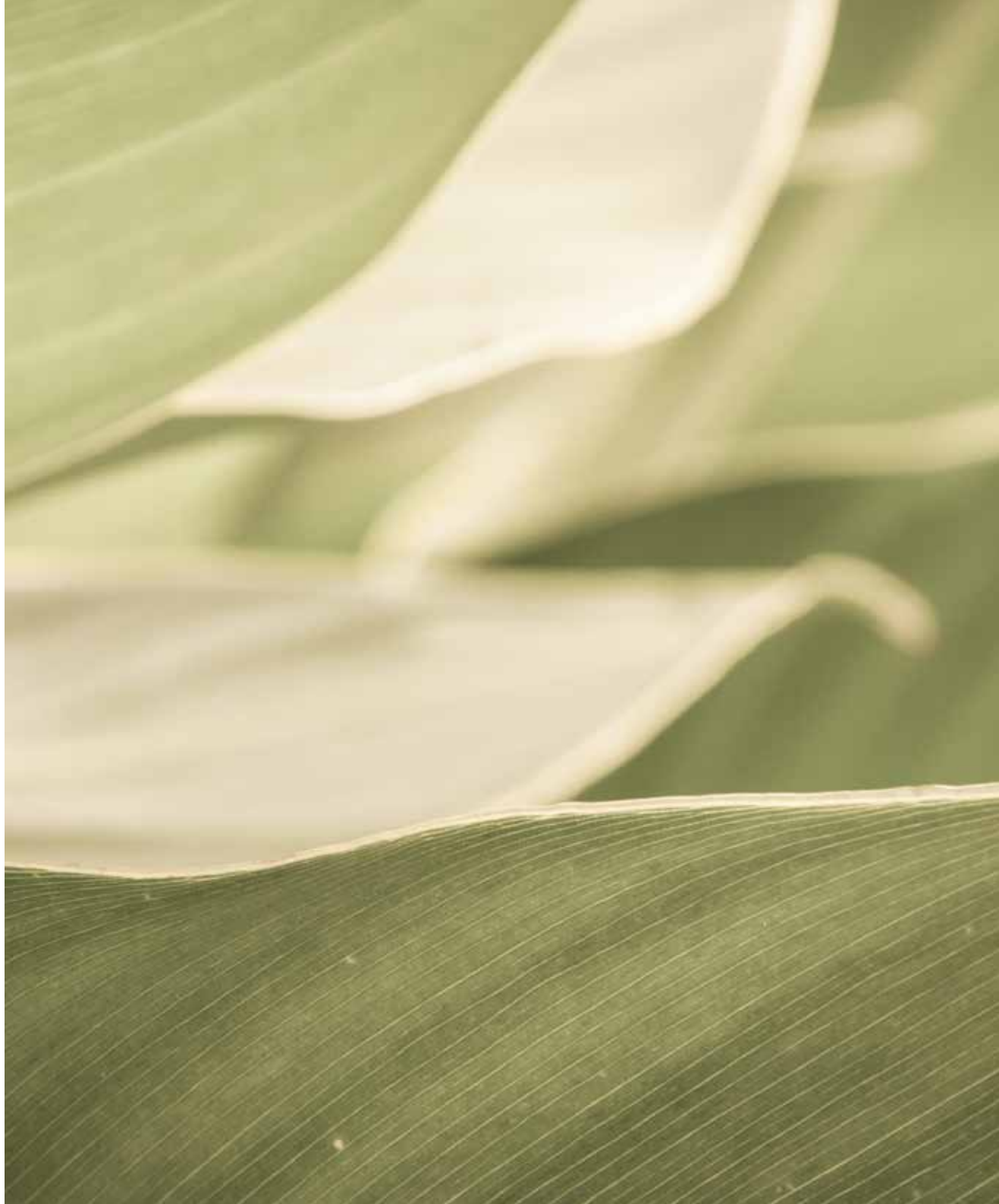
Rome, Milan, London, Paris, Stockholm, Lisbon, Saint Petersburg, Moscow, New York, Cape Town, Johannesburg, Durban, Perth, Melbourne, Sydney.

³ It should be noted that Smeg Canada and Smeg China were established in 2022 and, therefore, do not fall within the reporting scope of this Sustainability Report. They will, though, be integrated in the Group's report from the 2023 financial year.

2

RESPONSIBILITY FOR PEOPLE AND THE PLANET

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DESIGNING BEAUTY: THE BUSINESS MODEL

Creating 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**.

The fundamental values underlying the corporate culture and the Group's strategic decisions are intrinsically oriented towards embracing the key principles of environmental sustainability, including the precautionary principle, defined in the UN's Rio Declaration (1992), and social principles, to guarantee the greatest protection of fundamental human rights and labour rights, in line with that

defined by the United Nations' Universal Declaration of Human Rights (1948) and the eight Conventions of the International Labour Organization (ILO).

Responsibility towards the community, integrity, trust, transparency, sharing and teamwork add up to the following two central pillars in the Group's business model:

- a commitment to producing domestic 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. Quality, safety and **reliability** of products are central to the attention the Group pays to achieve the highest levels of customer satisfaction;
- a commitment to respecting the surrounding **environment** and protecting the **health** and

safety of workers. SMEG, in particular, considers **environmental protection** and **sustainable development in the areas in which it operates** to be of primary importance, taking into consideration the **rights of the community** and those of **future generations**.

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 products are regarded as true **icons of style, functionality and sustainability**.

Indeed, for the Group, sustainable development means designing - in a responsible way - products that can stand the test of time, in accordance with a long-term version based on architectural origins.

Continuous improvement in management and production processes is supported by production companies in their adoption of a **Quality, Safety and Environmental Management System**, certified in relation to universally recognised standards such as **ISO 9001, ISO 13485¹, ISO 45001 and ISO 14001²**, together with an R&D Laboratory Management System conforming to UNI CEI EN ISO / IEC 17025, designed:

- to meet and exceed (where possible) 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.

The following infographic depicts the characteristic features of the Group's business model and highlights the elements through which SMEG works to create shared value and to maximise the positive impacts for the environment, for people and for society as a whole.

¹ Certification held by the production companies, Smeg and Bonferraro.

² The ISO 45001 and 14001 certifications are held by Smeg, Bonferraro and Apell.

Business model



CORNERSTONES

- Introduction of cutting-edge technological solutions at the product and process level with the aim of offering a range of products designed to last over time
- Strengthening of collaborations with international renowned architects and designers
- Attention to detail and perceived product quality in respect of safety and international standards
- Creation of new product concepts with high functionality, safety, and visual appeal



FOUNDATIONS

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



VALUES

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

Production specifically involves the following **3 divisions**:

1. the **domestic division** covers the production of major and small domestic appliances. Over the years, the home appliances division has also been involved in important collaborations (so-called “special projects”), relating to customisations/co-branding operations. The details of the division’s two production lines follow:
 - Major Domestic Appliances encompass a broad selection of refrigeration, cooking, washing, built in and free standing products;
 - The Small Domestic Appliances 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 iconic FAB fridge, there are now 3 main product macro-categories in the Small Domestic Appliances line: breakfast products, food preparation products and coffee products.

2. the **SMEG Foodservice division** is dedicated to the needs of **food service professionals**. This product range includes professional dishwashers dedicated to bars and restaurants, 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;
3. the **SMEG Instruments division** 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.

THE SMEG GROUP IN NUMBERS

Governance



CDP SCORE 2022
(D CDP SCORE 2021)

€ 3.8 m

INVESTMENTS in products and processes to
reduce environmental impacts

124

PARTICIPANTS in the materiality assessment
update (including Top Management and internal
and external stakeholders)

€ 847.4 m

ECONOMIC VALUE DISTRIBUTED,
of which 78% to suppliers
(+5% compared to 2021)

People

2,422

COLLABORATORS, 97% of which have a
permanent, open-ended contract
(+4% compared to 2021)

160

WOMEN HIRED, for 54% of White Collars
(+32% compared to 2021)

47

NEW HIRES +50 YEARS OLD
(+88% compared to 2021)

111%

TOTAL FEMALE/MALE REMUNERATION RATIO
at Smeg S.p.A.

Environment

52%

Collaborators in the 30-50 AGE GROUP (-3% compared to 2021)

Growth in the number of job applications from women with reference to

STEM subject

(management, mechanical and electronic engineering)

155

NEW HIRES <30 YEARS OLD (+48% compared to 2021)

191,459 GJ

ENERGY CONSUMPTION (-9% compared to 2021)

2,325,798 tonCO₂eq

SCOPE 3 EMISSIONS generated (-26% compared to 2021)

229.11 tonCO₂eq

AVOIDED thanks to the use of photovoltaic systems (+40% compared to 2021)

72%

ELECTRICITY FROM RENEWABLE SOURCES (73% in 2021)

97%

WASTE SENT FOR RECYCLING (88% in 2021)

29%

ENERGY FROM RENEWABLE SOURCES (28% in 2021)

LCA

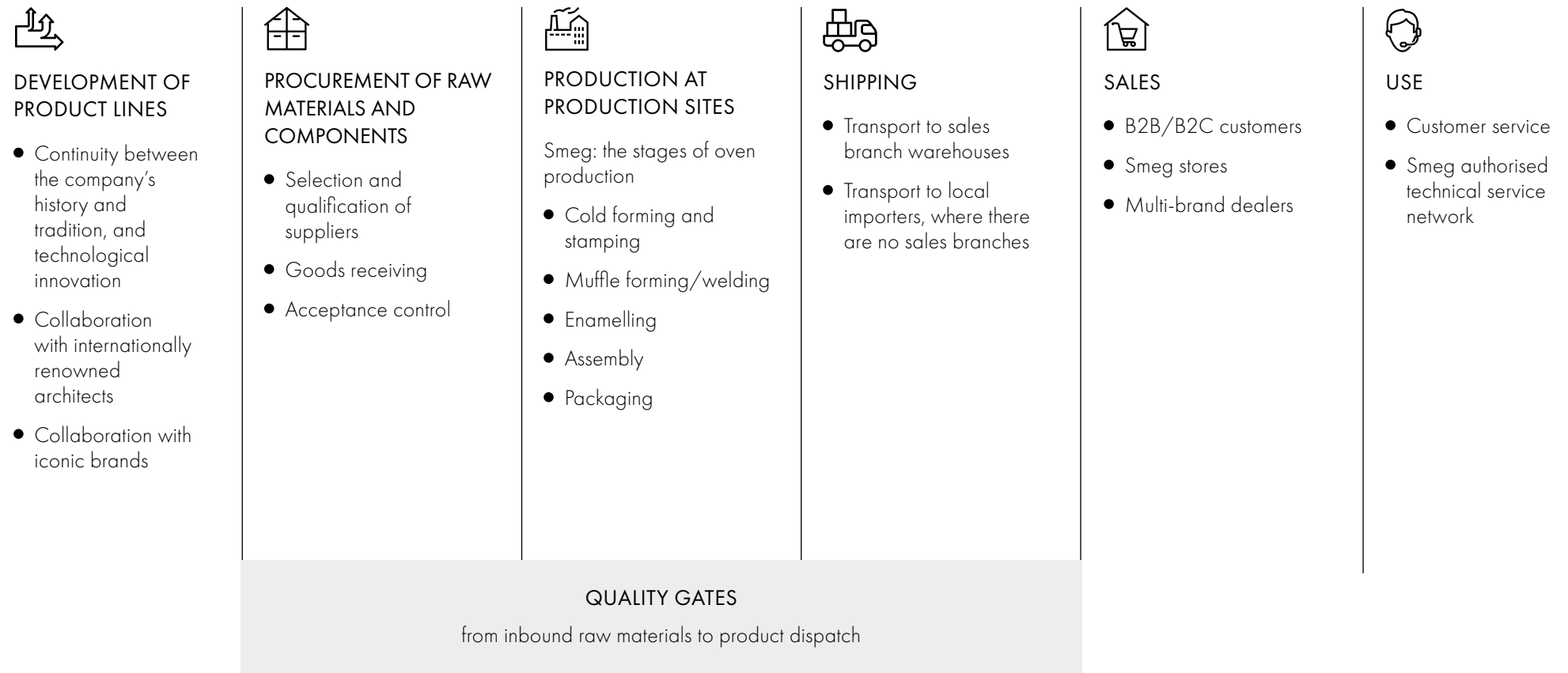
MAJOR AND SMALL DOMESTIC PACKAGING, together with the Politecnico di Milano


13,713 tonCO₂eq

SCOPE 1 + SCOPE 2 (location-based) emissions generated (+8% compared to 2021)

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 **centrality of Made in Italy**, by the superior **attention to quality** and by the **versatility and speed of change** allowing the Group to bring new products to the market in a short time.



 With regard to the procurement phase of raw materials and components, it should be noted that the company follows its **“Acquisition of materials and services from external sources” procedure**. This procedure defines the rules and responsibilities of the corporate functions involved in the search for and the assessment, qualification and management of suppliers.

Specifically, the purchasing process starts with market research, led by the Purchasing Department, which takes into account the technical specifications received from the component departments, including:

- the Design Department, for the technical designs and specifications of components and semi-finished products;
- Acceptance Control for all those technical specifications which

have already been defined with reference to the product families of components to purchase;

- the Production Department and the Plant’s Technical Services Department for technical information about the systems and installations, machinery and equipment.

During this phase, the Purchasing Department also works with the Group Quality Assurance and Control Manager, who is responsible for sending an **informational questionnaire** to suppliers in order to collect various procedural and organisational information.

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 production companies, Buying Management can qualify this

supplier directly, thus simplifying the process³.

In 2022, the Group’s supply chain involved 769 suppliers (920 in 2021) who collaborated, overall, with four production companies and involving the following types of supplies:

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

During the current year, the procurement spending by the operating companies reached 297.8 million euro⁴, of which approximately 55% (76% in 2021) went to suppliers based in Italy.

Relationships with suppliers are established on the basis of trust, quality, competitiveness, professionalism and respect for the laws on fair competition. These aspects allow the Group to avoid making agreements with suppliers who have a questionable reputation with regard to the environment, working conditions and human rights. Details regarding how the social and environmental impacts of suppliers are managed is given in Chapters 4 and 5, below.

³ Said simplification is not possible in the case of toll manufacturing on finished products.

⁴ The total spending on procurement does not include the expenses incurred for investments (tangible and non-tangible assets).

SUSTAINABILITY FOR SMEG

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.

In 2015, at the deadline for the Millennium Development Goals⁵, 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 mega-trends deemed most urgent.

Main sustainability megatrends in the Appliances⁶ & Household Appliances sector

The main social and environmental dynamics, that closely affect the sector in which the Group's operations take place, are given below. With reference to the social element, the following relevant aspects, in particular, are mentioned:

- **Consumer safety** - companies in the sector are paying ever greater attention to consumer safety during product use and maintenance, with specific reference to reducing accidents (including the risk of fire as a result of a malfunction in an appliance) and to sharing guidelines and suggestions regarding the informed, correct use of appliances, regardless of the consumer's age or abilities. The care taken to ensure domestic appliances (major and small) are used properly is accompanied by attention to the issue of using chemical substances considered potentially harmful to human health: for example, the risk of carbon monoxide poisoning, the presence of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) in pots and pans and, in general, the

⁵ 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.

⁶ It should be noted that the information given in the box has been prepared on the basis of the considered sources in performing the context analysis in preparation for the 2022 materiality assessment update.

presence of hazardous substances in food contact materials.

Poor product quality and product safety management exposes companies in the sector to risks associated with legal action and reputational damage for the brand, with consequences measured in terms of decreased revenue and loss of market share;

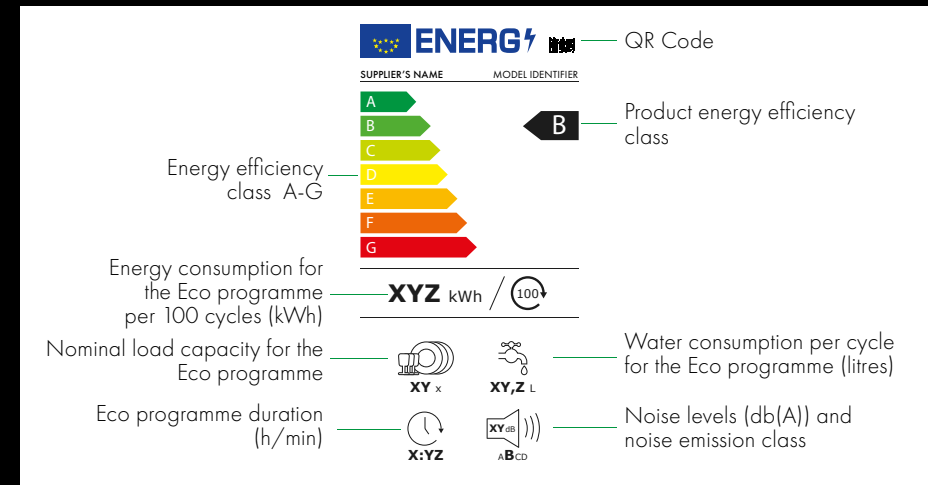
- **Vulnerable consumers** - connected, in part, to the previous point, this aspect focuses on the use of products by so-called “vulnerable consumers”, i.e. children, the elderly and people with different physical and mental abilities. Initially, at the European regulatory level, there was a “restriction clause” or an “exclusion clause” applicable to domestic appliances which implied that the use of such an appliance by a person classified as vulnerable should only be done under supervision. Thanks to technological advances, the sector is implementing a multitude of developments in order to ensure, on the one hand, complete safety in the use of equipment (with particular reference to children) and, on the other hand, greater accessibility in the use of such equipment, especially by people with different physical abilities.

From the environmental point of view, the following trends should be mentioned which are central to the development of the sector in the near future:

- **Eco-design** - the reduction of a product’s environmental impact, considering its entire life cycle, is increasingly becoming a key factor for companies in the sector in order to remain competitive. A design inspired by eco-design principles takes into account every phase of the product’s life cycle, from creation to use up to disposal. Particular emphasis is placed on the energy efficiency and water usage of domestic appliances, as well as on the design which, nowadays, has to consider how the product is disposed of and/or recycled at the end of its life;
- **Energy efficiency of products** - the EU energy rating label is particularly worth mentioning (introduced in 1995). The goal is to provide accurate, understandable and comparable information on the energy consumption of products. Over the years, continuous technological improvements in terms of energy saving have pushed major domestic appliances to the very top of the rating scale, with ratings between A and A+++, limiting, however, any further technological progress. This has led to the creation of a new energy classification label which, by using new evaluation criteria, gives the sector more space in which to develop and allows consumers to compare products more easily. The previous efficiency bands have been redefined and a simpler classification - A to G - without further differentiation, has been introduced.

Further advances involve:

- the QR code which connects to a database allowing consumers to access the product’s specifications in order to make a more informed purchase (indeed, every European citizen can access the EU’s EPREL database). Some examples of non-energy information that can be accessed include: the amount of water used for each wash cycle, the storage capacity, noise emissions, etc.;
- the visibility of the model’s energy consumption will be raised by placing it in the centre of the label;
- the noise rating, on a scale from A to D, for every product.
- **Circularity** - among the various elements which characterise a circular approach to production, particular mention is made of the use of recycled materials;
- **Repair and Recycle** - among the eco-friendly design measures being defined by the European Union is the introduction of new requirements concerning the repairability and the recyclability of equipment, including: the availability of spare parts, the ease with which parts can be replaced and the ease with which consumers can access information for technicians to repair and maintain refrigeration equipment, dishwashers, washing machines and washer-dryers, electronic displays and refrigeration equipment with a direct sales function.



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, SMEG 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. 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.

In parallel with customer satisfaction, safeguarding the health and safety of workers and respecting the environment are two absolute priorities for the Group.

The priority impact areas for SMEG

At the base of the definition of strategies and objectives regarding sustainability, there is the need to identify the priority areas in environmental, social and economic/governance terms within which the Group's main impacts will be made.

With this in mind, an update was done to the materiality assessment in 2022 for the previous edition of the Sustainability Report. This aimed to identify and to give priority to the sustainability matters deemed most relevant and important to the Group's business and to the stakeholders of reference. Constantly updating the materiality assessment is, in fact, essential in order to map, in a continuous way, the emergence of new sustainability challenges and opportunities in the sector in which the Group operates.

The issues raised by the assessment are defined as **"material"** since

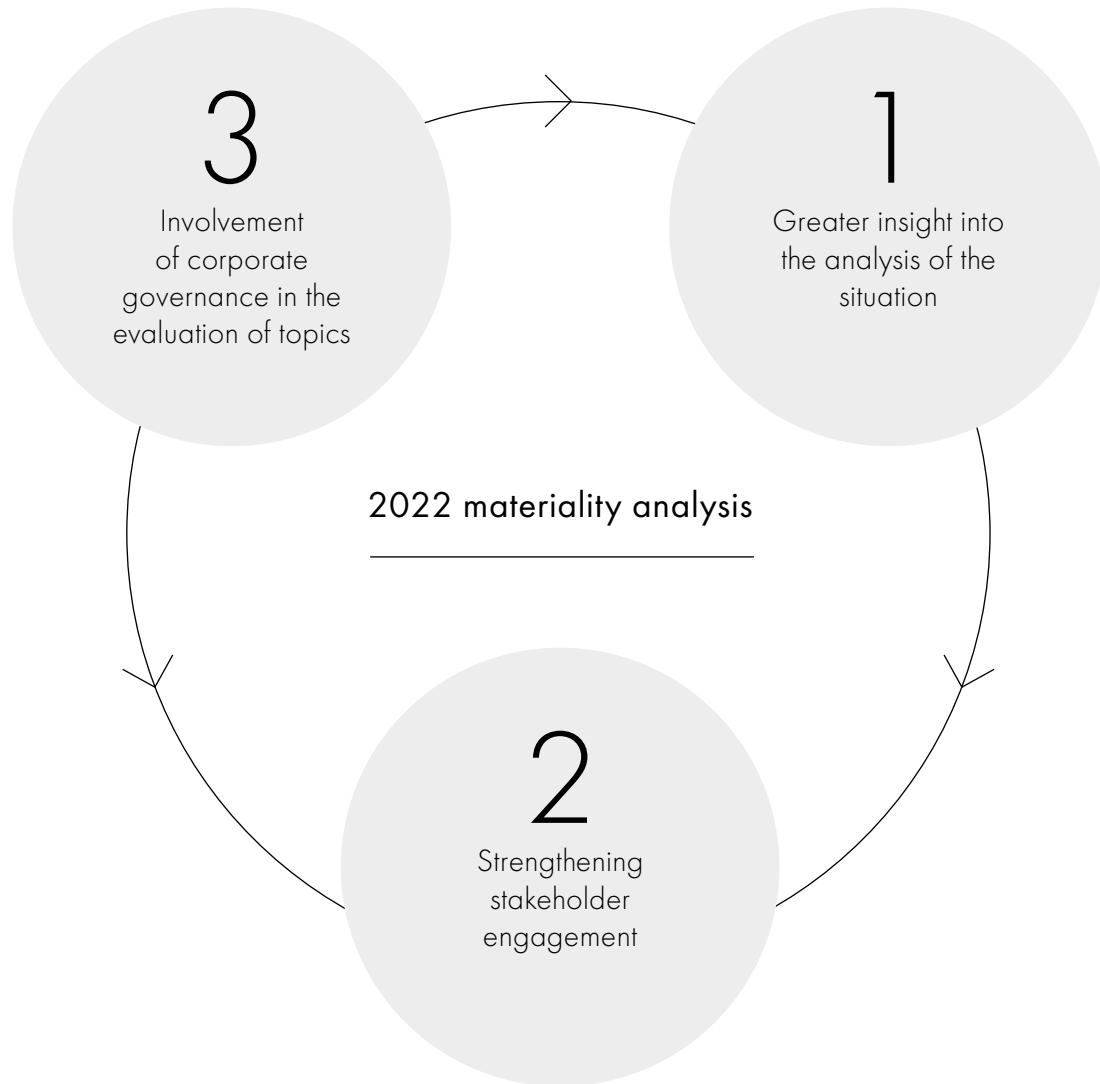
they reflect the main impacts - positive, negative, potential and current - generated by the Group externally (i.e. on the environment, on people and on society as a whole).

These priority topics are also able to significantly influence the decisions taken by internal and external stakeholders regarding their perception of the Group and its operations.

Since this is the second edition of the report for the Group, the materiality assessment only considered the so-called "impact" materiality, sometimes defined as "simple materiality", which focuses on the impacts produced by the Group and "felt" externally. Over the coming years, Smeg will integrate this assessment with an evaluation of the impacts that sustainability issues might have on the Group in terms of the effects generated on its current and future cash flows (in accordance with so-called "financial" materiality).

This assessment was done by following a **structured process which was based on the investigation phases** described below. It highlighted some new aspects over the previous edition.

Elements characterising the 2022 materiality assessment



Firstly, a desktop analysis focused on the existing internal documentation and on the context of reference in order to identify the main sustainability megatrends, that is, those environmental, social, demographic and technological forces capable of transforming the world as a whole and the Group's economic sector of reference, thus also being able to impact SMEG's operations. This analysis was done by reviewing the documents produced by the main standard setters and international sustainability frameworks, publicly-available documents, articles and statistics, in order to identify the main issues potentially relevant to the Group and on which, even peers and competitors, tend to focus.

From this first analysis phase, 23 key topics emerged. These were then grouped into **5 macro-areas of relevance for SMEG**: Identity and governance; Product responsibility; Economic responsibility; Environmental responsibility; Social responsibility.

Having identified the potentially material topics, the Group decided to involve various parties - internal and external - to assess each topic's **effective level of relevance**. Specifically, the following actions were taken:

- a **questionnaire was sent to the Group's Top Management** (Executives and Managers of the production companies and sales branches), in which they were asked to assess the proposed topics by assigning a relevance score based on a scale from 0 ("Not significant") to 5 ("Strategic") in order to obtain a representation from the Group point of view;
- a **dedicated questionnaire was sent to a selected sample of stakeholders** covering the following categories: collaborators, strategic suppliers of raw materials and components, and B2B customers. In this case too, recipients were asked to give a relevance rating on a scale

from 0 ("Not significant") to 5 ("Strategic") in order to obtain the stakeholder point of view.

With reference to the Group's Top Management, worldwide, 82 Executives and Managers (64 Italian and 18 from branches outside Italy) were involved, representing the various corporate functions, in the survey which resulted in a **response rate of approximately 82%**. It should also be noted that, amongst the people involved, a non-executive Director from the BoD of Smeg S.p.A. was involved, confirming the strategic importance to the Group of the materiality assessment.

With regard to the sample of stakeholders involved, 42 people overall were contacted, made up of collaborators (58%), suppliers of raw materials and components (26%), and B2B customers (16%). **Approximately 90% of the recipients returned** their questionnaire.

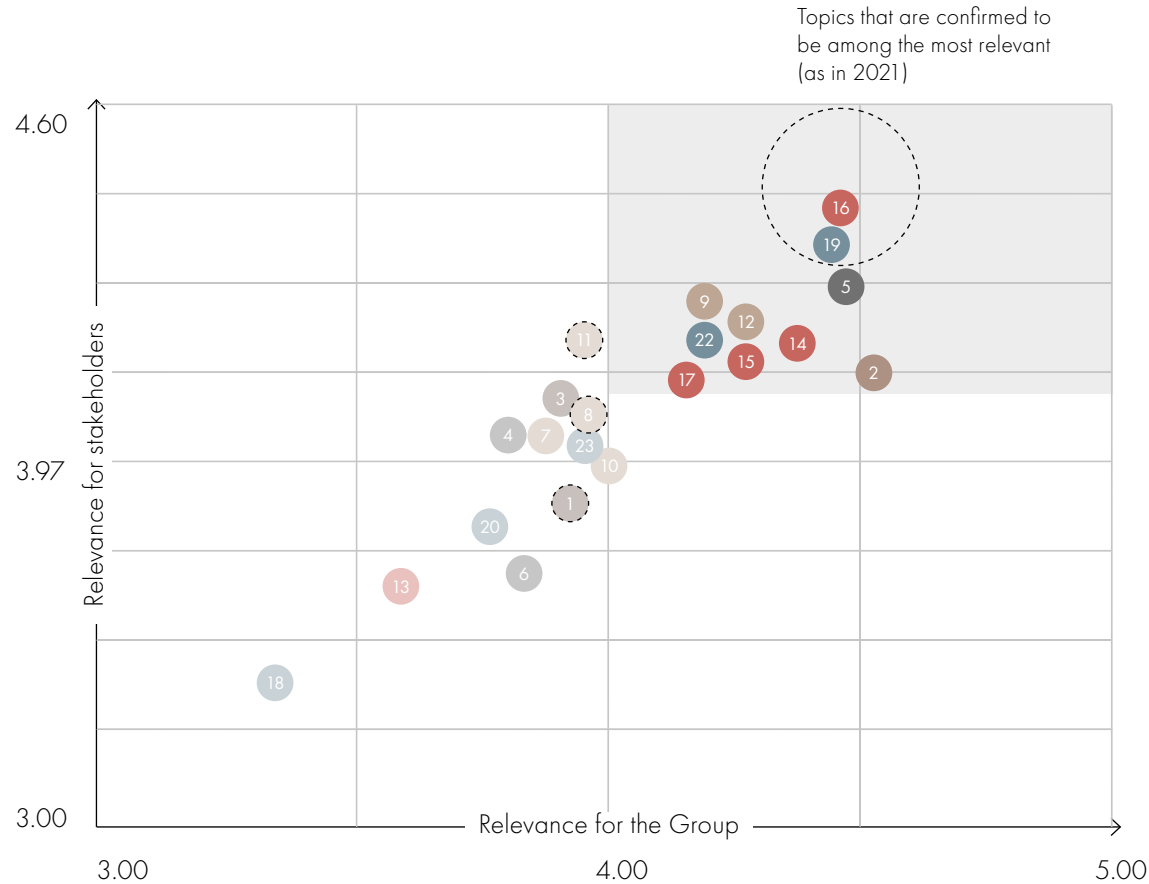
On the basis of the evaluations returned by Top Management and stakeholders regarding the degree of relevance of each item presented in terms of the Group's ability to create value in the short-, medium- and long-term for the environment, for people and for society as a whole, the median of the overall scores provided was calculated.

Those issues which received a score equal to or higher than both the median value for Top Management and the median value for the stakeholders were classified as material topics for the Group and, therefore, were placed in the top right quadrant of the matrix.

In fact, the matrix consists of the plan defined by the two axes which represent the level of relevance of the various aspects by considering, respectively, the Group's point of view (x-axis) and the stakeholders' point of view (y-axis).

The materiality matrix produced as a result of the investigation was discussed and validated by the Sustainability Committee which confirmed the materiality of the **14 topics** (see "Responsible Management"). In this regard, it should be noted that the topics, "Integration of sustainability in the business", "Action for the climate" and "Sustainability and efficiency in the use of raw materials", although they emerge as material from the analysis of the scores assigned to them by respondents to the two questionnaires, were assessed by the company's management team as being of strategic interest to the Group and, therefore, are integrated in the topics deemed material in 2022.

The Group's 2022 materiality matrix



IDENTITY AND GOVERNANCE

- 1 Integration of sustainability in the business
- 2 Ethics, integrity and compliance
- 3 Data security and protection

ECONOMIC RESPONSIBILITY

- 4 Attention to and collaboration with the supply chain
- 5 Research and innovation
- 6 Product labelling and traceability

ENVIRONMENTAL RESPONSIBILITY

- 7 Circular economy
- 8 Action for the climate
- 9 Waste
- 10 Use of water resources
- 11 Sustainability and efficiency in the use of raw materials
- 12 Energy impact on production sites

SOCIAL RESPONSIBILITY

- 13 Support for the community
- 14 Talent attraction, retention and development
- 15 Safeguarding human rights
- 16 Occupational health and safety
- 17 Diversity and equal opportunity

PRODUCT RESPONSIBILITY

- 18 Smart appliances and product connectivity
- 19 Product safety and quality
- 20 Sustainable consumption
- 21 Energy efficiency of products
- 22 Eco-design
- 23 Repair and recycle

Topics beyond the materiality threshold (median) defined by taking into account all the topics

Topics of strategic interest for the Group, present in the previous materiality analysis but not in the 2022 update

What has changed since 2021?

In the previous analysis of Group materiality, the topics given higher relevance, both from the Group point of view and that of the stakeholders, were 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 aspects reflect, on the one hand, the intrinsic characteristics of the Group's business model ("Product safety and quality"; "Health and safety of workers") and, on the other hand, particular contextual issues that occurred in recent years, such as the effects of the Covid-19 pandemic on the management of people and the business ("Resilience and business continuity") and the recent developments in the field of sustainability that are pushing companies to increasingly consider a substantial integration of environmental, social and governance aspects in the definition of a strategy and in how the business is run ("Inclusion of environmental, social and governance aspects in the short-, medium-, and long-term strategy").

In performing the analysis in 2022, some of the topics mentioned above are confirmed as still being relevant today: this is the case for "Occupational health and safety" and "Product quality and safety".

By just considering the views expressed by Top Management, from the Group point of view, the topic of "Ethics, integrity and compliance" received the highest score in terms of relevance.

In the case of the stakeholders, however, the following items were seen to align with the types of interests represented:

- For collaborators, the highest score was given to "Occupational health and safety";
- For suppliers of raw materials and components it was "Sustainability and efficiency in the use of raw materials" and "Smart appliances and product connectivity" (a topic which did not emerge as material considering the overall median of the scores);
- For B2B customers, the topics of "Occupational health and safety" and "Eco-design" were deemed the most relevant.

Unlike the previous year, the people involved also had the opportunity to bring some additional items or aspects of relevance (based on their own perspective) to the Group's attention, partially included or not included in the list of potentially material topics indicated by Smeg.

Specifically, stakeholders raised some issues linked to environmental responsibility, including, for example, the commitment to fight phenomena connected to climate change, offering services based on a circular economy - such as a repair service - in order to

reduce waste, the implementation of sustainable mobility models with regard both to logistics and to commuting, the improvement of product packaging to reduce its environmental impact, the attention to the use of hazardous chemical substances and, finally, the use of renewable energy sources in the Group's production areas.

From the Top Management point of view, however, the topics proposed were focused, above all, on **product responsibility**, with aspects covering, for example, safeguarding and promoting "Made in Italy" through Smeg products and the related awareness of collaborators, product safety with a specific view on safeguarding children, the use of "regenerated" electronic and electric components for product repairs and the systematic use of a Life Cycle Assessment (LCA) approach to renewing/improving products in accordance with environmental sustainability criteria.

With reference to the responses received from Top Management, the **Standard Deviation** was also calculated in order to assess the **level of alignment between the views expressed**: the higher the Standard Deviation, the lower the alignment between the responses received from the various respondents. What emerges from this analysis can be summarised thus:

- a high alignment was seen in the responses given in relation to those topics seen as having greater relevance from the scores assigned to them by Top

Management: "Ethics, integrity and compliance", "Research and innovation", "Talent attraction, retention and development", "Safeguarding human rights", "Occupational health and safety", "Product safety and quality" and "Energy efficiency of products";

- the "Smart appliances and product connectivity" topic saw a higher variability in the responses given by Top management (higher Standard Deviation), followed by "Use of water resources", "Action for the climate" and "Circular economy";
- the remaining topics are concentrated around an average level of Standard Deviation and, therefore, Top Management's responses are, overall, aligned.

Each material topic and the relative safeguards, projects and initiatives implemented, whether in progress or still in the development phase, can be traced directly or indirectly to SMEG's contribution to achieving the goals laid out in the United Nations' 2030 Agenda, in the daily performance of company activities and in the definition of the company's strategic lines.

In particular, considering the specificities of its business model, the Group recognises 5 priority SDGs – SDGs 3, 8, 9, 12 and 13 – 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 impact, direct or otherwise, on SDGs 4, 5, 7, 10 and 15 and considers Goal 16 to be an essential objective based on the achievement of the other goals mentioned above⁷.

⁷ 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.

The connection between the material topics and the SDGs, with an indication of the type of impact for SMEG

		3	4	5	7	8	9	10	12	13	15	16
		GOOD HEALTH AND WELL-BEING	QUALITY EDUCATION	GENDER EQUALITY	AFFORDABLE AND CLEAN ENERGY	DECENT WORK AND ECONOMIC GROWTH	INDUSTRY INNOVATION AND INFRASTRUCTURE	REDUCED INEQUALITIES	RESPONSIBLE CONSUMPTION AND PRODUCTION	CLIMATE ACTION	LIFE ON LAND	PEACE, JUSTICE AND STRONG INSTITUTIONS
Identity and Governance	Integrating sustainability into business								●			★
	Ethics, integrity and compliance											★
Economic responsibility	Research and innovation						●		●			
Environmental responsibility	Action for the climate				○				●	●	○	
	Waste								●	●		
	Sustainability and efficiency in the use of raw materials								●			
	Energy impact on production sites				○		●					
Social responsibility	Talent attraction, retention and development		○			●						
	Safeguarding human rights											
	Occupational health and safety	●	○									
	Diversity and equal opportunity	●				●						
Product responsibility	Product safety and quality	●					●					★
	Energy efficiency of products				○		●			●		
	Eco-design						●		●	●		
















● Priority SDGs ○ SDGs on which Smeg can have a direct/indirect impact ★ Essential in order to achieve the other SDGs











Through planning and implementing the various initiatives, with reference to corporate identity and governance, and social, environmental, economic and product responsibility, the Group's contribution to sustainable development will be increasingly more concrete.

Indeed, the projects completed or launched in recent years are given below, with an indication of the relative impact on achieving the SDGs and with details relating to the specific targets underlying each SDG of reference for the Group.

















The projects and initiatives listed are explored in greater depth in later chapters in this report.



Initiatives and projects		Contribution to SDGs		Target to reference	
Environmental responsibility	Progressive replacement of certain plastic components in Small Domestic Appliances			9,4	12,5
	Use of recycled polystyrene			9,4	12,5
	Recycling used pallets to be placed back on the market			12,2	
	Energy efficiency initiatives (relamping, reducing the consumption of transformer cabins, replacing the fleet of company vehicles with hybrid/electric vehicles, improving the efficiency of inverters)			7,3	13,2
	Installation and expansion of photovoltaic systems			7,2	13,2
	Progressive transition towards an energy supply from renewable sources (electricity and methane gas)			7,2	13,2
	Project to reduce production waste			12,4 12,5	
	Carbon Footprint analysis and definition of a climate strategy			13,1 13,2	
	Projects to preserve and restore local biodiversity (forestation in the Mezzani area, Reforest Action in Normandy)			13,1 13,2	15,1 15,2 15,5

Initiatives and projects		Contribution to SDGs		Target to reference	
Product responsibility and economic responsibility	Energy efficiency of Smeg products (reaching class A++ for Galileo ovens; 90 cm oven cavity)			7,3	9,4
	Eco-design of products (LCA studies on the packaging used for small and major domestic appliance packaging; manual to design packaging solutions with a low environmental impact)			9,4	12,5 12,8
	Regulating the use of potentially hazardous chemical substances (List of substances which are prohibited or whose use is restricted)			12,4	
	Product use and accessibility (silicon mat for induction hobs for visually impaired people)			10,2	
	Use of FSC Mix paper to print instruction booklets, warranty booklets and product packaging			7,2	15,2
	Slim version of product manuals and use of QR Codes to reduce the amount of paper used			12,2 12,4 12,8	15,2

Responsibility for people and the planet

Initiatives and projects		Contribution to SDGs		Target to reference	
Social responsibility	Talent attraction at the local level			8,5 8,6	
	Training programmes and professional growth courses (including job rotation/development and MBO programmes)			4,4	8,5
	24% women in management positions in the Group 43% of women among new hires in the last three year period			5,1 5,5	16,7
	Greater part-time employment solutions, as a percentage, than that envisaged by the collective bargaining agreement of reference			8,5	10,2
	Calculation of Gender Pay Gap			5,1	8,5
	Speak Up and Whistleblowing Policy			10,2	16,b
	Goal of zero accidents			3,6 3,9 3,c	8,8
	Promotion of employee health (healthy eating standards, ban on smoking at company locations, treatment and prevention solutions for osteoarticular and musculoskeletal disorders, prevention of oncological and cardiovascular diseases)			3,4 3,8 3,a	
	Promotion of employee well-being (corporate welfare)			8,5	10,2

Initiatives and projects		Contribution to SDGs		Target to reference	
Identity and Governance	Implementation of the Code of Ethics, Model 231, and Speak Up and Whistleblowing Policy			16,5	
	Antitrust training and training relating to the review of the proxy procedure			4,4	16,3 16,5
	Establishment of the Sustainability Committee			12,8	16,7
	Reporting on performance and impacts with regard to sustainability			12,6 12,8	
	Participation in the COP Climate Change questionnaire			12,6	

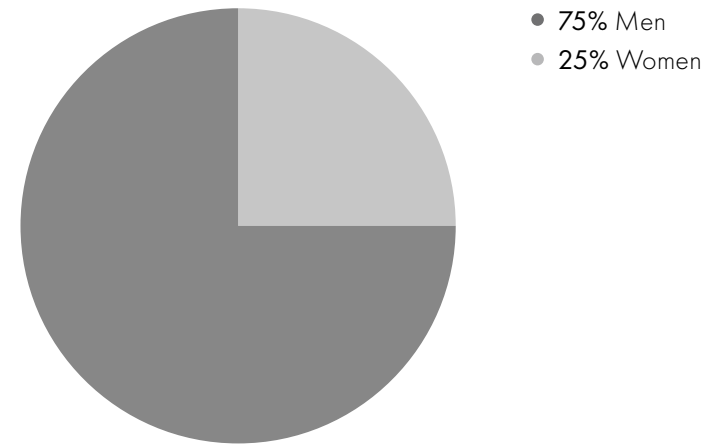
RESPONSIBLE MANAGEMENT

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

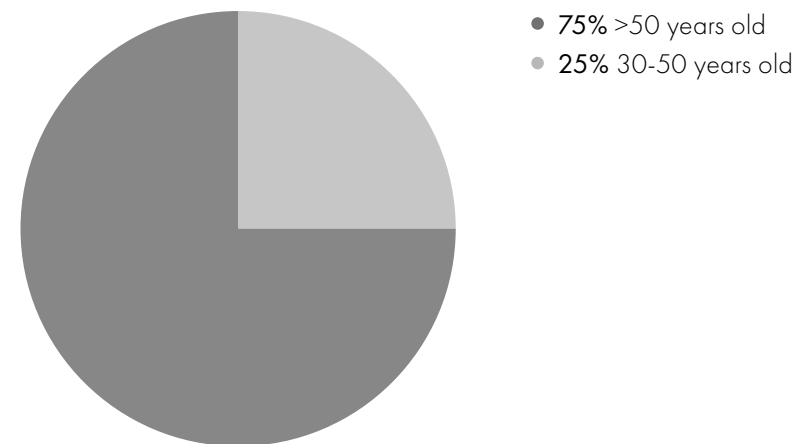
- the Board of Directors (BoD), which has strategic policy-making powers for the proper and efficient management of the Company;
- the Chief Executive Officer (CEO);
- the Board of Statutory Auditors, as a control body, composed of 3 standing auditors and 2 substitute auditors;
- a Supervisory Board (SB)⁸ 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 Italian Legislative Decree no. 231 /2001 (hereinafter, the "Model 231").

Specifically, the current BoD – taking office in 2021 and staying in office until the approval of the statutory financial statements as of 31.12.2023 - is composed of 4 members, of which 2 are independent directors (non-shareholders).

COMPOSITION OF THE SMEG BOARD OF DIRECTORS, BY GENDER



COMPOSITION OF THE SMEG BOARD OF DIRECTORS, BY AGE GROUP



⁸ Present in all the Group's production companies..

The role of Chairman is held by Roberto Bertazzoni, and the Chief Executive Officer (CEO) is Vittorio Bertazzoni.

The progressive integration of sustainability into the business is also achieved through the formalisation of an internal governance structure which provides for specific mandates and responsibilities to be conferred with regard to environmental and social matters.

Specifically, in 2020, upon the CEO's initiative, the Sustainability Committee was established. It is made up of the leading production and sales lines, chaired and coordinated by the CEO and having investigative, propulsive and advisory functions on sustainability issued and initiatives related to business operations.

The members of this Committee are:

- the **Chief Financial Officer** (CFO), who is responsible for supervising the projects and actions taken to spread a corporate culture and a business approach aimed at sustainability 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;
- **other managerial roles** from different departments (including legal, product management and finance).

The Committee receives the results from the activities carried out by SMEG's internal operational team – which includes the Sustainability Coordinator – responsible for

managing sustainability projects. In 2022, the results achieved (thanks to having prepared the previous edition of the Sustainability Report), the CDP Climate Change questionnaire scores, and the outcome from the materiality assessment update were presented and discussed for sustainability reporting purposes and for the projects linked to the environmental aspect of sustainability (including the results from the analysis of the carbon footprint, the installation of photovoltaic systems, the planting project and the desire to extend energy purchases from renewable sources to sales companies in Italy and abroad).

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 reporting on the company's sustainability performance.

Of the members of the BoD, approximately 50% actively participate in sustainability activities. Specifically, the CEO is the person with the highest responsibility for sustainability issues, including aspects related to climate change. In fact, in consultation with other members of the BoD, the CEO identifies the main goals in this area and commits the Group to achieving the most relevant SDGs in terms of direct contribution (through the company's own operations) or indirect contribution (through established business relationships) which the Group can make to the 2030 Agenda.

From the point of view of sustainability reporting, the BoD is responsible for verifying the content of any reports and their relative approval.

Furthermore, with specific reference to the 2022 materiality assessment, an independent Director from the BoD, with particular experience with sustainability issues, was involved in the update activities. The results from the analysis were then presented to the Committee - including the CEO - for approval.

Committees have also been created at other companies in order to coordinate and manage social, environmental and economic aspects within each individual company.

The Economic and Social Committee at SMEG France

The Economic and Social Committee at Smeg France is a body representing the interests of the company’s collaborators, which are taken into consideration when making decisions regarding the company’s management, its economic and financial development, the organisation of work, professional training and production techniques.

This Committee is kept informed of and consulted on issues regarding the organisation, management and general operation of the company, with particular reference to:

- the company’s strategic direction;
- corporate social policy;
- changes to the company’s economic or legal organisation;
- measures which might affect the size or the structure of the workforce;
- employment and working conditions, including working hours and professional training;
- the introduction of new technologies and any significant change to health and safety conditions or working conditions;
- measures adopted to help sick workers, injured workers and people with different abilities to access work or to remain in work by considering any reasonable accommodation measures concerning the layout or organisation of workstations;
- the implementation of systems which monitor the activities of collaborators.

Finally, the Economic and Social Committee formulates, on its own initiative, and reviews, at the Employer’s request, any proposal aimed at improving working conditions, employment or professional training opportunities for personnel, company life and the conditions in which workers benefit from complementary collective guarantees.

During the year in question, the Parent Company also increased its awareness-raising activities at its subsidiaries regarding the implementation of a shared initiative to improve the Group's sustainability performance. This was possible, first of all, thanks to the development of processes connected to preparing the Sustainability Report and to assessing the carbon impact of the Group's direct and indirect operations, providing for more direct engagement, not only from other production companies (more organised from the point of view of data and information collection), but also from sales branches, both in Italy and abroad.

Nevertheless, SMEG recognises the presence of certain issues connected to a path as challenging as this one, in particular with regard to companies outside Italy where the specifics of the local situation need to be dealt with and which can, sometimes, require a greater effort to achieve full harmonisation at the governance level and in terms of strategic direction.

At the same time, though, an initial mapping of the level of progress achieved in monitoring the individual entities, with respect to sustainability, has highlighted some situations of elevated sensitivity and attention, which are also seen in the specific initiatives described in the chapters which follow.

Further education and awareness-raising activities on this topic were carried out during the presentation of the results from the carbon footprint analyses done on data from 2021, which included managerial figures (in Italy) who were directly involved in the work.

SMEG's goal is, therefore, to move in the direction of **greater harmonisation in overseeing sustainability efforts at the Group level**. This will be achieved through a progressive and more constant involvement of, or contact with, the various branches in order to spread and share a culture of sustainability transversally.



COMMUNICATING WITH STAKEHOLDERS

The Group aims to consolidate a corporate culture that focuses on creating shared value with stakeholders, as can be seen in the stakeholder engagement activity carried out in 2022 .
(see "Sustainability for Smeg").

Also in 2022, the Group revisited the mapping of its priority stakeholders and communication channels which were implemented in order to properly manage the relationship with each one of them.

The process through which key stakeholders are identified 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 the priority stakeholder categories thus identified - which are confirmed with respect to the results from the mapping exercise carried out last year - as well as the channels of interaction most frequently used by the departments responsible for communicating with each of them.

SMEG Corporate Training Europe 2022

Also in 2022 - as per every year since 2017 - two days of initial training were held in the main site in Guastalla (RE) for new personnel at European branches. Two days rich in stimuli, inspiration and ideas that will help the new hires across Europe fully appreciate the company's values.

Organising this event represents an important opportunity for discussion between the various entities that make up the Group and for personnel to be actively involved.

The Group's stakeholders and communication channels

PRIVATE CUSTOMERS

- Internet site (E-Commerce) and social media channels
- Smeg Stores
- Technical support
- Customer service

B2B CUSTOMERS

- Internet site
- Visits to the customer's site or vice versa
- Discussions with relevant organisational structures
- Business meetings (face-to-face or held virtually) to share information on market trends, news in terms of products and services, etc
- Questionnaire compilation request - CDP Climate Change

CREDIT/INSURANCE INSTITUTIONS

- Sito internet
- Daily communication (verbal, by email, by certified email, etc.) with relevant organisational structures
- Periodic meetings with relevant organisational structures

COMMUNITY AND REGION / PUBLIC ADMINISTRATION

- Internet site
- Organisation of events
- Participation in trade fairs and events organised by third parties
- Participating in trade and institutional discussions

COLLABORATORS

- Internet site
- HR portal
- Internal communication programmes
- Dialogue with company Unitary Trade Union Representatives
- Training courses
- Dedicated channel and email address for 231 reports

SUPPLIERS

- Internet site
- Discussions with relevant organisational structures
- Activities relating to the supplier evaluation and qualification process
- Technical visits and periodic meetings (face-to-face or held virtually)
- Audit

UNIVERSITIES AND RESEARCH CENTRES

- Curricular internships
- Participation in Open Day initiatives
- Collaborative studies and research projects

TRADE ASSOCIATIONS

- Periodic meetings and gatherings

3

BUSINESS CONDUCT

Transparency and ethics	46
Risk management	52
Shared value	54



CHAPTER PRESENTATION



GRI 2-15, GRI 2-16, GRI 2-23, GRI 2-25,
GRI 2-26, GRI 2-27, GRI 3-3, GRI 205-2,
GRI 205-3, GRI 418-1

MATERIAL TOPICS

- Ethics, integrity and compliance
- Safeguarding human rights

REFERENCE STAKEHOLDERS

- Collaborators
- Suppliers
- B2B Customers and private customers

RISKS

- 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.
- A lack of efficient sustainability governance to oversee the progressive integration of environmental and social aspects in the Group's business model.
- Failure to align with the principles established and the rights protected through the Group's Code of Ethics.
- Geopolitical instability, with consequent potential impacts in relation to safeguarding human rights, which could have repercussions on procurement choices but also on the purchasing decisions made by end customers.

OPPORTUNITIES

- 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.
- 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.

POLICIES, PROCEDURES AND OTHER RELEVANT DOCUMENTS

- Code of Ethics
- Model 231
- Speak Up and Whistleblowing Policy
- Privacy Policy

TRANSPARENCY AND ETHICS

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

In order to continue to correctly apply these values in the Group's daily activities, certain corporate documents and procedures have been adopted which provide for a clear, shared vision of the principles and rules of conduct which need to be observed in order to comply with applicable legislation and in order to safeguard the interests of stakeholders.

The value framework, principles and rules of conduct on which the Group's work is founded are contained in the Code of Ethics¹, aimed at all of the Group's personnel, without exception, and shared externally with the main stakeholders.

In fact, through the application of specific contractual clauses, compliance with the Code of Ethics, adherence to relevant legislation against corruption and refraining from any conduct which is, or might appear to be, incompatible with these obligations, constitute an essential

condition to the establishment and the continuation of every relationship the Group has with suppliers, business partners, customers and Public Administration entities.

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 the Model 231, adopted by the Parent Company and by the remaining production companies in 2022, including La Pavoni².

Within the scope of the aforementioned document, predicate crimes have been classified – into groups and sub-groups on the basis of the affinity in the respective implementation

¹ The Code of Ethics is available to the public at www.smeg.com, under the Legal area.

² The Model 231 is not yet applicable to the company, Frimed, the latest production company acquired by the Group in 2022.

methods - in application of Italian Legislative Decree no. 231/01.


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.

For those sensitive areas identified in the Model 231, specific control principles and consequent application measures for them are defined in order 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.

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 these documents are obliged to report to the above body any violations or suspected violations of the provisions contained therein of which they become aware.

 A specific internal information channel has been set up - which can also be accessed by the Group's suppliers and partners as recipients of the documents described above - for reports of this type. It can also be used to report any other operating irregularity or anomaly or any suspicious behaviour that might constitute a crime ascribable to collaborators, business partners, suppliers or third parties involved in a Group activity.

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.

This method of oversight was also made possible thanks to the transposition of Italian Law no. 179 of 30 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

³ A corporate process is defined as "sensitive" when it involves at least one activity within which a crime could be committed. Also considered sensitive is any process within which, despite there not being a direct risk of offences being committed, controls are adopted for the purpose of prevention.

⁴ In alignment with Confindustria Guidelines.



wrongdoing, including on the matter of anti-corruption. The Policy guarantees anonymity and protection of the whistleblower.



In 2022, in line with previous years, no reports were received in relation to non-conformity in terms of ethics and/or corruption, whether active or passive, within the Group and/or within its business relationships.

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 production companies. At the end of the training session, a questionnaire is typically distributed to the participants aimed at verifying their effective acquisition of knowledge on the topics addressed.

Specifically, in 2022, a training session was held on the matter of antitrust and involved the sales teams of the Italian companies (including the Parent Company) for a total of 50 people and 100 hours of training. A specific training session on the subject was also organised at the French sales branch, in line with the specific situation and context of the French operation.

Finally, it should be noted that, whenever a power of attorney or a mandate is changed (for example, in its composition), an update to the specific information provided to the parties involved is provided for. This educational training session was also held in 2022.

Next steps

	STATUS
Greater simplification of company processes, in line with the specific nature of the individual companies making up the Group (for example, the industrial supplier management activity)	
Extension of antitrust training to European commercial branches in 2023	

 On track  Work in progress

The Group's approach to taxation

Ensuring information is transparent and complete are two values which permeate the Group, as enshrined in the Code of Ethics. These values can be seen in how institutional activities are carried out, how the financial resources used are managed and in the consequent reporting and/or recording of accounting data.

The Group's approach to taxation does not follow a formalised tax strategy: it is done through recommendations made to Group companies to pay attention to compliance with local tax regulations and to act responsibly within the various legal and tax regimes, in the belief that the contribution realised from the taxes paid is a form of active participation in the economic and social development of the regions and countries in which the Group operates.

Relationships with tax authorities are based on the principles of correctness and cooperation.

With regard to the Italian subsidiary companies, those which are 100% controlled, together with Smeg S.p.A., operate under a tax consolidation contract, whilst, with regard to subsidiary companies outside Italy, the Group has signed an **"Advance tax agreement for enterprises with international activities"** with the Italian Revenue Agency (*Agenzia delle Entrate*) to regulate their relationship with the Italian authority.

This agreement establishes, given and considering the Group's structure and the risks faced by each entity as well as the activities provided by the parent company to the subsidiary companies outside Italy, the best methods for determining the most appropriate free competition prices in order to evaluate the transactions with the various Group companies

operating under different tax regimes.

Within the Parent Company, tax activities are managed by directly involving the following governance bodies and parties:

- BoD;
- CFO;
- Administration and Finance Department.

The Group also makes use of external consultants who are specialists in the field of taxation in the regimes in which the Group operates. These consultants help the Group identify the tax risks to which it is most exposed and help define the activities to carry out in order to mitigate these risks in the most effective way possible.

All the Group's financial statements are subject to audits by an external auditor.

There are no periodic assessment processes provided for with regard

to compliance with tax regulations at any defined frequency. However, each company is in constant contact with their external tax consultants in order to verify correct and timely compliance with the relevant tax regulations, as well as with the agreements signed by the Parent Company and by other companies in the Group.

Any irregularity from a tax point of view can be reported through the mechanisms provided for by the Group's "Speak up & Whistleblowing Policy". Through this policy, internal and external recipients of the document can report possible crimes, offences or, in any case, irregular conduct.

It should be noted that, to date, no reports have been made of this type.

More information regarding the Group's tax reports is giving in the Annexes to the report (see "Insights").


⁵ I.e. every Italian company except Fri.Med S.r.l., Verinox S.r.l. and Inea S.r.l.

⁶ The agreement is unilateral and has no effect on local collection agencies in the various countries in which the Group operates.

Safeguarding human rights

Within the Group’s Code of Ethics, the following universal human rights are recognised and safeguarded: non-discrimination and condemnation of any form of harassment in the workplace, the protection of trade union rights, health and safety in the workplace, working hours and remuneration, the dignified and respectful treatment of workers, the promotion of training, safeguarding the confidentiality of information.

The safeguards and activities implemented by the Group in order to protect its personnel, whether direct or indirect, in respect of fundamental human and labour rights, are described in Chapter 4 which covers the management and enhancement of the various phases that make up the *Employee Life Cycle*.

 With reference to the supply chain, as mentioned previously, every supplier has to review and accept the Group’s Code of Ethics and Model 231, within which **any form of “irregular employment”** (the underground or irregular economy), **forced, child and under-age labour is prohibited** as is any other conduct whatsoever that might involve any type of offence against the individual.

The Code of Ethics, in particular, states that every employment or collaborative relationship shall be established and governed by a regular contract and that every employee and collaborator shall be properly and fully informed of their rights, their duties and their obligations that arise as a result of the contract thus established. More information relating to that governed by the contractual documentation shared with the Group’s suppliers is given, with reference to social and environmental aspects, under Chapters 4 and 5.

As a consequence, the Group expects suppliers and collaborators to adopt legal and ethical behaviour which is in line with the standards and procedures internationally accepted regarding the treatment of workers, with specific regard to the principles and rights set out above.

Any behaviour which is not aligned to these provisions could be considered a serious breach of the duties of correctness and good faith in the execution of a contract and could be something that damages the relationship of trust with the Group and could constitute just cause for terminating a contractual relationship.

⁷ Regulation (EU) 2016/679.





Likewise, with reference to stakeholders, B2B customers and private customers, safeguarding personal data is deemed not only a fulfilment of the legal obligations concerning the protection of personal data , but also and especially of fundamental value to the Group's business.

For this reason the Group works to provide all the information that might help various users protect their privacy and to check the use made of personal data in the following situations:

- when browsing the websites of the Group companies;
- in relation to the online purchasing experience (E-Commerce Privacy Policy) and/or that in shops;
- in relation to the job application process through the "Jobs and careers" section of the Smeg S.p.A. website or by sending a Curriculum Vitae (CV) to a company email address.

For each of the cases given above, a dedicated email address has been created through which recipients of the Privacy Policy can exercise their rights (for example, if there is a need to modify any personal information or to revoke any consent given to process such information).

Should any of these provisions protecting personal data be breached, the Group shall promptly inform the appropriate Data Protection Authority and shall work with them to resolve the issues connected to such a breach.

In this regard it should be noted that, over the three-year period covered by this document, no breach and/or leak, theft or loss of personal data - whether of a customer or a collaborator employed by the Group - has been reported.

RISK MANAGEMENT

The Group adopts a responsible and cautionary approach when making strategic decisions and conducting its business operations. This line of action has demonstrated the effectiveness of the Group's management of the specific risks to its operations, not only from the financial point of view⁸, but also in terms of prevention, health and safety at work, as well as environmental protection.

In fact, the management of the Group - thanks to its knowledge of the sector in which it operates and its ongoing relationship with stakeholders - is able to identify

risks and opportunities, current and potential, in the short- and long-term.

Specifically, the main risks connected to the matter of sustainability are monitored through the adoption of specific measures. Amongst these, the Code of Ethics acts as an ethical framework of reference, whilst the Model 231 and the Quality, Safety and Environmental Management System identify those functions involved in monitoring and managing reputational and operational risks to those activities within their responsibility.

The types of financial and sustainability risks identified are summarised below. The correlation of the risks to the Group's material topics is given at the start to each Chapter, where relevant.

⁸ 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
- Risks of cash flow variations
- Exchange rate risk

Risks related to material topics

IDENTITY AND GOVERNANCE

- Reputational and economic risks due to unethical behaviour.
- Risks related to the lack of any formalised control for sustainability management.

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 linked to 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.
- Risk of scarcity of raw materials and an increase in price due to the effects caused by exogenous factors on the market.
- Risk of lack of supplier differentiation.
- Risk of long and uncertain delivery times for some types of supply.
- Risk of geopolitical instability with repercussions on procurement and purchasing decisions.

ENVIRONMENTAL RESPONSIBILITY

- Risks associated with increased costs of transition to eco-friendly 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).
- Loss of local biodiversity.

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.

To date, the Group has not yet defined relevant thresholds in financial terms that would lead to a certain impact on its business activities to be considered “substantial”.

Nonetheless, with specific reference to the **evaluation of environmental aspects** required by ISO 14001, SMEG is able to identify and analyse environmental matrices relevant to its business, evaluating the impacts under both normal operational conditions and extraordinary ones, including situations of an environmental emergency. The company has defined three types of criteria (environmental criteria, regulatory criteria and criteria related to the company and other interested parties) on the basis of which it is possible to attribute greater or lesser significance to the environmental aspects evaluated. The company’s management body evaluates the values obtained and then identifies the improvements required to the Environmental Management System.

SHARED VALUE

Unlike the previous year, for the Home Appliances sector⁹, 2022 was characterised by a declining trend for major domestic appliances, with particular reference to washing products. Growth, however, was seen in the small domestic appliances sector.

Specifically, the negative performance seen in the first segment, which recorded a drop in production of 18% compared to the previous year, was particularly affected by macro-economic and geopolitical factors which had consequences in terms of a decline in the real economy, leading customers to postpone purchases when not absolutely essential. To this situation are added:

- the increase in the price of energy which, however, was not reflected in a greater propensity by consumers to purchase more energy efficient household appliances;
- the increase in the price of raw materials;
- the difficulty and the interruptions in global supply chains.

The Refrigeration category also decreased (-2.1% by volume, +7.1% by value), driven, above all, by a contraction in sales of freezers but counterbalanced by the positive results seen in the refrigerator product family.

Finally, among major domestic appliances, the Cooking segment closed up (+6.5% by value),

thanks, above all, to built-in products.

At the end of the year, the small domestic appliances sector recorded an increase of +0.4% by volume and +3.4% by value: among the reference sectors, the one relating to kitchen products grew at a more moderate rate (+2.3% by value) compared to the Home sector (+3.4% by value) and the Personal sector (+6.9% by value).

Finally, looking at the professional equipment sector, the year saw a strong increase in turnover (+20% compared to pre-pandemic levels) due, in particular, to a positive demand from the commercial catering sector.

⁹ The data that follows has been re-analysed starting from the analysis of market trends in 2022 by APPLiA Italia.

For 2023, forecasts are for strong market developments in the direction of energy efficiency and sustainability: in this context, not only are investments in technology essential in order to support the increase in energy efficiency, but so too is the adoption of solutions aimed at ensuring greater recovery of replaced products - solutions which will allow over 95% of secondary raw materials to be re-introduced into the production cycle.

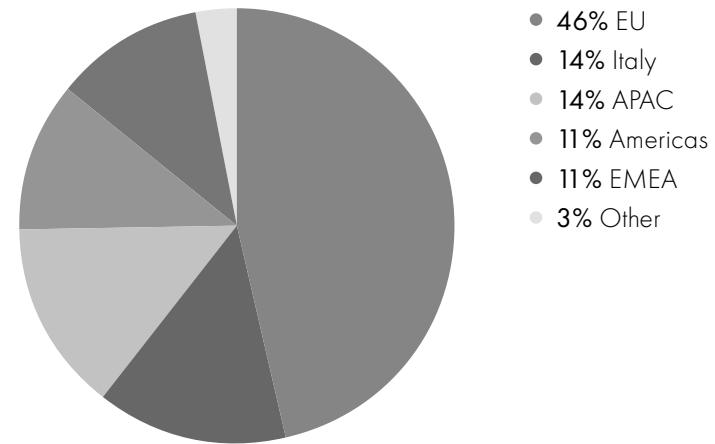
For the Group, once again in 2022, growth has been recorded equal to approximately 930.6 million euro (+3% compared to 2021), although this is lower than that recorded in the previous year, with 86% coming from exports and the remaining 14% coming from sales in Italy.

From the point of view of the type of products, 67% of turnover¹⁰ is attributed to major domestic appliances followed by small domestic appliances with a share of 27% of the consolidated turnover.

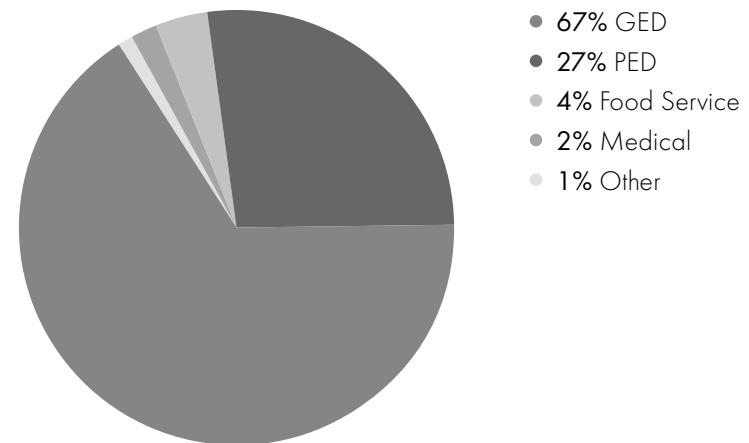
Investments in industrial activities, as well as in R&D, continued in 2022 with the aim of increasingly consolidating the production structure, creating new products and innovating. Added to these investments are ones aimed at achieving greater efficiency whilst respecting the environment and safety in the workplace.

Specifically, the drive towards **ever better safety levels** along the production chain has led SMEG to invest, year after year, in the most advanced technologies and to carry out ever more stringent and ever more reliable **safety tests**. In 2022, for example, the new technology adopted for **reliability testing** allowed the Group to identify potential issues in advance, thus optimising the production process (see Chapter 6 for more information).

GROUP TURNOVER IN 2022, BY GEOGRAPHICAL AREA



GROUP TURNOVER IN 2022, BY DIVISION



¹⁰ Also included are rebates.

Some of the investments made in 2022 are summarised below. They highlight the Group's desire to reduce the generation of negative impacts and to amplify the positive ones. For example, with regard to environmental responsibility, the production companies invested a total amount of approximately 3.6 million euro to reduce their environmental impact. These investments were mainly focused on the transition to certified renewable energy resources and on the expansion of photovoltaic systems at production locations.

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 Group¹¹.

In 2022, compared to the previous year, an increase was recorded in the contribution of the economic value distributed by the Group to stakeholders against the total economic value generated (89% in 2022 against 87% in 2021).

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 3% 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, which was 11% of the economic value generated in 2022, should be considered the amount which, each year, is allocated to maintaining the Group's efficiency and its consequent long-term sustainable development.

Economic value directly generated by the Group and distributed to the main categories of stakeholders (2022)



¹¹ The detailed reclassification of the 2022 profit and loss account into generated, distributed and retained economic value is presented in the "Annexes to the report" section.

An active role for the territory

As an economic operator having a local, national and international impact, SMEG contributes proactively to the social, economic, occupational and environmental development of the areas of reference and to the well-being of the communities therein.

The Group takes its responsibilities towards the community seriously, drawing inspiration from the values of solidarity and dialogue with interested parties and in respect of the internationally recognised standards and rights regarding the protection of fundamental rights.

The ways in which the Group acts in the areas in which it operates are expressed through **sponsorships and donations** in favour of local initiatives and associations that work as facilitators to improve social, environmental and cultural aspects in the area.

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 **charitable organisations**, both national and international;
- participation in **projects to restore and add value to the area's artistic, cultural and architectural heritage**;
- sponsoring **social-cultural activities**, including, by way of example: support for a local nursery school with an adjoining kindergarten, in order to make childcare easier for the Parent Company's personnel, and the provision of services connected to working hours and the production calendar (including 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).

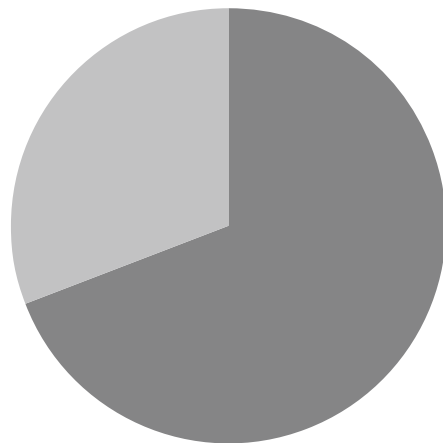
¹² Included are all the production companies and commercial distribution companies: SMEG Australia, SMEG Belgium, SMEG Germany, SMEG Spain, SMEG France, SMEG Netherlands, SMEG Poland, SMEG Russia, SMEG South Africa, SMEG UK and SMEG USA.



Again in 2022, various Group companies¹² supported donation initiatives (82% in cash) in favour of various associations and contexts, both nationally and internationally.

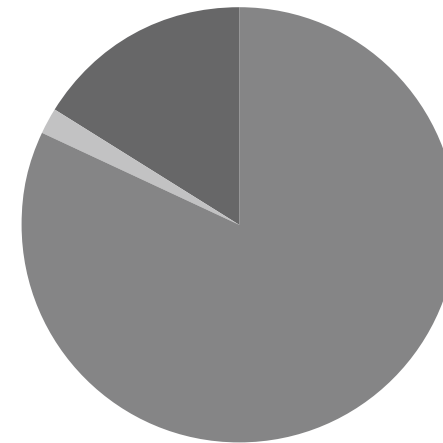
Amongst the activities supported in Italy in the last year, mention should be made of Komen Italia – a voluntary organisation committed to the fight against breast cancer – and TEDxReggioEmilia. In the first case, in October 2022 (the international Breast Cancer Awareness Month), the company donated 10% of every purchase made online and in single-brand stores to the association.

DONATIONS IN 2022, BY COMPANY TYPE



- 31% Production companies
- 69% Foreign commercial companies

DONATIONS IN 2022, BY DONATION TYPE



- 82% In money
- 2% In goods
- 16% Both types

¹² Included are all the production companies and commercial distribution companies: SMEG Australia, SMEG Belgium, SMEG Germany, SMEG Spain, SMEG France, SMEG Netherlands, SMEG Poland, SMEG Russia, SMEG South Africa, SMEG UK and SMEG USA.

Together with Komen Italia

The Coronavirus emergency put healthcare facilities to the test and created difficulties in treating cancer patients, as well as causing significant delays in institutional screening and early diagnosis programmes: 35% fewer screening procedures were recorded, almost 3,000 women received a late diagnosis and tumours were harder to treat.

This is one more reason why SMEG has decided to dedicate some its energy, commitment and revenues to this cause which can have significant medical, cultural and collective importance.

Komen Italia has, from 2000 to today, invested more than 21 million euro in over 1,000 projects for women's health, including 263 study bursaries to young researchers, 61 multi-year projects to support women with breast cancer and financial support for 276 Italian associations.

In addition to the support given in October, SMEG supported the organisation at the end of the year for the thirteenth "Pink Tie Ball" Charity Gala.

Furthermore, during the year, the Company announced a partnership with **TEDxReggioEmilia** and the **RIPARTIRE** event, organised as an independent event within the **Rigenera Architecture Festival** held on 24 September 2022. As per the title, the event's focus was that of restarting from the community, from the environmental setting and from the needs of individual people: the premise for being able to talk about regeneration and creating a positive, sustainable impact over time for the entire community.

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. Specifically, with reference to APPLiA EU, there are several working groups focusing

on various thematic areas: the Company participates in many of them through its personnel, each one of which is responsible for monitoring their own specific area of expertise;

- **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 is given in Chapter 5 (see "Preservation of natural diversity");
- **Fondo Ambiente Italiano (FAI)**, the Italian Environment Fund, which SMEG sponsors.

4

PEOPLE

Talent attraction	70
Skills development	72
Work in safety	75



CHAPTER PRESENTATION



GRI 2-7, GRI 2-8, GRI 2-30, GRI 3-3, GRI 401-1, GRI 401-2, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10, GRI 404-1, GRI 405-1, GRI 405-2, GRI 406-1

MATERIAL TOPICS

- Talent attraction, retention and development
- Safeguarding human rights
- Occupational health and safety
- Diversity and equal opportunity

REFERENCE STAKEHOLDERS

- Collaborators
- Suppliers

RISKS

- Insufficient availability of specialist resources.
- Inability to manage and incentivise personnel with consequent demotivation, a drop in production and erosion of the 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); electrical risk (from electrocution).

OPPORTUNITIES

- 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.

POLICIES, PROCEDURES AND OTHER RELEVANT DOCUMENTS

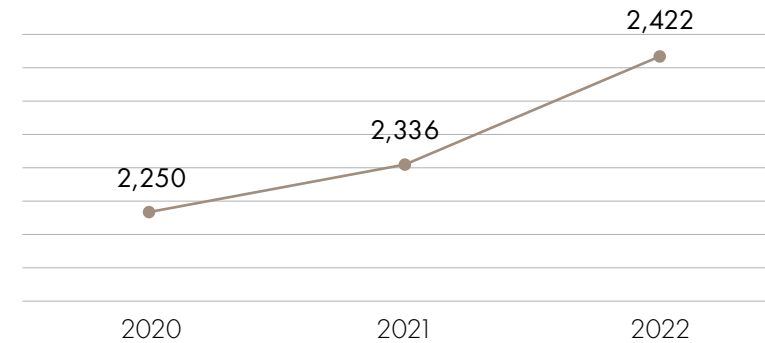
- Code of Ethics
- Model 231
- Speak Up and Whistleblowing Policy
- Quality, the Environment and Safety Policy
- Guidelines on safety and preventing contagion from Covid-19
- Sexual Harassment Policy (Smeg South Africa)
- Supplier qualification procedure

For the Group, personnel management is carried out on the basis of a model which focuses on the **active and responsible involvement of every resource involved in a corporate process**, on establishing **transparent relationships** which are open to **discussion** and on the full **enhancement and empowerment of each person**, in line with the principles and values laid out in the Code of Ethics.

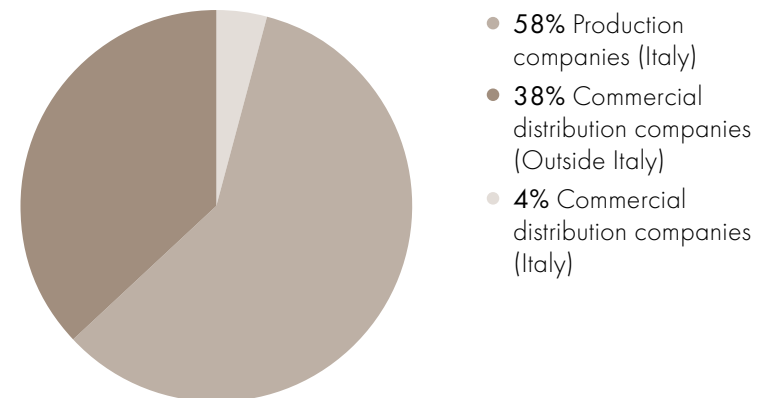
From an organisational point of view, the Parent Company's Human Resources Department coordinates staff management activities, interfacing with the Group's other companies.

In 2022, the Group had 2,422 direct collaborators¹ (+4% compared to 2021), 58% of which were employed at production companies in Italy.

EVOLUTION OF THE WORKFORCE IN THE THREE-YEAR PERIOD 2020-2022 (DIRECT COLLABORATORS OF THE GROUP)



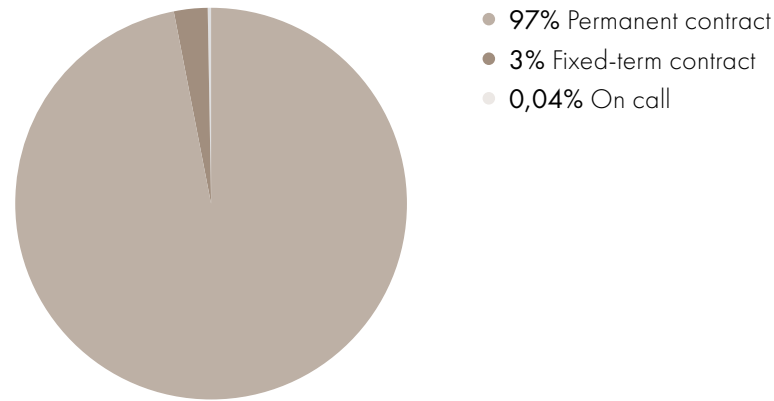
BREAKDOWN OF THE COMPANY WORKFORCE BY COMPANY TYPE AND GEOGRAPHICAL AREA (2022)



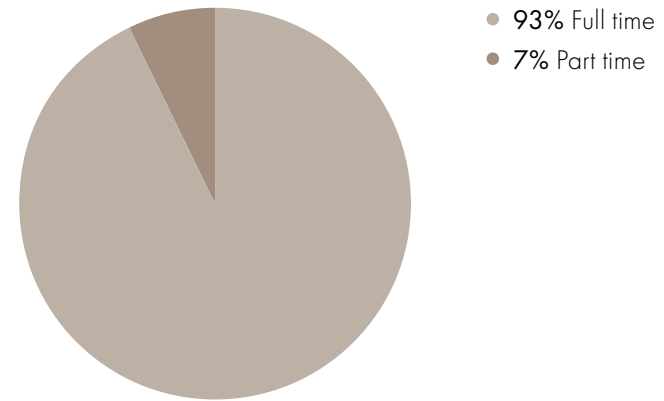
¹ This figure includes all Italian (production and commercial distribution) and non-Italian (commercial distribution) companies.

Approximately 97% of personnel are employed under a permanent, open-ended contract (98% in 2021) and 93% have a full-time contract (91% in 2021).

GROUP COLLABORATORS, BY CONTRACT TYPE (2022)

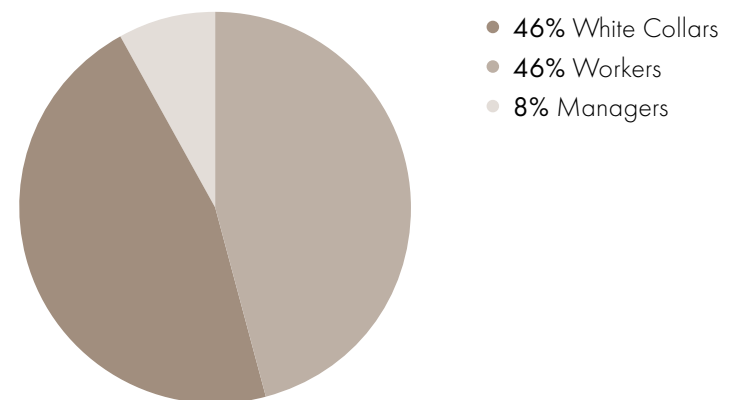


GROUP COLLABORATORS, BY JOB TYPE (2022)



The Group's personnel are divided into the following professional categories: Managers² (i.e. Executives and Managers), White Collars (office workers) – the majority category of the total corporate workforce – and Workers (all other workers).

GROUP COLLABORATORS, BY PROFESSIONAL CATEGORY (2022)



² This refers to all employees who have a strategic responsibility within the organisation.

In pursuing constructive collaborative relationships with trade union representatives and favouring internal relationships, the Group has, over time, upheld the centrality of people by working to develop and preserve a corporate culture, values and identity which promote, in employees, a sense of belonging to the company in which they work.

The activation of a level of Corporate Collective Bargaining for production companies is part of this framework; in particular, at Smeg S.p.A. and Bonferraro, this second bargaining level has been active since the 1960s/1970s, making it possible to anticipate contractual provisions only later sanctioned by the industry collective bargaining agreement, by virtue of the company's historical industrial relations.

The level of Corporate Collective Bargaining has also made it possible to introduce, since the early 1990s, the **performance bonus**, which is also linked to achieving objectives relating to safeguarding the environment and health and safety at work (for more information, see "Skills development").

In Italy, with reference both to the production companies and to the commercial distribution companies, 100% of personnel are covered by collective bargaining agreements.

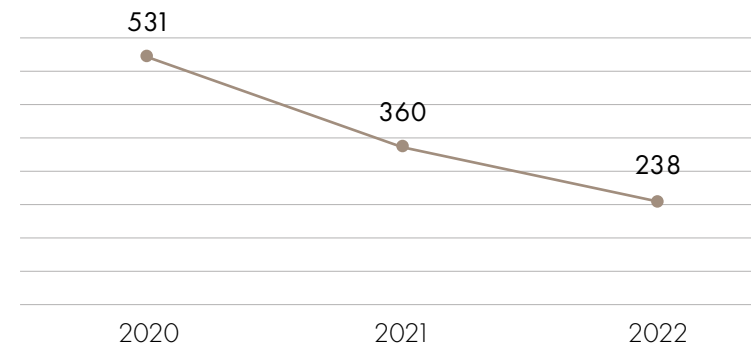
In regards to non-Italian companies on the other hand, in and outside of Europe, only a few companies, in accordance with local legislation, apply the collective bargaining agreements in force in the relative countries.

In addition to direct collaborators, Group companies, to varying degrees, make use of "non-employee" personnel, mainly agency workers or representative agents.

Specifically, temporary workers (agency workers) are mainly employed in production companies (81% in 2022). Fluctuations in the use of agency workers are due to acyclic variations in demand, the tensions and peaks

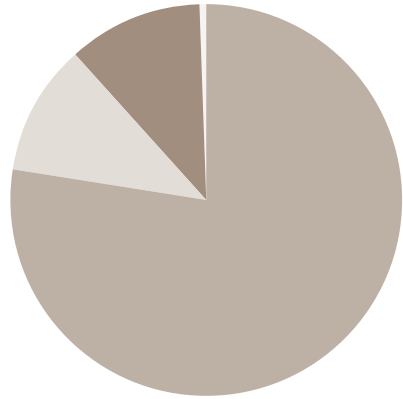
(positive and negative) determined by the availability of components and materials needed in production and for specific product requirements for the market in the period in question. Specifically, in 2022, there was a reduction in production connected to lower product requirements and to difficulties in procurement processes, which led to less need to rely on agency workers compared to the previous two years. This decreasing trend was already visible in 2021, as a consequence of the impacts generated by the Covid-19 pandemic.

EVOLUTION OF THE COLLABORATION WITH WORKERS WHO ARE NOT EMPLOYEES IN THE THREE-YEAR PERIOD 2020-2022 (GROUP)



At the same time, however, it should be noted that many employment relationships which began as temporary employment - or as a fixed-term contract - were later transformed into permanent, open-ended contracts thanks to the numerous internal opportunities for growth.

WORKERS WHO ARE NOT EMPLOYEES, BY CONTRACT TYPE (2022)



- 78% Contracted/interim
- 11% Representative agents
- 11% Interns/trainees
- 0,45% Other workers who are not employees

This includes non-employee workers and representative agents (mainly employed in commercial distribution companies) and young people who work in the Group in the form of curricular or extra-curricular internships or work-experience placements.



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.

Through the reporting system provided for by the Model 231 and, specifically, by the Speak Up and Whistleblowing Policy, personnel - as well as other recipients of the aforementioned documents - may report any incidence of discriminatory or prejudicial behaviour aimed at them or at another person. At the same time, some local companies have implemented specific safeguards which include reporting procedures which are more targeted towards certain non-ethical and unprofessional behaviour. Amongst these, it is worth mentioning, in particular, the "Sexual Harassment Policy" adopted by SMEG South Africa which safeguards the company's personnel from any form of discrimination or harassment based on any aspect of sex or gender. The policy includes guidelines in order to immediately manage a report which might be received regarding behaviour of this type in the workplace.

Smeg South Africa's Diversity and Inclusion (D&I) Policy: the reporting system

In line with that defined internally in SMEG South Africa's Sexual Harassment Policy, whoever - from the company's personnel, its suppliers, customers and any other party who interacts with the company - experiences harassment at work related to their gender identity or sex has the right to make a complaint. For this reason the Policy establishes and implements functional systems which allow such harassment to be handled in a proper, rapid, sensitive and confidential way. Every person is, in fact, safeguarded from any and every form of victimisation or retaliation following a report being made. At the same time the Policy provides for safeguards which protect people from false accusations and ensures confidentiality in any investigation carried out until a decision is made by the competent authority.

Verifying an accusation must, necessarily, consider specific evaluation factors that definitively confirm that the behaviour can be classified as harassment pursuant to the Policy.

In addition to the implementation and continuous monitoring of the reporting system described above, the Policy requires the company's Human Resources Department to adopt every reasonable measure to communicate the contents of the document to all personnel in order to raise their awareness of the need to prevent incidences of harassment linked to sex or gender, of the kind described in the Policy, in the workplace. Within this Department, a Manager has been appointed who is required to have the necessary technical skills to carry out the role. This person is central to the reporting process envisaged by the Policy, since they are the repository of possible complaints and are the facilitator in carrying out the necessary verification activities

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.

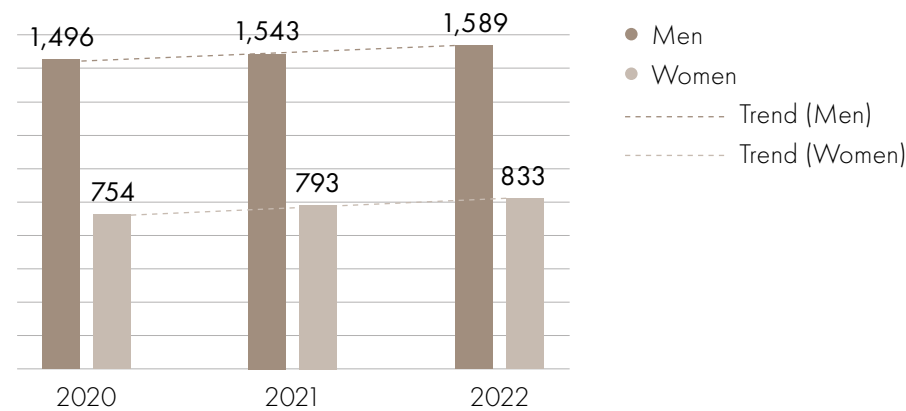
Diversity aspects: gender

With particular reference to the gender aspect, the larger male population in the Group's workforce is partly due to the legacy of the business sector in which manufacturing was, historically, done by men due, allegedly, to the physical strength demanded by such work. However, advances in processes, automation, servo-systems and studies in ergonomics applied to manufacturing have, over time, removed obstacles to employing women, who were once restricted to small parts and precision processing.

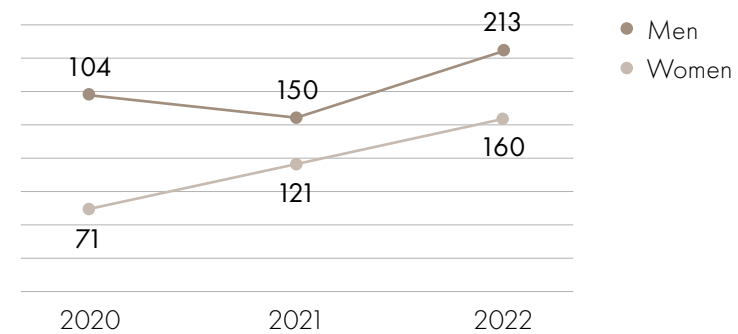
The number of new employees last year demonstrates this increase, with 160 women hired in 2022 at the Group level (+32% compared to new female hires in 2021) – against a total of 373 new hires -, compared to 110 women leaving, equal to 39% of all leavers recorded in the year across the entire Group.

Even with unsolicited job applications, SMEG has witnessed a growth in the number received from women (and particularly new graduates), often greater than the number from men, including with reference to engineering roles (management, mechanical and electrical engineers).

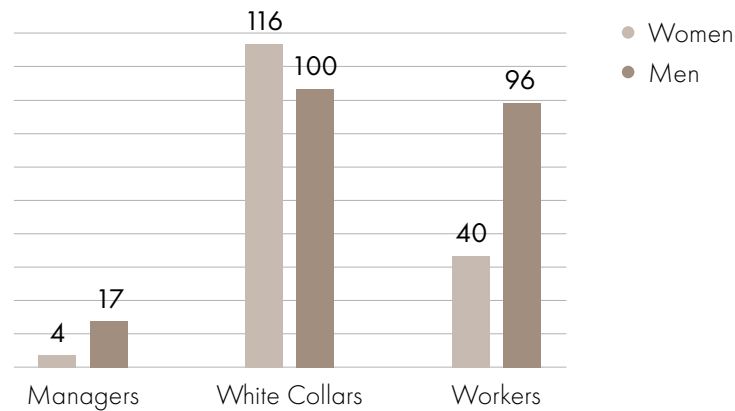
EVOLUTION OF THE COMPANY WORKFORCE IN THE THREE-YEAR PERIOD 2020-2022, BY GENDER (GROUP)



NEW HIRES IN THE THREE YEAR PERIOD 2020-2022, BY GENDER (GROUP)



NEW HIRES IN 2022, BY GENDER AND PROFESSIONAL CATEGORY (SMEG GROUP)



By looking at the people hired in 2022, with reference to the three types of professional category in the Group, more women have been hired in the professional category of White Collars (54% hired in the category), compared to the categories of Managers (19%) and Workers (29%).

In 2022, the Company chose to perform an in-depth analysis of the potential presence of a gender pay gap in the company. For this purpose, it was decided to take a progressive approach to the analysis, starting from reporting the data from the Parent Company and undertaking, in the following years, to enlarge the scope of data collection relating to this indicator.

GENDER PAY GAP, BY PROFESSIONAL CATEGORY (SMEG S.P.A.)



From the data, we can see that there is, in Smeg S.p.A., a slight gender pay gap in the professional categories of White Collars and Workers, with regard to both the basic salary and the total remuneration. The analysis, however, needs to take into account the following aspects which characterise Smeg S.p.A.'s corporate situation:

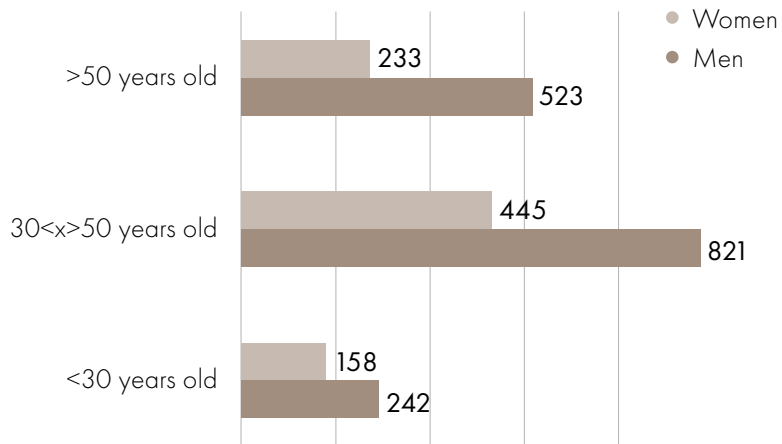
- 87% of part-time contracts are with women;
- at the White Collar level, women work, on average, more overtime hours than men;
- with reference to the Workers category, women work half the number of overtime hours that men do and with regard to unpaid time off, take, on average, 41 hours which is equivalent to almost double the time taken by men.

Within the Managers category, however, the numbers calculated with reference to both aspects of the analysis are higher for basic salary and total remuneration for women compared to men, thus highlighting the absence of any gender pay gap.

Diversity aspects: age

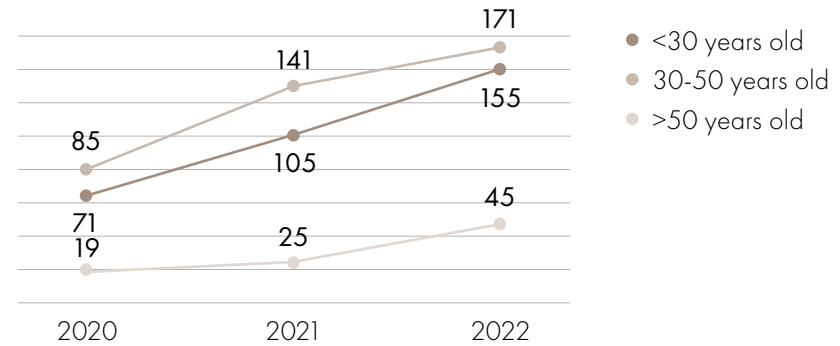
With reference to age, on the other hand, at the Group level in 2022, the corporate population is mainly concentrated in the 30-50 age bracket (52%).

DIRECT GROUP COLLABORATORS, BY AGE GROUP AND GENDER (2022)



Among the new hires in 2022 there was a significant increase, at the Group level compared to 2021, in both new hires over 50 years old (+88%) and new hires younger than 30 (+48%).

NEW HIRES IN THE THREE-YEAR PERIOD 2020-2022, BY AGE GROUP (GROUP)



Diversity aspects: vulnerable groups³

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 2022, a total of 169 Group personnel were counted among the protected categories (100 in 2021), of which 108 belonged to the Workers professional category.

It should also be noted that, with reference to Smeg South Africa, also covered by the vulnerable group category are people known as "Employment Equity (EE) Candidates", i.e. those people who come from certain ethnic backgrounds which were previously disadvantaged under the apartheid regime. Local legislation requires companies to achieve specific numerical targets of EE resources within their workforce.

³ In line with the definition given in GRI Standard 405-1 *Diversity of governance bodies and employees*, the term "vulnerable groups" means "people who live with some sort of condition or who have some specific physical, social, political or economic condition. This condition or characteristic places the group at a higher risk of suffering a burden, or at a risk of suffering a disproportionate burden of the social, economic or environmental impacts of the organisation's operations. Vulnerable groups can include children and the youth, the elderly, people with disabilities, ex-combatants, the internally displaced, refugees or returning refugees, HIV/AIDS-affected households, indigenous peoples, and ethnic minorities".

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.

Further elements which constitute the Group’s *Employee Value Proposition* are the guarantee of a broad corporate organisation, the international openness and the

breadth of the Group’s offering, which allows the Group’s personnel to develop their skills in different production areas, product times and business lines.

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

However, in recent years, the Group has also been affected by the crisis linked to the difficulty in finding specialist personnel, especially within its own regional catchment area, (20 km from any Group location) and with reference to technical roles (for example, electronic and mechanical engineers) as well as management roles due to limited numbers of such resources in the local areas.

In order to increase the attractiveness of working for the Group among local people, several initiatives with local employment agencies have been launched. Added to this is SMEG’s commitment to promoting and improving a work-life balance, having identified a need for this among the workforce, particularly those who hold a white collar position and younger people.

Talent attraction



COLLABORATIONS WITH MAJOR ITALIAN UNIVERSITIES*

- University career days
- Thesis projects / internship in the Guastalla headquarters or in a site outside Italy
- Opportunity to have professional experiences for interns / collaborators from sites outside Italy in the headquarters



AWARDING SCHOLARSHIPS

To combine specific research activities and internship activities that, in some cases, have led to the development of specific technical-scientific activities, including significantly contributing to the development of applications and/or solutions for Smeg products.

* collaborations 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.

To this end, in the last months of 2022, a Smart Working test phase was launched involving one day per work working from home. The positive results from this phase determined the Company's desire to extend this method of working.

At the same time, more training was given to newly hired employees. Specifically, among white collar workers, almost **100% of new recruits have a degree** (mainly in disciplines such as engineering, economics and law); and with reference to operational employees, there was an increase, among the new hires, of people with diplomas, not only in technical disciplines but also in humanities.

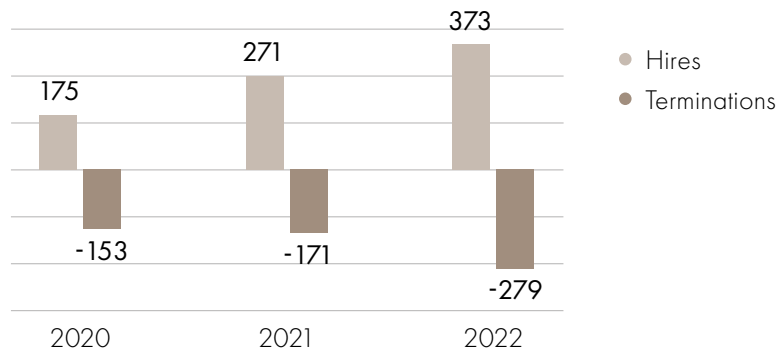
Considering the Group as a whole, in 2022, 373 new hires were made (56% outside Italy and 44% in the production companies and commercial distribution companies in Italy), an increase of 38% compared to 2021.

The incoming turnover rate in the reporting year is approximately 16% (14% with reference to newly hired men and 20% when considering newly hired women).

Turnover for the last three years has, however, also seen a loss of more specialist staff and staff with longer service: this aspect has had an impact, in some cases, in terms of organisational change management.

Specifically, in 2022, 279 people left the company⁵ including collaborators at Group companies. This was mainly through voluntary resignation and retirement and contributed to the outbound turnover rate hitting approximately 12% (11% in the case of men leaving and 14% in the case of women leaving).

NEW HIRES AND TERMINATION IN THE THREE-YEAR PERIOD 2020-2022 (GROUP)



Next steps

	STATUS
Greater flexibility in entry and exit times	●
<div style="display: flex; justify-content: space-between; font-size: 0.9em;"> ● On track ● Work in progress </div>	

⁴ Calculated as the ratio of new hires in 2022 to Group personnel as of 31.12.2021, which is assumed to be a representation of the company's workforce at the start of 2022.

⁵ In calculating the people leaving in 2022, also included are people whose employment contract with a Group company expired on 31.12.2021. Not included, however, are personnel whose contract ended on 31.12.2022 (who will, therefore, be included in the number of people leaving the company in 2023).

⁶ Calculated as the ratio of terminations in 2022 to Group personnel as of 31.12.2021, which is assumed to be a representation of the company's workforce at the start of 2022.

SKILLS DEVELOPMENT

Corporate development requires the **support and enhancement** of people. 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").

With reference to personnel employed at commercial branches outside Italy, training is provided directly on-site and managed independently by these companies. Given that, though, training programmes have also been implemented at every subsidiary aimed at sharing the Parent Company's corporate culture, as well as providing knowledge on products and the production companies. In fact, experiential training is done with new personnel at commercial

companies to whom specific initial training or periodic training is dedicated (see "Communicating with stakeholders").

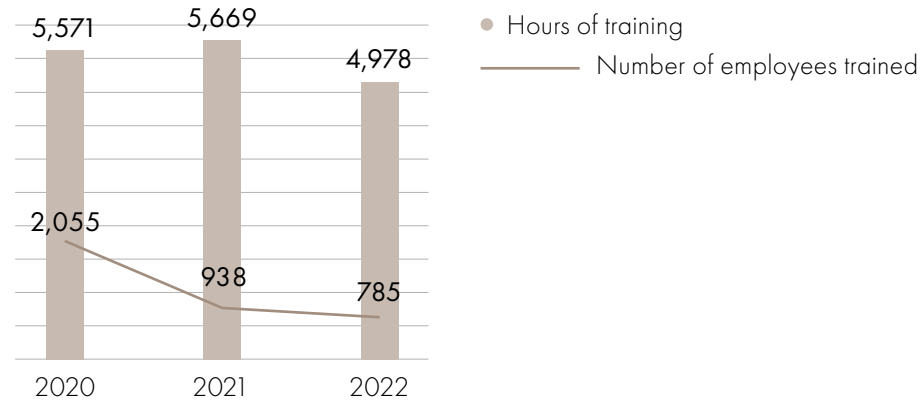
The main training programmes - both mandatory and optional - provided by the Group during the year included:

- the induction training programme for new hires at the Parent Company;
- 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; ;

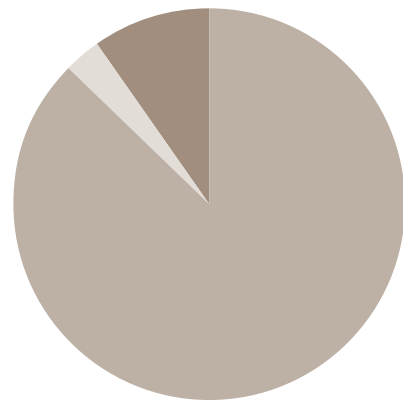
- training on health, safety and accident prevention: general and specific training is provided for all personnel pursuant to Italian Legislative Decree no. 81/2008. Furthermore, first-aid training is also provided for certain people. Finally, depending on the role, dedicated training courses are provided (approximately 5,000 training hours in 2022 at the Parent Company alone);
- enhancement of language skills to support internationalisation;
- technical and professional updates and technical and specialist training (for example, training on commercial matters, an IT course on specific applications, accounting and taxes, HR and wages, logistics and the supply chain);
- refresher courses on the

- continuously evolving industry technical regulations;
- courses on quality;
- training on governance, Model 231, Code of Ethics and anti-corruption;
- training on the management systems adopted and relative updates;
- coaching and leadership activities aimed at managers;
- sustainable marketing;
- digital marketing and social media;
- courses on communicating with customers;
- in-depth courses on products;
- a training course for people regarding apprenticeship contracts.

TRAINING ON HEALTH, SAFETY AND THE ENVIRONMENT IN THE THREE-YEAR PERIOD 2020-2022 (SMEG S.P.A.)



TRAINING ON HEALTH, SAFETY AND THE ENVIRONMENT IN THE THREE-YEAR PERIOD 2020-2022 (SMEG S.P.A.)



- 7,736 Production companies
- 272 Commercial distribution companies (ITALY)
- 839 Commercial distribution companies (OUTSIDE ITALY)

8,847
Total hours of training on occupational health and safety

Managerial training courses

In 2022, management personnel participated in a transversal training course which focused on the strategy and policies to support the growth of the business, including at the international level. The course was organised - having been customised for the Company - in collaboration with SDA Bocconi.

A management training course was then implemented, again customised to SMEG's corporate situation, in collaboration with the Politecnico di Milano. It saw the involvement of various corporate functions and the participation of personnel holding managerial and non-managerial roles.

The training initiative *"Dalla visione ai risultati"* (From vision to results) – provided by Training Meta Bologna – was organised for a number of facilities; another session on public speaking was also held with the same partner.

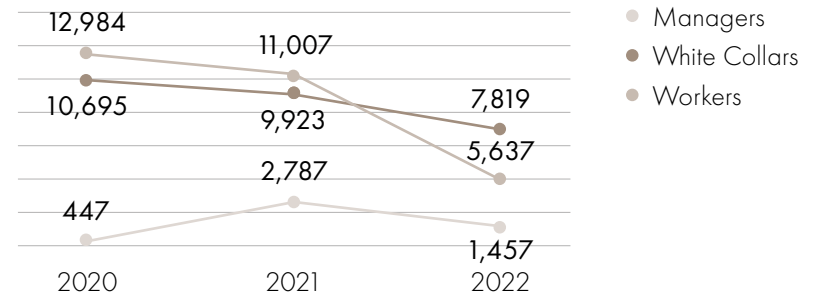
Overall, in 2022, 14,912 hours of training were provided (of which 9,189 hours were at the Parent Company) for personnel at Group companies – or, put another way, 6.16 training hours, on average, per person working in the Group as of 31.12.2022 – down by 37% compared to the previous year.

The **development** of people is also guaranteed through implementation of **job rotation/development** programmes at the international level, which are aimed, in particular, at younger people and/or recently hired people.

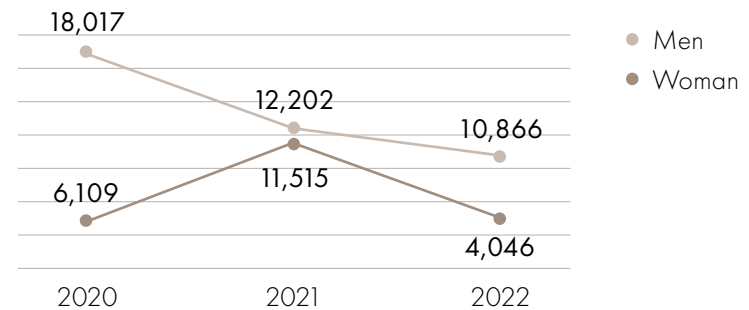
The Group is also committed to ensuring fair, equal, and rewarding remuneration for personnel. A **Management by Objectives (MBO)** system is in place which, for certain functions - mainly commercial/managerial -, involves variable remuneration which is linked to the achievement of preset qualitative and quantitative goals.

Lastly, all personnel in 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 joint 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 personnel of the importance of working together to protect personal integrity and the development of a corporate culture based on the safeguarding of a safe and healthy working environment.

TOTAL HOURS OF TRAINING IN THE THREE-YEAR PERIOD 2020-2022, BY PROFESSIONAL CATEGORY (GROUP)



TOTAL HOURS OF TRAINING IN THE THREE-YEAR PERIOD 2020-2022, BY GENDER (GROUP)



WORK IN SAFETY

In the Group’s corporate culture, health and safety at work is considered a **primary and essential value**. This can be seen in the implementation of specific measures to continuously improve well-being and safety in workplaces, all of which are done in line with the **Integrated Quality, Environmental and Safety Management System**, which is ISO 45001 certified⁷.

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 factories:

- Employer and any delegates;
- Prevention & Protection Service Manager (SPP);
- Prevention & Protection Service Officers (ASPP);
- Workers’ Health & Safety Representative (RLS) ;
- Company Doctors⁸ (MC) (one of which is a “Coordinating Doctor” (Medico Coordinatore) and one is the “Coordinated Doctor” (Medico Coordinato));
- Directors and Supervisors;

- Emergency team officers (first aid, evacuation, fire prevention, etc.).

With reference to the Guastalla location, 4 appointees were made pursuant to article 16 of Italian Legislative Decree no. 81/08, 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. The members making up this team are maintenance workers, specifically chosen because they are people who - being exposed to a higher risk - have to act with the greatest awareness and attention.

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

⁷ Tutte le società produttive del Gruppo, ad eccezione di La Pavoni e Frimed, sono certificate ISO 45001.

⁸ In Smeg S.p.A. sono presenti una decina di rappresentanze sindacali tra le quali vengono eletti tre RLS come previsto da legge, che vengono incontrati sia nelle occasioni formali previste, sia in numerose occasioni informali. Tutte le occasioni sono momento di scambio di informazioni rilevanti in materia di salute e sicurezza dei lavoratori. Inoltre, il dialogo con i collaboratori è assicurato dall’organizzazione di frequenti incontri informali con il RSPP e il Responsabile di Produzione in cui vengono comunicati obiettivi, risultati e iniziative.

⁹ Il nuovo MC è stato nominato nel 2022.

¹⁰ L’ultimo delegato è stato nominato a dicembre 2021.

the Risk Assessment Document (DVR), which is regularly updated. Supplementary assessments and additional activities are performed in reference to more critical situations such as, for example, people with physical restrictions or people who take longer to learn (people who speak a different language).

Any new risks associated with the various tasks are also assessed and identified through medical check-up - done in the presence of a company doctor - at least once a year in each department, production or otherwise, as provided for by an internal protocol. The health protocol prepared by the MC provides for people to be closely monitored, especially those people working in production departments, in order to monitor their health. The department heads, together with the MC and the SPP, meet on a weekly basis to discuss the suitability opinions given for people to perform a particular job and where to place people who

have an emerging health issue. In addition to this, ergonomic assessments are done periodically on workstations in order to prevent muscular-skeletal issues from developing.


Every employee and outside worker is informed of and trained in the use of the various instruments made available to report hazardous situations and to make suggestions on how to improve safety standards in the workplace. Any person may contact the SPP directly using a dedicated email to report any further hazardous situations. In the case of Bonferraro, there is also the opportunity for employees to access an online portal to make reports or to propose improvements to safety.

In order to address and to limit the unavoidable risks to which people in production departments are exposed, every person has access to suitable Personal Protective Equipment (PPE) (for example, safety shoes, protective gloves, eye

protection, etc.) and the correct use of such equipment is monitored constantly.

At the Guastalla facility, the MC attends at least 4 times a month in order to carry out health monitoring activities and is also available to collaborators working for the Company. With the arrival of the new MC, along with the Coordinating Doctor, it was possible to launch **an initiative to improve and streamline the health monitoring activities**, as well as the **prevention of occupational diseases**, thanks to a more effective scheduling of the health visits. In addition to the scheduled health visits, each worker is able to request an appointment with the MC through a specific form which is to be sent, in a timely manner, to their manager and the SPP.

In the course of the year, following a course for auditors dedicated to the SPP, an internal audit was initiated in the various departments of the Guastalla site.

 With specific reference to the subcontracts – about 150 external personnel enter the San Girolamo site each day – the Company began **recording the documents requested from subcontracting firms** through a specific management system that facilitated the implementation of an **acceptance system for external workers to enter the site** on the basis of the documents delivered. Some of the documents requested from subcontracting firms are listed below: company registration report, DURC (the employer's certificate of social security contributions)/DUVRI (the unified report on the assessment of risk and interference), lists of workers and equipment (including for maintenance), opinion on the suitability of the workers to perform the tasks allocated to them, certification of training (including specific training), list of the chemical substances used, a subcontract authorisation request to be signed by SMEG.

Social requirements and, specifically, health and safety at work requirements, for Group suppliers

As part of the contractual documentation shared with suppliers of the Group, suppliers are required to:

- act in compliance with the applicable industry **occupational health and safety**¹¹ legislation, assuming responsibility for any damage or injury to its personnel that occurs during the performance of the service;
- properly fulfil their **contractual, social security and insurance obligations** with regard to their own personnel.

Annually, the Group aims to achieve the **goal of zero accidents** – something achieved by Apell and La Pavoni in 2022 - and **zero occupational diseases**, by paying attention to the implementation of every measure that is technical and economically possible in order to prevent an accident or disease from happening. The importance of this goal is further emphasised by the fact that the theme of safety has been included as an important part of the Performance Bonus.

Furthermore, the **Employer is required to report on this matter to the BoD twice a year.**

Specifically, in the year covered by this report, 4 accidents were recorded at the San Girolamo (Guastalla) facility with reference to direct collaborators working at the Company (there were 5 accidents in 2021).

The Bonferraro facility recorded the highest number of workplace accidents – without serious consequences – against collaborators working at the company (10 accidents in total), mainly cuts, sprains and crushing incidents.

As a result of the accidents recorded, **immediate and long-term corrective actions** were taken. Specifically, the health protocol was modified, an update was made with regard to electrical risk, more stringent checks

were implemented and a **training programme aimed at every worker in the facility** was organised – including with the important involvement of the MC – during which the results and events of 2022 were brought to the attention of the attendees and a specific explanation of the accidents and injuries was given. **13 displays were installed** at the facility and the aim was to emphasise and promote the main things to be aware of in terms of occupational health and safety, quality and correct/incorrect behaviour in order to constantly raise and increase the awareness of operational personnel. With reference to Bonferraro, specifically, new equipment was installed to reduce the biomechanical load and mechanical protection systems were installed and improved on moving parts during maintenance.

Still at the Bonferraro facility, operating instructions, posters, video messages were published in order to spread a culture of safety, in addition to a “*safety corner*” in the various departments to discuss and assess reports of any hazards or potential issues regarding worker safety.

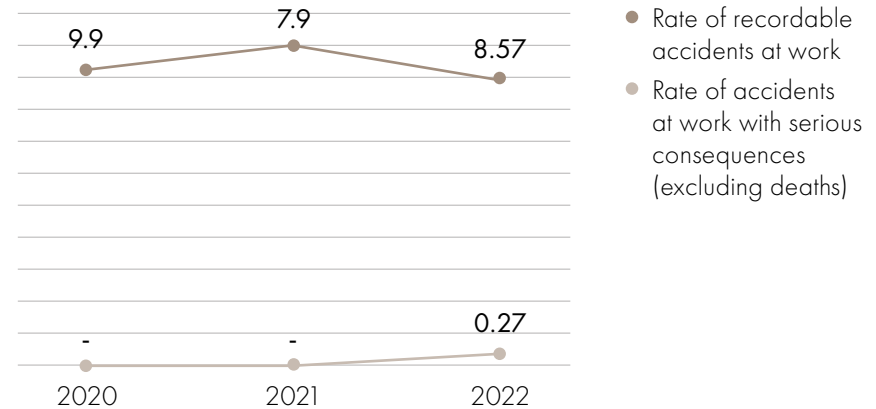
Another 3 accidents were recorded involving external staff working at the Parent Company and at Bonferraro (2 at Guastalla and 1 at Bonferraro).

¹¹ Leg. Dec. 81/08

At the commercial distribution companies, in the course of the year, 2 accidents were recorded (there was 1 accident in 2021) which involved two Verinox collaborators who suffered a fracture and a torn muscle due to carelessness. At companies outside Italy, on the other hand, 17 accidents¹² were recorded (there were 12 in 2021) and were mainly due to handling heavy weights in warehouses, testing activities and product repair work, falls and cuts. In France, there was a collision between an employee and the forks of a forklift truck as a lorry was being unloaded. The incident, fortunately, was not serious for the person involved.

This follows the general trend of accidents recorded in the three-year period with reference to Group employees.

ACCIDENT TREND IN THE THREE-YEAR PERIOD 2020-2022
(DIRECT COLLABORATORS, GROUP)



Finally, with reference to occupational diseases, it should be noted that, in 2022, Smeg S.p.A. received a report of a suspected occupational disease, which was not accepted by INAIL (the Italian National Institute for Insurance against Accidents at Work).

Well-being and quality of life

Programmes 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.

¹² At Smeg Australia, Smeg Germany (travelling between work and home), Smeg France, Smeg Mexico, Smeg UK.

Type of benefit	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)
Health insurance/assistance ¹³	✓	✓	✓
Professional and extra-risk accident insurance (discretionary benefit) ¹⁴	✓		
Life insurance cover ¹⁵	✓	✓	✓
Parental leave ¹⁶	✓	✓	✓
Contribution to supplementary pension funds of contractual categories ¹⁷	✓	✓	✓
Disability/invalidity insurance cover ¹⁸	✓	✓	✓
Ancillary benefits (e.g. shopping vouchers, company car, fuel vouchers, Christmas gifts, public transport agreements)	✓	✓	✓
Extraordinary leave for precautionary purposes connected to Covid-19 or possible Covid-19 situations ¹⁹	✓		
Meal vouchers ²⁰		✓	
Affiliated after-school and summer camp services ²¹	✓		
Additional leave available in 2-hour groups for preventive medical appointments or vaccinations ²²	✓		
Specialist medical services for diagnosis and prevention of oncological diseases ²³	✓		

¹³ 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 Apelli; "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 vision insurance), Smeg UK (the Perkbox rewards programme - a corporate welfare platform - is also envisaged for every employee, including a medical option with access to a

general practitioner and a consultant), Smeg Portugal, Smeg Ukraine, Smeg France, Smeg South Africa (50% contribution to cover medical expenses and 100% for employees on a low income), Smeg Kazakhstan, Smeg Belgium and Smeg Germany.

¹⁴ For Smeg S.p.A., occupational and extra-occupational accident insurance exceeds the legal requirements and constitutes best corporate practice linked to tasks and roles or to ad personam agreements during the hiring phase.

¹⁵ Life insurance cover for Smeg S.p.A. personnel covered by the Executives' collective agreement, without tax burdens on and personal contributions from those entitled to it. The company SD Lazio on the other hand resorts to 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 personnel 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 personnel).

¹⁶ In addition to that required by law, at the national level, the following 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 personnel; 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.

¹⁷ For the production companies, all eligible persons, and subject to individual adhesion, are entitled to contribute to the supplementary

pension funds of the contractual categories (Cometa for the Engineers' collective agreement, and Previdai for the Industrial Executives' collective agreement)

¹⁸ Recognised by Apelli, SD Lazio and, outside Italy, by Smeg Poland, Smeg USA, Smeg UK, Smeg Netherlands (first year, 100% coverage; second year, 70% coverage and third year, maximum coverage of 70%, based on the percentage of invalidity), Smeg Portugal, Smeg France and Smeg South Africa.

¹⁹ Provided by Smeg S.p.A.

²⁰ Provided by Smeg S.p.A.

²¹ Provided by Smeg S.p.A. for school-age children of personnel, in order to better reconcile work and family needs at certain times of the year.

²² Provided by Smeg S.p.A.

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.

The Parent Company has an HR portal, introduced a few years ago, with a section dedicated to corporate welfare, allowing personnel to benefit from a series of agreed services (so-called flexible benefits, as per the collective bargaining agreement), as well as to apply for various types of rebates (school, health, welfare, tourist services, sports services and transport), and to 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 personnel to opt for the total or partial conversion of performance bonuses, where compatible for compliance with tax regulations, "paid" by the company with welfare vouchers.

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 agreement²⁴.

Furthermore, from 2022 – with validity starting in 2023 – for Smeg S.p.A. employees, an extension to the level of supplementary pension contributions was introduced with a company contract, as provided for by the collective bargaining agreement, for all newly enrolled people aged under 35 (2.2%) and all new members who personally pay 2.2% into the fund.

Monitoring the initiatives promoted and the activities carried out, including experimental ones, in terms of corporate welfare is also guaranteed through the use of the corporate joint trade union representation (*Rappresentanza Sindacale Unitaria*) with checks and an assessment of the degree to which those people who use the welfare services and initiatives are satisfied.

Also fundamental is the prevention and early diagnosis programme for various types of oncological disease which was launched by the Company in 2016. Thanks to the collaboration with the Reggio Emilia section of LILT, personnel have the opportunity of a **free screening courses in the company**.



²⁴ Maximum 4% of full-time workforce.

Appointments take place - on a voluntary basis - in the facility's medical area and cover the prevention of breast cancer, melanoma, prostate cancer (from 2021) and cardiovascular disease (from 2022).

It should also be noted that the Company collaborates with the **Susan G Komen Italia** organisation. This, too, is focused on raising awareness of breast cancer prevention (see "Shared value", in Chapter 3).

Lastly, a **cigarette smoking 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 explicitly regulated in the Group's Code of Ethics.



5

THE ENVIRONMENT

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CHAPTER PRESENTATION



GRI 2-27, GRI 3-3, 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

MATERIAL TOPICS

- Action for the climate
- Waste
- Energy impact on production sites

REFERENCE STAKEHOLDERS

- Suppliers
- Collaborators
- Community and region/Public Administration

RISKS

- Generation of environmental damage from company activities, resulting in business interruption, damage to the corporate image and administrative or criminal sanctions for the Group.
- Increase in the exposure to regulatory constraints and relative operating costs if the carbon footprint is not reduced.
- 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.
- Longer journey times for logistics as a result of choosing more sustainable transport solutions (sea, intermodal).

OPPORTUNITIES

- 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.
- 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.
- Greater interaction with customers in order to avoid multiple steps of intermediate information.

POLICIES, PROCEDURES AND OTHER RELEVANT DOCUMENTS

- Quality, the Environment and Safety Policy
- Code of Ethics
- Model 231

IMPACT ALONG THE VALUE CHAIN

The Group's core values include a constant commitment to safeguarding and protecting the environment. This attention is expressed in the strict monitoring of the impacts generated, with a view to continuous improvement in terms of both the efficiency of how resources are used (materials, energy, water) and the virtuous management of waste.

At all of the Group's production companies, with the exception of La Pavoni, a certified **Environmental Management System** is in place in accordance with **ISO 14001**.

With respect to people and the environment and in assuming responsibility towards customers, collaborators, suppliers and the wider community, the Group's commitment to safeguarding the environment is aimed at:

- meeting and exceeding regulatory, legal and statutory requirements, adopting all prevention and protection measures to reduce risks to the environment, whilst also taking into account the surrounding communities;
- reducing the environmental impact at all stages of production and a product's life:

- during the stages of design and of purchasing raw materials and semi-finished parts (for more information see "Procurement and use raw materials", in Chapter 6), in the consumption of energy, water and, in general, non-renewable resources, and in the placing of products on the market, minimising product waste, atmospheric emissions and water discharge;
- introducing new technologies with a view to continuously improve production efficiency and the related consumption of resources;
- designing products in

- compliance with applicable regulatory requirements and building factories in an environmentally friendly way;
- increasing the sense of responsibility of workers with regard to environmental issues. In fact, the sense of responsibility towards Quality, Safety and Environmental aspects is considered an integral part of each person's job.

The production plants¹ are also subject to the **Single Environmental Authorisation (AUA)**, with regard to atmospheric emissions, water discharge and noise pollution.


¹ With the exception of La Pavoni.

Over the last 10 years, a number of improvement 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.

Of particular note for the San Girolamo site is the elimination of pickling, purifying and hot gluing. This has made it possible to eliminate emissions of heat and formaldehyde.

As evidence of the Group's specific focus on the environment, the following commitments are noted:

- the “built-up area of the total area” ratio was maintained at less than 30% thanks to the many green areas with numerous species of tree, which harmonise the site's landscape and reduce the carbon footprint of production activities;
- the percentage of waste sent for recovery was maintained at over 95%² in recent years.

 With reference to the Group's indirect environmental impacts, it should be noted that all contracted suppliers are required to comply with current regulations regarding safeguarding the environment and managing waste. During audits performed by SMEG at supplier companies, their responsibility, in terms of safeguarding the environment, is analysed in depth. Some elements of this analysis look into whether the company is subject to any environmental authorisation, whether the use of energy and raw materials is done on the basis of criteria of rationality and efficiency, whether the supplier has implemented a certified environmental management system, and whether the supplier has prepared a programme to improve the environmental impacts generated by their operations.

² Bonferraro also kept the percentage of waste sent for recovery at over 95%.



CARBON FOOTPRINT

Increasingly aligning with the principles of environmental sustainability requires a constant commitment from every member of the organisation. That is why, over the years, environmental projects have been launched - in Italy and abroad - with the goal of adding the Company's contribution to the global strategy against climate change and to protect the planet.

Measuring the Company's impacts on environmental matrices - energy, water, emissions, waste – represents the first step in this direction, not only towards greater awareness of these issues but also, and above all, towards a strategic management approach which involves defining clear objectives and targets that are measurable and achievable.

Direct and indirect energy consumption

In 2022, the Group's total energy consumption was equal to 191,459.45 GJ (210,628.63 GJ in 2021), of which 29% from renewable sources (28% in 2021). Energy intensity³ is equal to 0.00021, a figure essentially identical to that of 2021.

³ Calculated using the following formula: [Total energy consumption (GJ) / Revenue from sales and services (€K)].

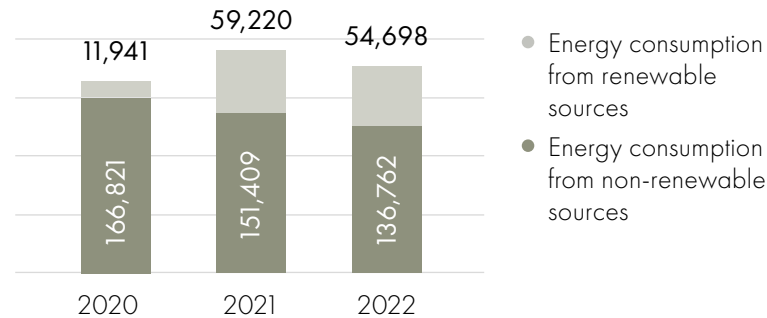
SMEG France's Climate Contract

SMEG France's commitment to a robust approach to sustainability is seen in the contract it signed in July 2022 on the climate. This contract lays out the various measures that the company will take in 2023 in order to contribute to achieving the sustainable development goals such as, for example, reducing printing on paper and increasing communication on the sustainability of products.

Specifically, there are two parts to the climate contract:

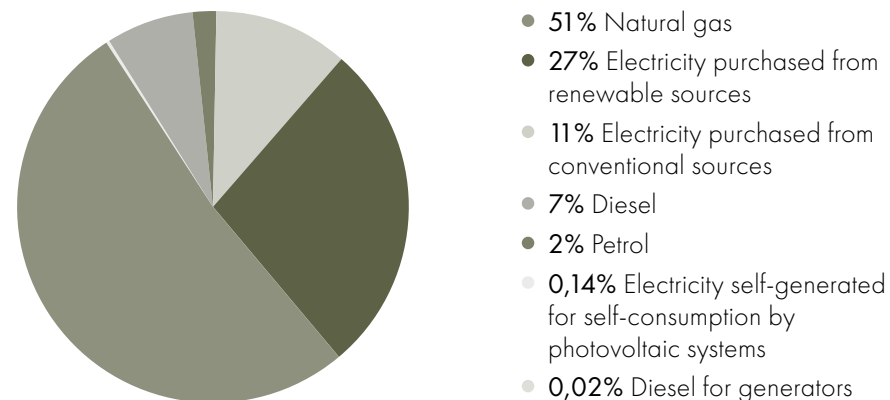
- the **transversal contract**, which involves high-level objectives which apply to every signatory organisation. In this sense, the commitments shared by each signatory focus on promoting products and services having a reduced environmental impact (climate, resources and biodiversity) and on reducing commercial communications relating to products which, on the other hand, have a negative impact on the environment. Also envisaged are objectives involving the adoption of responsible production and consumption behaviour, raising the awareness of such matters with personnel and providing training for them (with specific reference to the challenges of the ecological transition in commercial communications) and other commitments aimed at promoting and supporting the ecological transition;
- the **sector contract**, which contains sector-specific objectives and key performance indicators (KPIs) which assess how well the objectives are being met. Among these, of particular note is the product reparability index, the increase in communications regarding highly energy efficient products, the increase by 10% of advertising dedicated to products with an extended repair guarantee (for, example toasters and kettles). Other KPIs cover raising awareness of responsible consumption models in the company's commercial communications, reducing the impact derived from using printed paper (by reducing the amount of printed paper used and moving to FSC-certified paper), promoting the use of energy from renewable sources with regard to personnel (for example, by installing electric recharging points for hybrid/electric cars), implementing rainwater recovery systems.

GROUP ENERGY CONSUMPTION, BY TYPE OF CONSUMPTION, OVER THE THREE-YEAR PERIOD 2020-2022 (GJ)



The main energy sources used by the Group are:

THE GROUP'S ENERGY MIX (2022)



- **Methane gas** for use in the production process - in particular to operate the enamelling kiln - and to air-condition rooms. With reference to the site at Guastalla, in order to optimise consumption, use is made of a reducer cabin which allows for greater efficiency in the production process. In 2022, production companies and Tesec S.r.l. signed a gas supply contract which provides for the emissions generated by the related consumption to be offset by cancelling VER certificates⁴. Specifically, the offsetting project was implemented in the Marmara Region in Turkey and covers the "run-of-river" hydroelectric plant at Dogancay (30.24 MW)⁵;
- **Electricity** for the production process, lighting, and air-conditioning of the rooms in summer. It should be noted that photovoltaic systems have been installed at four of the Group's operating companies and at some commercial companies outside Italy (Smeg Belgium and Smeg UK). Part of the energy produced is used by the company with the remainder directed to the national grid.

The remaining electricity needs of the production companies is met by a consortium of suppliers⁶ which, in the reporting year, guaranteed that 73.3% of the energy purchased came from certified renewable sources. In fact, starting from 2022, supply contracts for electricity from certified renewable sources, with Guarantees of Origin being issued, have been signed. SMEG Germany, SMEG UK, SMEG Spain, SMEG Netherlands and SMEG Singapore have also signed supply contracts for electricity from renewable sources.

⁴ It should be noted that offsetting CO₂ related to the consumption of natural gas in the 4th quarter of 2022 for Smeg S.p.A., Apell S.p.A., Bonferraro S.p.A., La Pavoni S.p.A. and Tesec S.r.l.

⁵ The hydroelectric project will be recorded in 2023 as a voluntary emissions reduction project under the Voluntary Carbon Standard, thus enabling its implementation through the co-financing of the carbon market revenues.

⁶ Apell, La Pavoni and Smeg obtain their electricity from the same consortium whilst Bonferraro uses a different consortium.

Photovoltaic systems



With regard to the production companies, it should be noted that the photovoltaic system at the Apell site is currently able to meet approximately one quarter of the facility’s total electricity needs – resulting in savings of around 130,000 euro per year in the costs associated with the site’s energy consumption – and further expansion of the system is planned for 2023.

At La Pavoni, the system installed contributes to approximately 30% of the site’s total needs.

At Guastalla, the latest generation photovoltaic system installed on the roof was expanded in 2022 to 1.9 MW (including 28 kW installed previously) which is able to ensure savings in electricity taken from the national grid of approximately 30%.

This system was connected in February 2023, the year for which the second

photovoltaic system is planned with the goal of saturating the receiving capacity of every suitable roof. The second system will be able to supply a further 0.6 MW of electricity to the site to reach a total amount of 2.5 MW of electricity generated by the photovoltaic panels. Specifically, with the second installation, the Company will be able to obtain a net recovery from the withdrawal of electricity from the national grid of approximately 35-36%.

The installation of a latest generation photovoltaic system was completed in 2022 at Bonferraro (1.6 MW), which came online in May 2023. With the current photovoltaic system, Bonferraro is now able to produce and consume approximately 20% of its total electricity needs. Furthermore, a feasibility study is looking at adding another 600 kW to increase the production of the photovoltaic system by 7%.

The systems installed at these two sites today – made possible thanks to the partnership with Enel X signed in 2021 – are made up of about 9,000 photovoltaic modules equipped with string inverters and power optimisers which can monitor the performance of each panel.

Overall, each year, 4 GWh of energy is expected from these installations, leading to a reduction in the average consumption of the two plants by approximately 28.5% and avoiding the release into the atmosphere of 28,000 tonnes of CO₂ from Guastalla and 19,000⁷ tonnes from Bonferraro over the next 25 years.

With reference to the commercial companies, Smeg Belgium (2012) and Smeg UK have installed photovoltaic systems: specifically, in the case of Smeg UK, in 2022 the system generated 39,240 kWh of electricity and in 2023 this figure is destined to double thanks to the installation of new photovoltaic panels.

Photovoltaic systems are scheduled to be installed at the Tesec and Smeg Australia facilities next year.

⁷ Data is calculated by excluding the future expansion of the photovoltaic system.

Given the above, at the Group level, in the year covered by this report, 72%⁸ of the electricity consumed came from renewable sources (4.24% self-generated through solar panels);

- **District heating** used at SMEG Germany;
- **Fuel** (diesel and petrol), used for the company's fleet of cars and generators.

Energy efficiency at Group locations

The implementation of energy-efficiency initiatives with regard to its direct operations will enable the Group to reduce the emission impacts of its activities, as well as to generate long-term economic savings associated with the reduction in energy consumption.

The following initiatives have been taken at production sites and some commercial distribution companies:

- **Optimisation of the hours when plants and installations are turned on** - in spring/autumn months, the cooling systems are turned on later/turned off earlier;
- **Regular maintenance of plants and systems** - a programme of regular maintenance is followed to ensure constantly high performance;
- **Relamping** - specifically, SMEG is implementing the progressive replacement of existing lighting with continuous lighting LED systems. Outside lighting is already completely LED, whilst inside buildings, this operation is scheduled for completion in 2023. Similar measures have also been implemented at Apell and Bonferraro. Verinox, SMEG Germany, SMEG Belgium and SMEG Singapore also use LED lighting. In 2022, Tesec replaced its halogen lighting with LED lighting at its administrative offices. In the same year, SMEG

- France launched a project to look into replacing its lighting system with an LED one for its warehouse and offices in Corbas. This project is currently awaiting definitive validation. And in 2023, SMEG Australia will move to highly energy efficient LED lighting with intelligent control;
- **Actions to reduce the consumption of electricity from transformer stations** - at the Smeg S.p.A. 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 any specific actions necessary to make processes more efficient;
- **The efficiency of inverters and air conditioning systems** - Bonferraro has installed inverters on the motors of the production

plants and systems as well as air compressors resulting in consumption savings of 5%. As for **SMEG**, every new plant or system is equipped with an inverter. Inea, from 2022, has advised all offices of the minimum and maximum office temperatures to use when cooling and heating and has delayed the date on which air conditioning systems are turned on. SD Toscana has also paid specific attention to the use of air conditioning systems and, thanks to a more prudent approach to electricity consumption for lighting and cooling, reduced its related consumption by 5,597 kWh in 2022. Outside Italy, SMEG Singapore has adopted an energy efficient air-conditioning system, which saves around 20% compared to previous, less efficient models. In 2022, SMEG France chose to lower the temperature of the cooling system in offices by 2°C – with consequent reductions in

⁸ It should be noted that the percentage figure does not include Smeg UK's consumption of electricity from renewable sources due to the impossibility of being able to collect precise data; this explains why the percentage of electricity from renewable sources did not increase in 2022 compared to 2021 despite the initiatives implemented or launched.

electricity usage – and by 3°C for the reserve temperature of the sprinkler anti-frost system for increased efficiency in its consumption of natural gas. Finally, in 2022, SMEG Portugal moved to turn off the air circulation system automatically;

- **Progressive replacement of older central heating systems** - In 2014, Smeg S.p.A. started to replace older central heating systems and, potentially, to update the distribution systems. The performance of the central heating systems is monitored by a specific management system that ensures continuous control of their efficiency. Bonferraro, too, launched a project to completely update the plant's central heating system. This project involves, in autumn 2023, the installation of the latest generation condensing boilers in place of those using traditional technology..
- **Actions to reduce the environmental impact caused by the use of the company's fleet of vehicles** - various initiatives have been taken in this regard, starting with the progressive replacement of diesel vehicles with hybrid or electric alternatives.

Company	Corporate fleet
SMEG Portugal	3 diesel vehicles were replaced with hybrid cars and the replacement of 2 further cars with hybrid models is planned, as is the purchase of a new hybrid vehicle.
SMEG Belgium	To the 7 hybrid vehicles in the company's fleet, 2 full electric cars were added in 2022.
SMEG France	The move to hybrid vehicles is under way.
SMEG Netherlands	2 hybrid vehicles were purchased in 2022.
SMEG Ukraine	In 2022, after the expiry of the leasing contract, the company started leasing hybrid vehicles instead of petrol or diesel ones.
SMEG Australia	The company has started to adopt hybrid/electric options for new company cars.

SMEG Germany, however, has chosen not to use large vehicles (e.g. SUVs) and in SMEG UK (at the Abingdon and Portsmouth offices) 26 recharging points have been installed for electric cars that customers and company personnel can use now and in the future. In the year covered by the report, 2 recharging points were installed by SMEG France, at Mont Saint Aignan, for electric and hybrid cars.

With regard to Smeg S.p.A., two double-entry recharging points (11 kW each side) are to be installed (planned in 2022 but which will take place in 2023) and will be made available to personnel working at and/or visitors to the San Girolamo plant.

In addition, at Smeg Singapore, a decision was made to offer personnel a car sharing service, to be used during the lunch break and at the end of the working day. It is estimated that this initiative will save about 480 litres of petrol per year.

Finally, with reference to the subject of logistics, it should be noted that, in 2022 in France, a progressive replacement process of forklift trucks for fast-

charging electric ones was initiated. Furthermore, a proposal was made to extend contracts to 36 months for reconditioned forklifts, thereby eliminating the need to request new ones every 2 years;

- **Sustainability of offices** - Smeg Germany, in 2013, obtained LEED (Leadership in Energy and Environmental Design) Gold system Sustainability certification. Additionally, in 2022, Smeg Australia moved to its new offices which have more modern, sustainable features.

Added to these initiatives is the constant effort to raise the awareness of people working at Group companies in order to avoid wasting energy and to have people think about saving and optimising their use of energy.

Next steps

	STATUS
Progressive transition of commercial companies in Italy and outside Italy to energy supplies from renewable sources	●
Further expansion of the photovoltaic systems at Guastalla and at the Apell site in 2023	●
Installation in 2023 of an 85 KW photovoltaic system on the roof of the Tesec shop in Guastalla	●
Search for solutions to store/recover electricity produced by the photovoltaic systems, for example, by establishing energy communities in collaboration with the Municipalities involved	●
Installation of electric charging stations at Guastalla in 2023	●
Assessment of whether to install timers to ensure that the company's electric vehicles (forklifts) are charged on Saturday mornings with the electricity produced by the on-site photovoltaic systems, in order to avoid wasting this electricity	●
Completion of a feasibility study into the expansion of the photovoltaic system at Bonferraro for 600 kW to be built in 2024	●
Implementation and completion of the energy efficiency operation to replace the central heating system at Bonferraro with new boilers equipped with a heat recovery system, high efficiency pumps and a continuous monitoring system	●
Installation of electric charging stations for vehicles at the Bonferraro site	●
Completion of the replacement of lighting fixtures with LED systems in the Bonferraro plant, laboratories and offices	●

● On track ● Work in progress

The impacts related to logistics

Incoming transportation and distribution activities managed by production sites mainly concern the procurement of raw materials, semi-finished products, components, finished products and packaging phases.

Generally, goods purchased from Italian suppliers are transported by road or via intermodal transport solutions⁹.

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:

- transport by sea for certain routes that have historically been done by land or intermodal

means (such as Spain – where, in 2022, transportation will be done both by land and by sea - and the United Kingdom);

- intermodal means for routes that were previously only done by land (such as Northern Europe and the United Kingdom).

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.

2022 featured widespread trade instability, including the shortage of supplies. That is why SMEG tried to optimise routes and shipments of goods from the warehouse.

The complexities encountered in procurement also led to an increase in freight costs – including to China – as well as an increase in the cost of diesel which caused some interruptions in road transport.

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.

The Company uses air transport for shipments of spare parts 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.

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).

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 pick-up points. In Italy, transportation is mainly done by road, due to various structural difficulties connected to intermodal means of transport and in such a way as to be able to ensure quick delivery.

Quantifying the emissions resulting from these operations is an important starting point for the Group in order to monitor the issue in a progressively more

⁹ 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.

robust 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. The details regarding the level of Scope 3 emissions linked to inbound and outbound logistics activities is given in "Calculating direct and indirect CO₂ emissions".

Finally, in 2022, SMEG continued developing **software** which will allow – once it becomes fully operational at the end of 2023 – **goods to be allocated more precisely on the basis of actual demand.**

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.

All waste must be properly classified, transported and disposed of. That is why, currently, there is a collaborative agreement with intermediaries who check the best recovery and/or disposal conditions.

The process is put in place in order that micro-collections can be organised within the facility and the contents periodically emptied into specific containers.

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

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



These 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 waste correctly before it is 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 EWC¹⁰ and possible hazard class.

Furthermore, in 2022, the company started and completed a study aimed at establishing a new waste collection point - open from July 2023 – to better manage waste. Specifically, new agreements with suppliers will be made in order to optimise waste flow management and the virtuous separation of plastics and polystyrene. With regard to waste plastic, Bonferraro launched a feasibility study in 2022 into greater differentiation of plastics¹¹ (currently being wrapped up) in order to sign agreements with new suppliers in the first half of 2023.

Recovery and reuse of paper

In one specific case, not limited just to the use of paper but which also involves a commitment to safeguarding trees, Smeg Germany disposes of paper and documents through an ecological company that processes paper. In this way, the company contributes to lower water consumption, lower emissions of CO₂ and lower exploitation of trees. The cellulose obtained from shredding paper into fibre is cleaned and then mixed with virgin cellulose to make new paper. This means that, overall, 100% of the German company's waste paper, meaning documents no longer needed, is reused. In 2022, Smeg Germany was able to contribute to saving 11,484 trees from being felled.

¹⁰ European Waste Code.

¹¹ Obtainable from mixed packaging, EWC 150102.

Smeg Australia, at the Botany site, employs a cardboard baler, a plastic baler and a machine to melt polystyrene for recycling and for minimising general waste. These materials are subsequently handled by third-party recycling companies that collect them and processes them at their respective facilities.

As for packaging, SMEG strives, wherever possible, to use reusable materials such as drawers for wires.

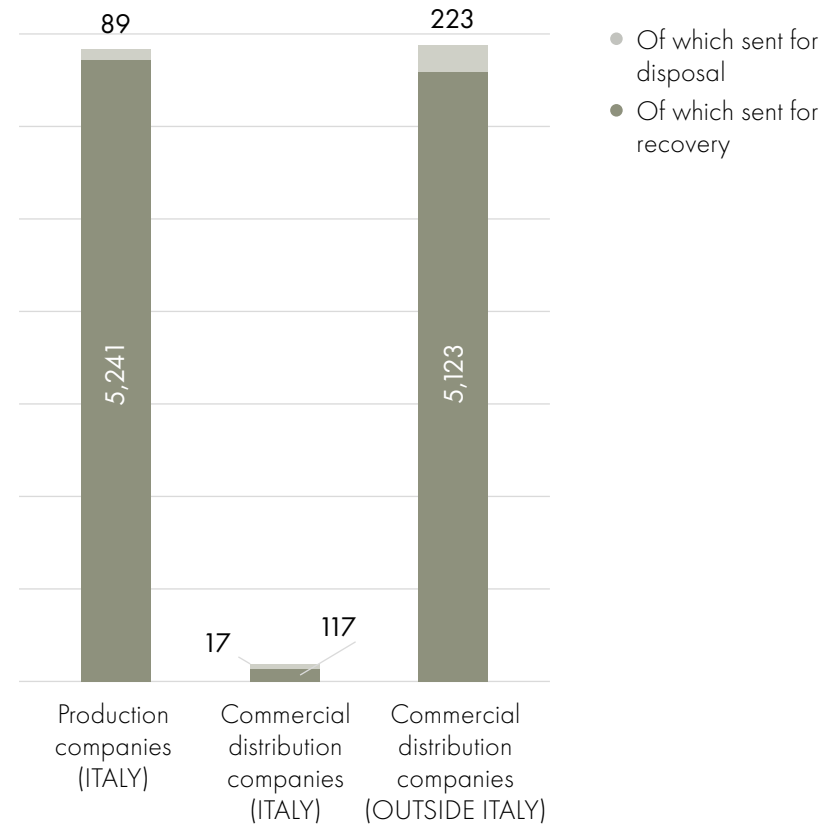
In addition, in the company canteen at Guastalla, a decision was made to abandon drinks in plastic bottles in favour of a centralised dispenser in order to reduce plastic waste. Other companies in the Group decided to install water dispensers to reduce plastic use.

In the case of hazardous waste, however, the means of transportation follows a different path. An annual analysis of the waste is 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.

At Smeg France, products at the end of their life are stored in the company's warehouse until they are collected by an authorised third-party company. The company has also introduced a repair service for end-of-life products (small domestic appliances) in order to reduce the number of products replaced and, consequently, disposed of.

Similarly, Smeg Portugal has implemented specific measures to manage damaged products. Specifically, these are first analysed by the Logistics and Finance Department to see whether they can be repaired or used in other ways (donation, marketing or sales activities at lower prices) and only if they cannot be used in any other way are they sent for disposal. This last option implies the need to inform the appropriate environmental and tax authorities in Portugal through a detailed list broken down by type of all the products to be disposed of. The products are then collected by the partner duly contracted by the company which, in turn, provides a waste disposal declaration.

WASTE PRODUCED BY THE GROUP (TONNES), BY DISPOSAL METHOD (2022)



At the Group level, overall, 10,809.31 tonnes of waste were produced in 2022 (13,806.83 tonnes in 2021), of which over 90% was non-hazardous and 97% was sent to recovery, 2.5% was sent to landfill and 0.6% was incinerated. 49% of waste was produced by the Group's production companies.

Details on the composition of the waste produced are provided in the Annexes to the report (see "Insights").

Specifically, in the production companies, the attention to and focus placed on this process have led to, in the last 10 years, a minimisation of the quantities of waste sent to a generic disposal facility and a proper handling of production waste, maintaining a trend of waste sent for recovery¹² of over 98%.

In the year covered by this report, the Company took further action to find intermediaries who are capable of exploiting the value in waste products, such as waste plastics, compost and electronic components.

Specifically, a project was launched to recover production waste from some product families with a high incidence of waste. This project was undertaken in coordination with the activity performed by the Quality Team relating to the important "Continuous Improvement" project, which involves both every production process and each individual project as well as relationships with parties along the supply chain. This project was also included among the KPIs used for the performance bonus for SMEG employees.

¹² In line with the Consolidated Law on the Environment, this means "any operation whose main aim is to give waste a useful role by replacing other materials which would have otherwise been used to perform a particular function or to prepare them to perform such a function".

Project to reduce production waste

As part of the wider "**Continuous Improvement**" project, in 2022, SMEG launched a project to reduce production waste. The goal was to identify, quantify and reduce the major production waste in order to then minimise its related environmental impact as well as the related costs. The project involved mapping the main clusters of product categories, which then gave rise to a number of micro improvement projects aimed at reducing waste and at obtaining an efficient 360° management of such waste and the reduction of costs.

An analysis revealed that 2/3 of waste is as a result of certain production issues, including the following waste categories: enamelled, glass and user interface cards with a metal component and front glass, or, alternatively, stainless steel. With reference to the enamelled ones, the enamelling process was reviewed and greater focus was paid to the settings, whilst changes were also made to the design of the components. Specifically, certain geometries were modified so that the enamel could flow more easily and completely. There is also the case of non-conforming materials. In this situation, materials are sent back to the enamelling plant and each phase is subjected to specific checks.

With regard, however, to materials (sheet metal), in which certain incorrect nominal characteristics were recorded, preliminary incoming checks have been introduced in order to isolate any defective batches and to identify the supplier in question so that supplies can be pulled from other suppliers.

The "**zero forklifts**" project has also been implemented in order to recover waste from production lines with regard to defective components. The aim is to return these to the supplier, paying particular attention to the handling of them so as not to create any further problems beyond the original non-conformity issue. To perform this activity, a new person was hired (into the Quality Team) who will be responsible for checking that these materials are appropriately packaged.

Finally, also with reference to glass waste coming from production lines, focus is concentrated on better handling procedures to avoid further damaging the materials to be returned to suppliers.

Mention should also be made of the rolling range which involves approximately 1/3 of the range per year. In anticipation of the release of a model from production, the end-of-range quantity needs to be planned. In 2022, this task was done in a more structured way thanks to the creation of a dedicated team that will, in particular, be responsible for:

- recovering components from the warehouse storing obsolete items;
- planning the end-of-range more carefully, including for new models, so that all the components can be used and can be, ideally, eliminated from storage;
- reviewing reference procedures.

Goods Receiving personnel are responsible for checking that the quantities of incoming materials correspond to the company's needs.

With regard to this, it should

be noted that the Group is also attentive to recovering materials used to perform tests.

Last but not least, a working group has been created to focus on new products in production. The group is responsible for checking the potential presence of issues in the final phases of production that could lead to waste being generated. This monitoring allows an upstream filter to be activated of potential components of the waste to be recovered.

Calculating direct and indirect CO₂ emissions

Beginning with the consumption listed above, it has been possible to reconstruct the Group's carbon footprint. 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.

Reference, in particular, is made to the **direct and indirect emissions of greenhouse gases (GHGs)**, for which the following emissions sources have been identified:

- the direct (Scope 1) GHG emissions generated by the consumption of natural gas (methane), in particular, in the operation of the enamelling kiln, by the consumption of fuel by the company's fleet of vehicles, by the escape of refrigerant gases used in the operation of air conditioning systems, and by the consumption of diesel for electricity generators;
- the **indirect (Scope 2) GHG emissions**, traced to the consumption of electricity acquired from third parties.

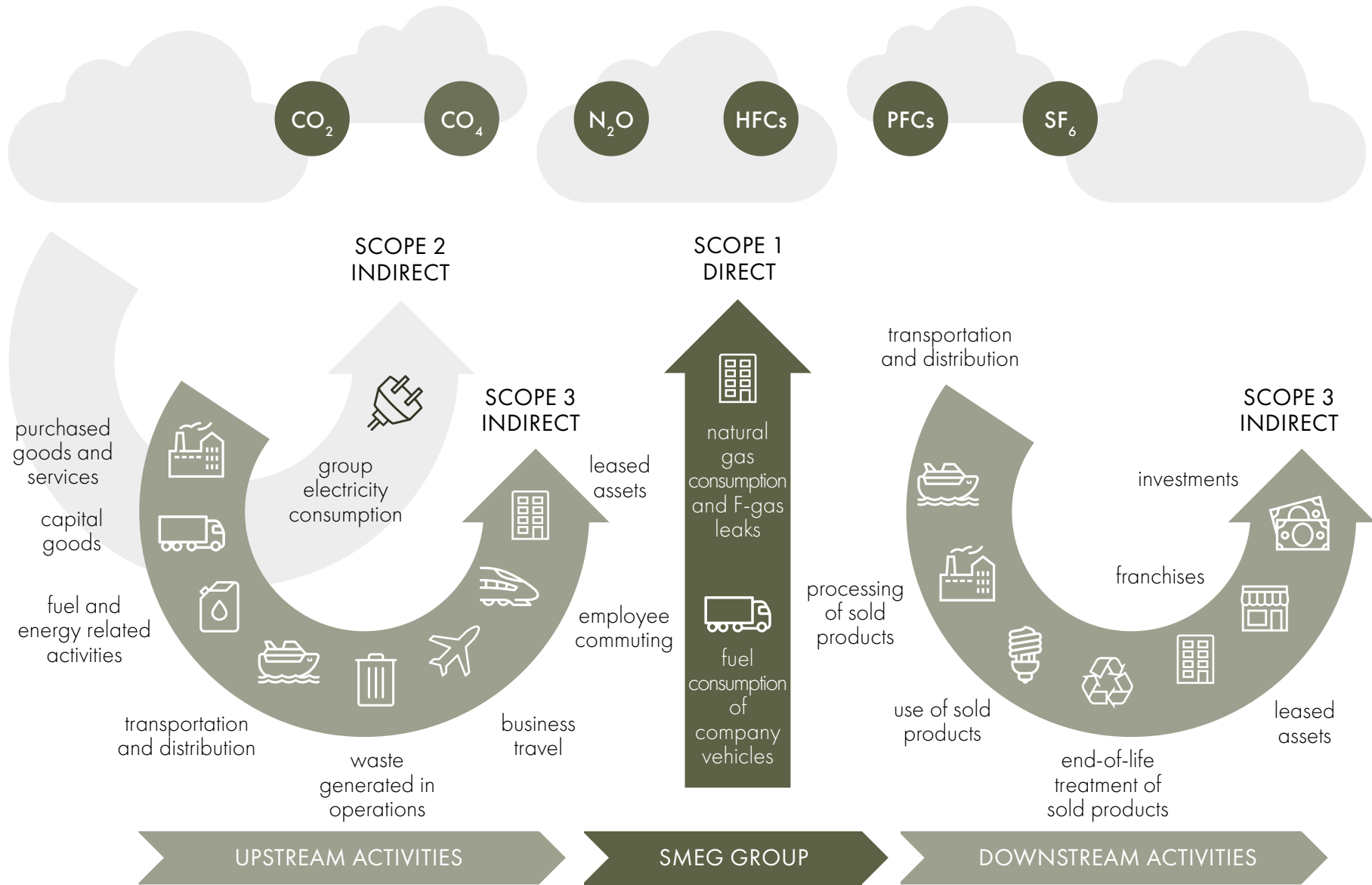
The choice adopted by production sites¹³ to meet part of their energy needs through the self-generation of electricity using photovoltaic panels has reduced emissions by approximately 229.11 tonnes of CO₂ equivalent in 2022 (in 2021,

the figure was approximately 162.80 ton CO₂eq). At the same time, in 2022, the production companies, and some commercial distribution companies, signed electricity supply contracts with the energy coming from certified renewable sources and Guarantees of Origin being provided.

When 100% of the electricity supply comes from renewable sources, it will be possible to prevent emissions totalling approximately 3,649 tonnes of CO₂ equivalent on a yearly basis, eliminating almost every emission connected to the supply of electricity;

- the **indirect (Scope 3) GHG emissions**, generated by all the activities upstream and downstream of the Group's value chain.

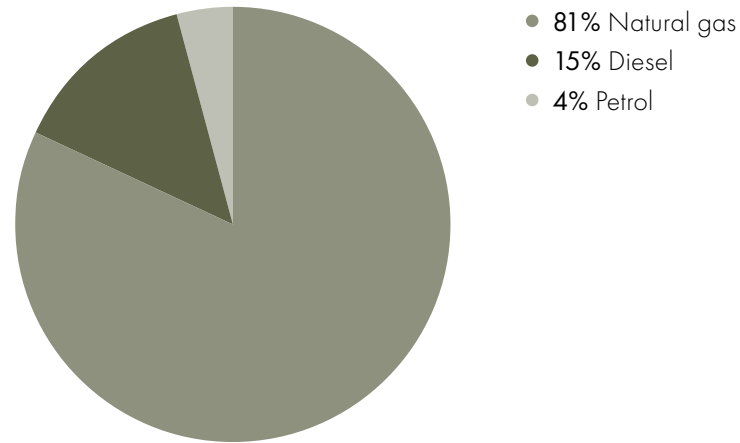
¹³ The reference is to Smeg, Apell and La Pavoni sites. The photovoltaic system at Bonferraro came online in May 2023 and, therefore, the relative consumption figures are not included in this report. The figures will, though, be collected for inclusion in the 2023 Sustainability Report.



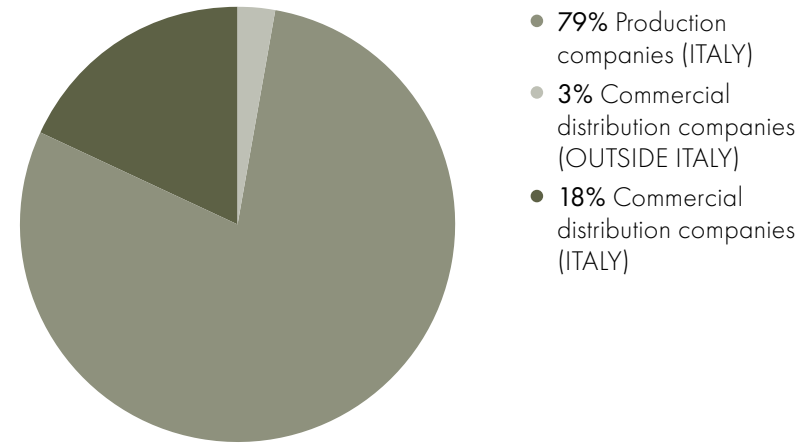
In 2022, the Group generated a total of 6,969 ton CO₂eq of direct (Scope 1) emissions – with an emission intensity¹⁴ equal to 0.0000075 ton CO₂eq/€K -, a decrease of 9% against the 7,684¹⁵ ton CO₂eq of 2021 and attributable, above all, to the consumption of natural gas used for production, heating, shrink-wrapping and testing.

With reference, though, to the production of indirect (Scope 2) emissions of CO₂, in the year the Group generated 6,743 ton CO₂eq (calculated using the location-based methodology) – or -6% compared to the 7,169 ton CO₂eq in 2021 – and 2,617.18 ton CO₂eq (calculated using the market-based methodology) - +12% compared to the 2,372 in 2021 - with respective emission intensities of 0.0000072 ton CO₂eq/€K and 0.000003 ton CO₂eq/€K.

DIRECT (SCOPE 1) EMISSIONS OF CO₂ BY THE GROUP IN 2022



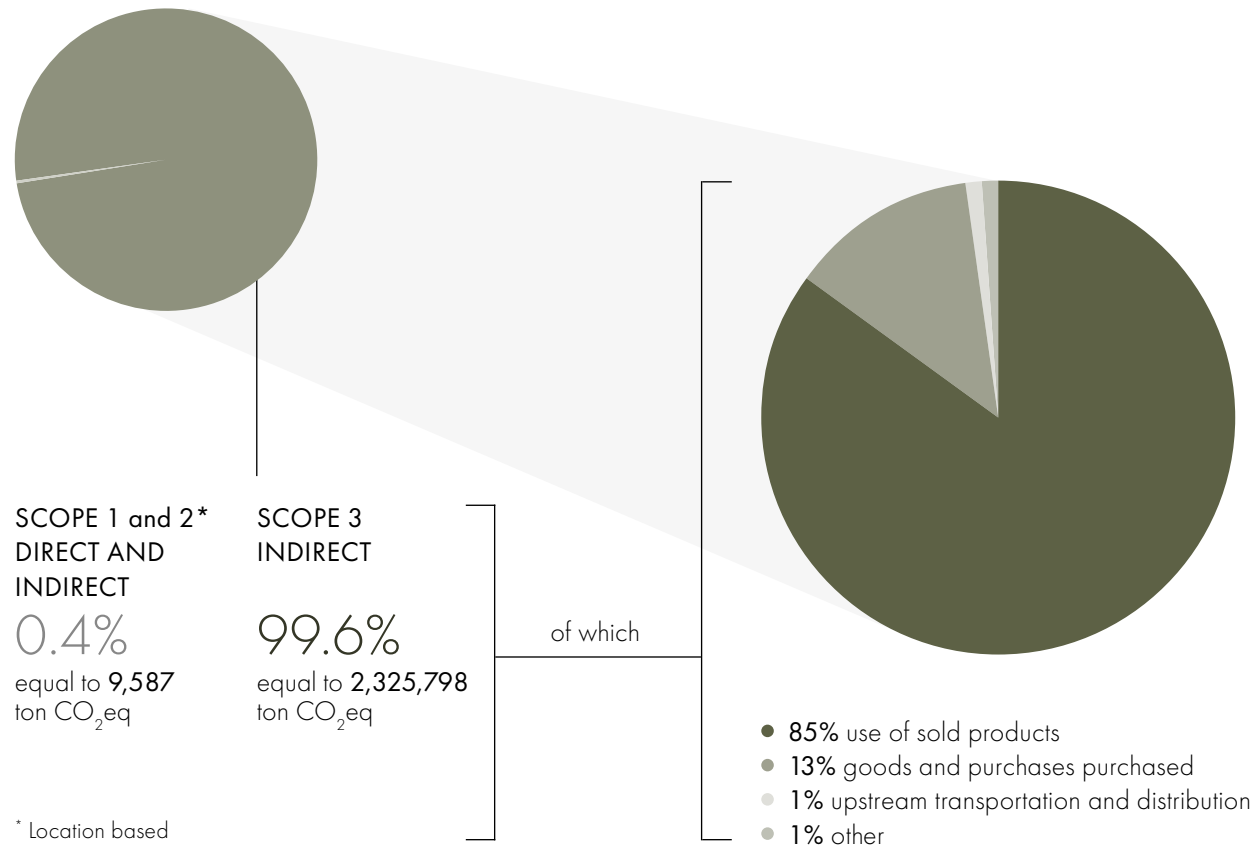
INDIRECT (SCOPE 2 - LOCATION-BASED) EMISSIONS OF CO₂ BY THE GROUP, BY TYPE OF COMPANY (2022)



¹⁴ Emission intensity is calculated by comparing the total CO₂ emissions generated (ton CO₂eq) with the revenue from sales and services for the year under review (€K).

¹⁵ It should be noted that the data relating to Scope 1 emissions in 2021 has been restated following the recalculation of the baseline (year 2021) done as part of the GHG inventory. Also included in the calculation are GHG emissions generated by the escape of F-Gases, previously not included in the total figure of Scope 1 emissions in 2021.

Finally, the indirect (Scope 3) emissions of CO₂ – which in 2022 were 2,325,798 ton CO₂eq (3,124,376 ton CO₂eq in 2021) – are shown to have the greatest impact on the total emissions of GHGs generated by the Group, representing more than 99.6% of the Group’s carbon footprint. It is important to specify that the reduction of Scope 3 emissions in 2022 was achieved despite that Group’s growth and the integration of additional categories of indirect emissions (Scope 3) which were accounted for in the 2021 analysis (for more details, see the annexes to this report, section “Methodological Note”).



In more detail, the following categories, in line with the specific nature of the Group’s business, have a particularly large impact on the total Scope 3 emissions figure: the product use phase (85%) and the goods and services purchased (13%). Specifically, the use phase appears to be the one with the greatest impact for a company such as SMEG, which produces durable goods that need energy in order to operate. To minimise the emissions relating to this category, the Company focuses on improving the energy efficiency of products to be placed on the market in order to reduce their energy consumption and, consequently, the emissions generated (see Chapter 6).

The Group’s GHG inventory, done in 2021 and 2022 and subject, from 2022, to an independent third-party verification, is given below.

Emissions category		Carbon footprint (ton CO ₂ eq)			
		2022	2021 - Recalculation	2021 – data previously given	
Scope 1	Direct emissions	6,969	7,684.33	7,599.23	
Scope 2	Indirect emissions (Market-based)	2,617	2,372.46	2,372.46	
Scope 3	Cat. 1	Purchase of goods and services	304,814	659,464.08	595,085.08
	Cat. 2	Capital goods	10,498	1,823.28	-
	Cat. 3	Fuel and energy activities	2,266	1,814.43	-
	Cat. 4	Transportation and upstream distribution	21,822	101,304.63	100,172.34
	Cat. 5	Waste generated by operating activities	400	1,026.14	1,026.14
	Cat. 6	Work-related travel	281	307.19	307.19
	Cat. 7	Employee travel between home-work	4,806	3,701.73	3,701.73
	Cat. 9	Transportation and downstream distribution	5,308	6,210	5,417
	Cat. 11	Use of sold products	1,975,150	2,348,106	1,421,958
	Cat. 12	Handling sold, end-of-life products	452	618	-
Totale impronta carbonica		2,335,384	3,134,433	2,137,639	

The results of the Carbon Footprint 2021 were also reported in the CDP Climate Change 2022 questionnaire, to which the Group responded for the second time, demonstrating the transparency of reporting its impacts and its management of the issues it faces regarding climate change. The results of the Carbon Footprint 2022 analysis were, instead, reported in the CDP Climate Change 2023 questionnaire¹⁷.

¹⁷ Questionnaire sent on 21 July 2023. The results will be reported in the next edition of the Group’s Sustainability Report.

CDP Climate Change 2022



SMEG participated in the CDP (Climate Disclosure Project) Climate Change questionnaire for the first time

in 2021 and 2022 saw the company participate once more.

The questionnaire was created with the aim of helping companies increase their awareness of how to manage the risks and opportunities connected to climate change effectively and of where CO₂ emissions are generated 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.

Taking part in the 2022 questionnaire returned a satisfactory result for SMEG, obtaining a higher score than that received last time, thanks to, above all, the in-depth work done on calculating the direct and indirect GHG emissions along the value chain.

From the 2023 edition, SMEG will make its responses to the questionnaire public so that its stakeholders can be informed about the measures taken and the results achieved.

Next steps

	STATUS
Definition of a Group climate strategy with the identification of measurable objectives and targets to be submitted to the Science-Based Target Initiative	●
Publication, beginning in 2023, of the results of the CDP Climate Change questionnaire	●

● On track ● Work in progress

Other atmospheric emissions

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

- **the extraction of dust**, 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 should be noted 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 checked and monitored –

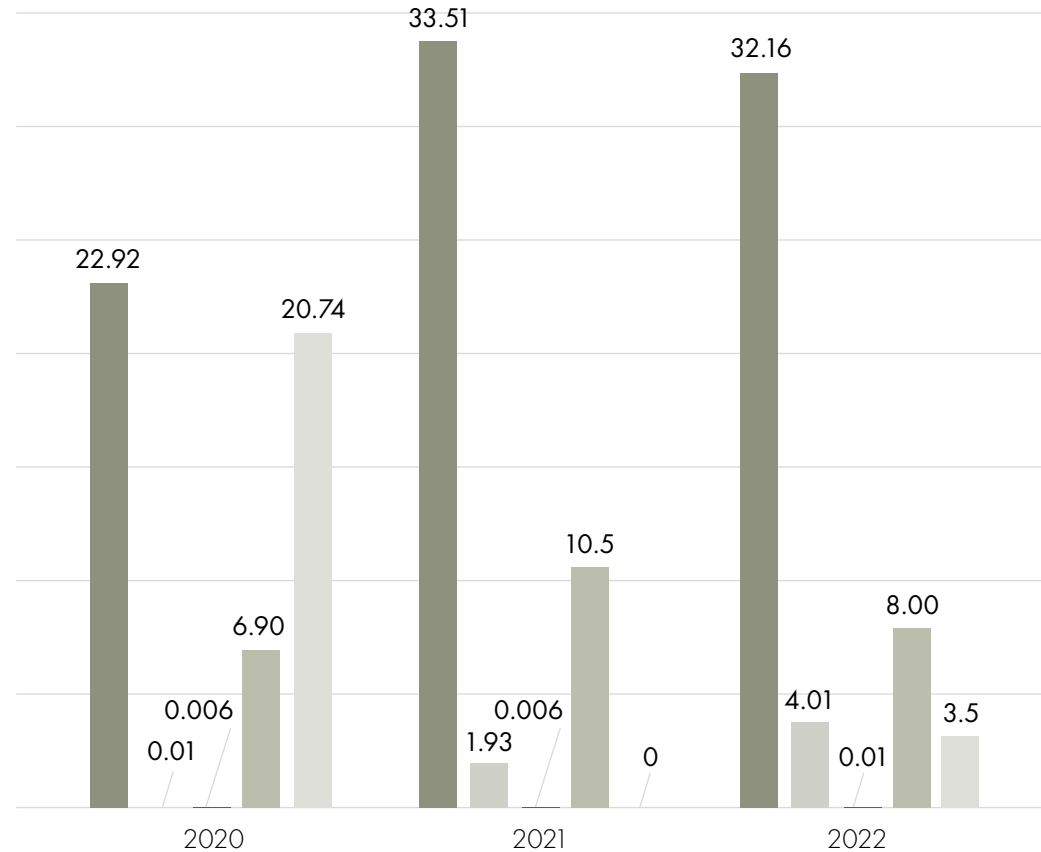
normally on an annual basis, except for the six-monthly requirement applicable to enamelling kiln emissions – by the appropriate bodies.

Specifically, Smeg S.p.A. and Bonferraro S.p.A. operate under the single environmental authorisation scheme (*Autorizzazione Unica Ambientale, AUA*) 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 Apel¹⁸ and Bonferraro¹⁹ in the three-year period, 2020-2022.

SIGNIFICANT EMISSIONS, BY TYPE, OVER THE THREE-YEAR PERIOD 2020-2022



- NOx
- SOx
- Volatile Organic Compounds (VOCs)
- Particulate matter (PM) – dust
- NaOH

¹⁸ The parameters were determined by using specific models for each one: UNI EN 14792:2006 (NOx) method; UNI 10393:2005 (SOx) method; UNI EN 13284:2003 (dust). The quantity is considered to be an "estimate" since the calculation is based on the average of two samples taken annually (g/h) multiplied by the hours worked. The estimate is rounded up by considering continuous operation for every working day.

¹⁹ To collect the data on emissions into the atmosphere, the tabular references issued by INNOVHUB in the comparative study on emissions from gas, GPL, diesel and pellet equipment, were used..

PRESERVATION OF NATURAL DIVERSITY

The production, repair and sales of major and small domestic appliances can have different impacts – along the value chain (upstream activities, direct activities and downstream activities) – on biodiversity in terms of: change in the use of land, water, the sea; exploitation of natural resources; contribution to climate change through the generation of GHG emissions; pollution of the atmosphere, water, the soil and pollution related to the production of solid waste; biological modification/interference as a result of the presence of invasive species.

In order to understand the extent of the impacts of the sector in which the Group operates on the loss of biodiversity, an analysis was carried out in 2022 using the “Sectoral Materiality Tool²⁰” provided by the Science Based Targets Network (SBTN). This tool helps companies identify priority pressure areas for which quantitative objectives and targets may need to be set in order to contribute to the protection and restoration of biodiversity. Specifically, beginning with the sector of reference²¹, it is possible to evaluate the potential impacts (not actual) derived from the value

chain activities of companies in the sector in terms of environmental pressures. Evaluations are laid out according to the following scale which measures the intensity of the impact:

- Low and Very Low – in this case, the impacts identified at this level of intensity may be excluded from the priority pressure areas;
- Medium – every impact with this rating must be taken into consideration among the priority pressure areas;
- Very High and High - every impact with this rating must be taken into consideration among

the priority pressure areas;

- No data - when there is insufficient information to make an evaluation. But this does not mean that there is not a potential impact (hence, such aspects must be included among the priority pressure areas).

²⁰ Version 2 - July 2021.

²¹ For SMEG, reference was made to the following ISIC classifications: *Manufacture of domestic appliances; Repair of household appliances and home and garden equipment; Retail sale of electrical household appliances, furniture, lighting equipment and other household articles in specialized stores.*

The results of the evaluation carried out by the Group are given below. It should be noted that in the case of downstream activities, every impact area, with reference to three activities analysed, resulted in a lack of sufficient information to be able to perform a correct evaluation of the intensity of the impact (that is why they are not shown in the table below, and not because they are considered exempt from generating a potential impact).

Reference activity (ISIC classification)	Value chain	Priority pressure area	Impact evaluation
Manufacture of domestic appliances	Upstream activities	Change in the use of land, water, the sea	<ul style="list-style-type: none"> ● Terrestrial ecosystem: medium impact ● Freshwater ecosystems: medium impact ● Marine ecosystems: medium impact
		Exploitation of resources	<ul style="list-style-type: none"> ● Use of water resources: medium impact ● Use of other resources: data not available to evaluate the impact
		Climate change	<ul style="list-style-type: none"> ● GHG emissions (upstream): very high impact
		Pollution	<ul style="list-style-type: none"> ● Other atmospheric emissions (not GHGs): medium impact ● Water pollutants: medium impact ● Soil pollutants: medium impact ● Solid waste: medium impact
		Invasive and other species	<ul style="list-style-type: none"> ● Noise and light pollution: medium impact ● Biological modification/interference: data not available to evaluate the impact
	Direct activities	Change in the use of land, water, the sea	<ul style="list-style-type: none"> ● Terrestrial, freshwater and marine ecosystem: data not available to evaluate the impact
		Exploitation of resources	<ul style="list-style-type: none"> ● Use of water resources: high impact ● Use of other resources: data not available to evaluate the impact
		Climate change	<ul style="list-style-type: none"> ● GHG emissions (direct operations): high impact
		Pollution	<ul style="list-style-type: none"> ● Other atmospheric emissions (not GHGs): medium impact ● Water pollutants: high impact ● Soil pollutants: high impact ● Solid waste: high impact
		Invasive and other species	<ul style="list-style-type: none"> ● Noise and light pollution: medium impact ● Biological modification/interference: data not available to evaluate the impact

Reference activity (ISIC classification)	Value chain	Priority pressure area	Impact evaluation
Repair of household appliances and home and garden equipment	Upstream activities	Change in the use of land, water, the sea	<ul style="list-style-type: none"> ● Terrestrial ecosystem: medium impact ● Freshwater ecosystems: medium impact ● Marine ecosystems: medium impact
		Exploitation of resources	<ul style="list-style-type: none"> ● Use of water resources: medium impact ● Use of other resources: data not available to evaluate the impact
		Climate change	<ul style="list-style-type: none"> ● GHG emissions (upstream): very high impact
		Pollution	<ul style="list-style-type: none"> ● Other atmospheric emissions (not GHGs): medium impact ● Water pollutants: medium impact ● Soil pollutants: medium impact ● Solid waste: medium impact
		Invasive and other species	<ul style="list-style-type: none"> ● Noise and light pollution: medium impact ● Biological modification/interference: data not available to evaluate the impact
	Direct activities	Change in the use of land, water, the sea	<ul style="list-style-type: none"> ● Terrestrial, freshwater and marine ecosystem: data not available to evaluate the impact
		Exploitation of resources	<ul style="list-style-type: none"> ● Use of water resources: high impact ● Use of other resources: data not available to evaluate the impact
		Climate change	<ul style="list-style-type: none"> ● GHG emissions (direct operations): data not available to evaluate the impact
		Pollution	<ul style="list-style-type: none"> ● Other atmospheric emissions (not GHGs): medium impact ● Water pollutants: high impact ● Soil pollutants: high impact ● Solid waste: medium impact
		Invasive and other species	<ul style="list-style-type: none"> ● Noise and light pollution and biological modification/interference: data not available to evaluate the impact

Reference activity (ISIC classification)	Value chain	Priority pressure area	Impact evaluation
Sale of electrical household appliances	Upstream activities	Change in the use of land, water, the sea	<ul style="list-style-type: none"> ● Terrestrial ecosystem: medium impact ● Freshwater ecosystems: medium impact ● Marine ecosystems: medium impact
		Exploitation of resources	<ul style="list-style-type: none"> ● Use of water resources: medium impact ● Use of other resources: data not available to evaluate the impact
		Climate change	<ul style="list-style-type: none"> ● GHG emissions (upstream): very high impact
		Pollution	<ul style="list-style-type: none"> ● Other atmospheric emissions (not GHGs): medium impact ● Water pollutants: medium impact ● Soil pollutants: medium impact ● Solid waste: medium impact
		Invasive and other species	<ul style="list-style-type: none"> ● Noise and light pollution: medium impact ● Biological modification/interference: data not available to evaluate the impact
	Direct activities	Change in the use of land, water, the sea	<ul style="list-style-type: none"> ● Terrestrial, freshwater and marine ecosystem: data not available to evaluate the impact
		Exploitation of resources	<ul style="list-style-type: none"> ● Use of water resources: high impact ● Use of other resources: data not available to evaluate the impact
		Climate change	<ul style="list-style-type: none"> ● GHG emissions (direct operations): data not available to evaluate the impact
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		Invasive and other species	<ul style="list-style-type: none"> ● Noise and light pollution and biological modification/interference: data not available to evaluate the impact

With reference to the direct impacts on biodiversity, it should be noted that SMEG’s headquarters²² is set in natural surroundings, featuring a park measuring 380,646 m² of which only **23.9%** has been built on – in line with the Parent Company’s goal to maintain a **“built-up area to total area” ratio of less than 30%** - taking care to blend the buildings into and harmonise them with the surrounding natural setting, creating a space between the production activities and the civil context beyond its borders.

There is a **protected area**²³ within the company’s boundary, which covers a total of 190,485 m², corresponding to the green areas and the drainage canal that runs through the facility.

The company’s natural park is home to **1,681 trees** belonging to **33 different species**. Whenever a tree has to be felled, the Company sees to two other specimens of the same species being planted: in 2022, 89 new perennial shrubs and herbaceous plants were planted as were 51 new trees having felled 24 that were either dead or dying. 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. Each tree is tagged and registered and, through the analysis carried out with the CNR (see the box below for more detail), the surface areas of the shrubs, lawns and agricultural crops were calculated.

Again in 2022, the new company garden was completed, with many trees being planted as well as hedges and beds of perennial shrubs and herbaceous plants.

The entire vegetation present therefore allows the CO₂ emissions into the atmosphere to be offset.

PLAN OF THE SMEG SITE



²² 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.

²³ 2021 ISTAT agricultural census.



The survey of the vegetation present at the SMEG facility (Guastalla)

In 2021, in line with the huge attention paid to green areas and the natural surroundings in which the facility is set, SMEG decided to launch, in 2022, a collaboration with the CNR²⁴ in order to **monitor**, through the measurement²⁵ and the classification of the species present in the headquarters' park, **the annual capacity of the surrounding vegetation to absorb CO₂** (the sequestration of CO₂ from the atmosphere), **to store CO₂ in its biomass** (roots, trunk and leaves) and **to remove polluting gases** (ozone) and **inhalable particulate matter** (PM10) from the atmosphere.

To estimate mitigation, the US calculation model, i-Tree Eco v 6.1.40, was used. This was created at the end of the 1990s as UFORE (Urban Forest Effects) and was implemented and updated by the Forest Service of the United States' Department of Agriculture (USDA), with support from the research group, IBE-CNR. The aim was to be able to contextualise the model in the micro-climate conditions and air quality found in various Italian settings.

Specifically, the vegetation currently present at the SMEG facility has the capacity to **sequester 99.7 tonnes of CO₂** each year. The results also highlighted that the same plants, from the moment they were planted to the current date, have been able to store 4,514 tonnes of carbon dioxide in their biomass and they can purify the air **by removing 693 kg of pollutants** each year, including, for the most part, ozone (383 kg) and PM10 particulate matter (156 kg), both of which are harmful to the health and well-being of the environment and people.

The details regarding the capacity to sequester and store CO₂ and remove pollutant gases from the atmosphere is given below. It covers the most numerous and larger (in terms of trunk diameter and height) tree species present in the park.

Tree species	Number of plants	Contribution to improving the quality of the atmosphere
Rows of poplar (Populus nigra var. italica)	1,187 plants (representing more than 70% of the plants present at the facility)	Annually: <ul style="list-style-type: none"> • They sequester 90 tonnes of CO₂; • They remove approximately 400 kg of pollutants (220 kg of O₃, 90 kg of PM10 and 75 kg of NO₂); • They produce 65 tonnes di O₂; • They store 4,048 tonnes of CO₂ in their biomass.
Linden (Tilia platyphyllos) ²⁶	77 plants	Annually: <ul style="list-style-type: none"> • They store in their biomass 37 tonnes of CO₂
Oak (Quercus robur)	55 plants (representing 3.3% of the plants present at the facility)	Annually: <ul style="list-style-type: none"> • They sequester 2.35 tonnes of CO₂; • They remove 69 kg of pollutants, mainly O₃ (38 kg) and PM10 (16 kg); • They store in their biomass 104 tonnes of CO₂.
Plane tree (Platanus x hybrida)	29 plants (representing 1.7% of the plants present at the facility)	Annually: <ul style="list-style-type: none"> • They remove 74 kg of pollutants, mainly O₃ (41 kg) and PM10 (17 kg); • They store in their biomass 49.6 tonnes of CO₂.
Elm (Ulmus)	16 plants (representing 1.2% of the plants present at the facility)	Annually: <ul style="list-style-type: none"> • Accumulano nella propria biomassa 56 t di CO₂.

²⁴ The "Phytoremediation and environmental mitigation" research group at the Institute for the Bioeconomy at the National Research Council in Bologna (Consiglio Nazionale delle Ricerche di Bologna).

²⁵ Through the use of biometric measurements and predictive models. Specifically, a decision was made to perform simulations for 5 different periods of the year based on similar photoperiod and temperature values which are the main drivers of photosynthesis and, therefore, of CO₂ storage. For each period, a 48-hour simulation was run which represents the typical day of CO₂ absorption for each crop (grass, shrub/bush, etc.). The daily values were then multiplied by the number of days corresponding to each time period in order to obtain the annual sum of CO₂ sequestered by each individual species.

²⁶ Together with plane trees and elms, they contribute to sequestering 3% for a total of 5.5 tonnes of CO₂ sequestered annually.

Trees total	CO ₂ stored	CO ₂ sequestered	Pollutants removed	O ₃	NO ₂	SO ₂	PM10	Oxygen produced
	t	t/year			Kg/year			t/year
1,683	4,514	99.7	693	383	130	24	156	72

Species	CO ₂ sequestered
	t/year
Lawn and crops	81.4
Hedges and shrubs	14
Total	95.4

The study also made it possible to assess the important ecosystem service provided by the plants in the company park in **maintaining local biodiversity** and reducing water runoff - equal to 335 m³ a year - with a consequent easing of handling intense, localised rainfall due to increasingly frequent extreme climatic events.

The species which contribute most to reducing surface runoff are *Populus nigra var. italica*, with about 200 m³/year, followed by *Platanus x hybrida* (34 m³/year) and *Quercus robur* (32 m³/year).

Finally, it has been estimated that the areas devoted to shrubs and bushes, ornamental lawns and grain and alfalfa contribute significantly to air quality by absorbing, on an annual basis, 95.4 tonnes of CO₂, leading to the **overall mitigation of CO₂ at the SMEG facility of 195 tonnes per year.**

Species	CO ₂ sequestered
	t/year
Most represented species: <i>Carpinus betulus</i> , <i>Laurus nobilis</i> , <i>Trachelospermum jasminoides</i> , <i>edera elix</i> , <i>Cotoneaster spp.</i>	14.0
In fewer numbers: <i>Rosmarinus officinalis</i> , <i>Lavandula angustifolia</i> , <i>Rosa spp.</i> , <i>Cornus alba 'Elagantissima'</i> , <i>Cupressocyparis leylandii</i> , <i>Prunus laurocerasus</i> , <i>Pyracantha spp.</i> , <i>Ophiopohn japonicus 'Minor'</i> , etc.	
Ornamental lawns, alfalfa, grain	81.4
Total	95.4

In order to detect the presence of local flora and faunas considered to be endangered, SMEG repeated the analysis carried out through the online platform made available by the **International Union for Conservation of Nature’s (IUCN) Red List**²⁷. Specifically, the Red List identifies the following levels of risk for plants and animals: “Least Concern” (LC); “Near Threatened” (NT); “Vulnerable” (VU); “Endangered” (EN); “Critically Endangered” (CR); “Extinct in the Wild” (EW); “Extinct” (EX).

The analysis conducted by SMEG revealed the following results²⁸:



The IUCN Red List also tracks the growth or decline of the animals and plants recorded. Specifically, with reference to the species present in the park at Guastalla, approximately 54% of those analysed through the study described above show a stable population trend, whilst about 31% are in decline; the *Ficus carica* seems to be the only species showing a growth trend in the relative population.

In order to contribute to the preservation of regional nature areas, in 2021 SMEG also joined – as an ordinary member – the **KILOMETROVERDEPARMA** initiative. Created in 2015 and operational in 2020, this initiative has been driven by a group of virtuous companies in the region, both public and private. This project aims to contribute to reforestation in the Province of Parma, thus generating a positive impact on the environment and local community. SMEG has made some land available in Mezzani (PR) to plant 810 plants (ash, maple, hornbeam and oak) over 11,000 m². In 2023, a well will be sunk in the area of reference and, later, trees will be planted. The operation is planned for completion by 31 December 2023 and the next Sustainability Report will contain an update on the progress of the project.

Smeg France has also taken action to improve and recover local biodiversity. Specifically, in line with the Climate Contract it signed in July (for more information, see “Carbon footprint”), the company will participate – starting in 2023 – in the ReforestAction²⁹ project to plant at least 2,000 trees in the forests in Normandy. More details on the progress of this project will be provided in the next edition of this report.

²⁷ 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.

²⁸ With reference to plant species, of the 33 plant species surveyed in the SMEG park, the analysis conducted did not provide any information for 10 species (not catalogued in the IUCN Red List, or for which the assessment was not possible insofar as the data was deficient, as indicated by the Red List acronym “DD”).

²⁹ An association that, for the past 10 years, has worked to preserve, restore and create forests across the world. Ever forest project is carefully selected in accordance with the criteria defined by the organisation and the trees planted are monitored long-term in order to ensure they are conserved.

Use of water resources

The water supply for Group companies is provided through the following distinct types:

- **drawn from wells** (for a total of 11 wells³⁰) to support production (in the cases of Bonferraro and Apell) and for normal irrigation use. In addition, with reference to the SMEG facility, there are also more than 100 coolers – located in the main plant, in warehouses and in production areas – the supply for which comes, to the greatest extent possible, from wells. The cubic metres of underground water taken from wells are used to replenish the aquifer;
- **drawn from mains water** for drinking water, for catering at the SMEG and Bonferraro company restaurants, for toilet facilities and for the fire-fighting reserve at the San Girolamo site. In the case of commercial distribution companies, in Italy as well as outside Italy, water is taken from mains water. The quantities drawn are subsequently discharged into the public drains/sewage system.
- At the San Girolamo site, water is also used, albeit to a minimal extent, inside the review cabin during the enamelling phase.

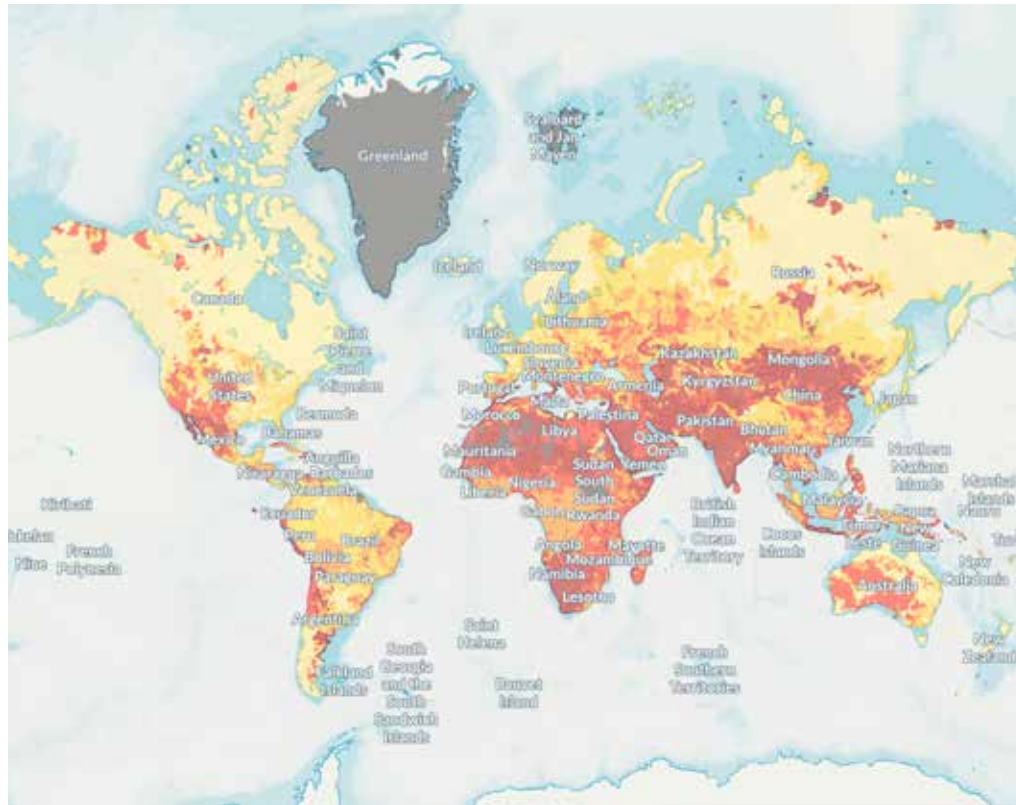
The Group's environmental policy aims to reduce the environmental impact relating to the use of water across every production phase and every phase of a product's life, in line with what is constantly monitored through the Environmental Management System, including the continuous assessment of risk factors to prevent any potential environmental damage.

In the specific case of Bonferraro, a preference is given to solutions that prevent water taken from the aquifer from being wasted. Furthermore, service systems have been installed to serve returnable-circuit production, with the consequent decommissioning of non-returnable circuit systems and plants. The company has, therefore, set itself the objective of annually improving the monitoring and the control of water consumption, in particular in test laboratories and in rooms used for quality control, made possible thanks to the widespread installation of 42 water meters.

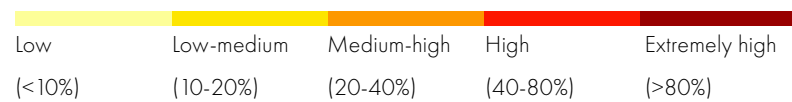
³⁰ SMEG uses 5 wells in San Girolamo and 1 well in Guastalla.



The geographical map below represents the Group’s locations, in Italy and outside Italy, with an indication of the type of area - water-stressed or not – in which they are located³¹.



Water stress



³¹ The analysis was done through the use of the Aqueduct Water Risk Atlas database, made available by the World Resources Institute.

Specifically, in 2022, the Group's total water withdrawal was 253.28 ML³² – of which, 11% was carried out in water-stressed³³ areas – a decrease of 22% compared to the quantities withdrawn in the previous year³⁴.

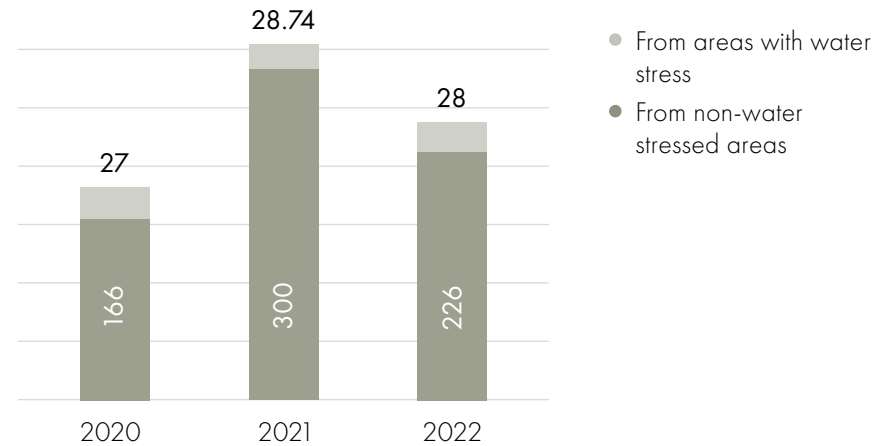
Effluents generated by the production sites are **constantly monitored** through quarterly analyses and more specific assessments carried out periodically.

The purification plants at various locations - with the exception of the SMEG site in which discharges into the public drains/sewage system are analysed - are checked daily by internal personnel. On a weekly basis, though, maintenance of the entire equipment is done by specialist personnel from outside the company.

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.

Bonferraro performs **periodic analyses³⁵ on its wastewater** in accordance with the single environmental authorisation scheme's (*Autorizzazione Unica Ambientale, AUA*) requirements, with reference to COD, BOD, Zinc, Lead, Ammonium Ions, Nitric Nitrogen, Nitrous Nitrogen, Settleable Solids, Chloride Sulphates, Iron, Nickel, Phosphorous, Chromium, and Total 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

GROUP WATER WITHDRAWAL, OVER THE THREE-YEAR PERIOD 2020-2022 (ML)



quality check with a turbidity meter, thanks to which the discharge is blocked in the event of an anomaly.

Moreover, in order to reduce the risk of a potential non-conformity, **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/

³² The indicated value does not include the volumes taken by Elettrodomestici Bonferraro (included in the withdrawals made by Bonferraro S.p.A.), Domestika (included in the withdrawals made by Apell S.p.A.), SD Lazio, SMEG Nordic and SMEG USA, as the water withdrawals are included in the rents paid by the companies and it is not possible to quantify them. In the case of Smeg UK, the 2022 data has been estimated on the basis of some limited information taken from previous invoices.

³³ 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.

³⁴ Due to changes in the 2021 data for some companies in the Group, the water withdrawal figure for the year was recalculated which, overall, was equal to 323.83 ML.

³⁵ Monthly for discharge to surface water and annually for discharge to public sewers.

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.

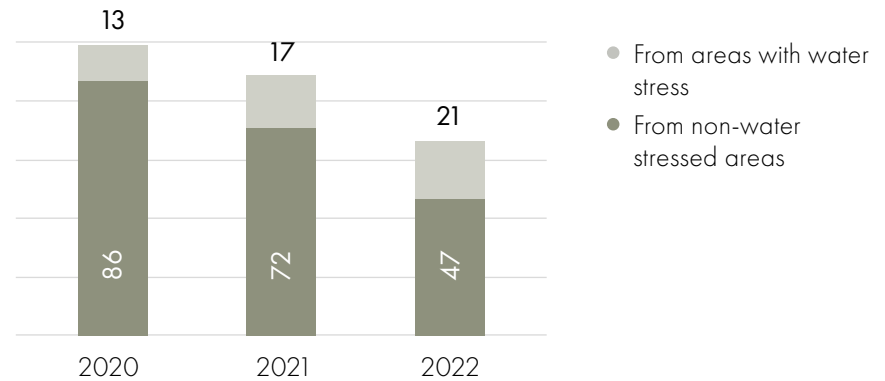
For La Pavoni, the amounts of water discharged into the sewage system mostly correspond to the volumes of water drawn for civil purposes and for the provision of the fire-fighting reserve. Water is only partially used for testing coffee machines but potentially harmful chemical substances are never used.

Lastly, the effluents of the Italian and foreign sales branches are mainly civil and in some cases related to the activities of the local warehouse³⁶.

In 2022, a total of 67.33 ML of water was discharged, 31% of which was in water-stressed areas, down 24% from the previous year.

The Group's total water consumption³⁷ in the year was, therefore, equal to 181.42 ML (104.85³⁸ ML in 2020).

INDUSTRIAL WATER DISCHARGES (PRODUCTION COMPANIES), IN THE THREE-YEAR PERIOD, 2020-2022 (ML)



Next steps

	STATUS
5% reduction in consumption in the laboratory and in the quality control rooms at Bonferraro	●
5% reduction in consumption of water for irrigation purposes at the Bonferraro plant	●

● On track ● Work in progress

³⁶ The reference is to Smeg Australia and Smeg UK. For Smeg UK, the amount of water consumed and then returned through wastewater is estimated to be 95%.

³⁷ The total water consumption is calculated by the difference between the Group's total water withdrawal and total water discharge.

³⁸ Data restated as a result of the changes made to the 2021 data for water withdrawal for some Group companies.





PRODUCTS

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CHAPTER PRESENTATION



GRI 3-3, GRI 301-1, GRI 301-2, GRI 416-2, GRI 417-1, GRI 417-2, GRI 417-3

MATERIAL TOPICS

- Sustainability and efficiency in the use of raw materials
- Product safety and quality
- Research and innovation
- Eco-design
- Energy efficiency of products

REFERENCE STAKEHOLDERS

- B2B customers
- Private customers
- Trade associations
- Universities and research centres

RISKS

- Increase in the costs linked to the transition to eco-sustainable materials.
- 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.
- 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.
- Long and uncertain delivery times required for some types of supply.
- Geopolitical instability, which could have repercussions on procurement choices but also on the purchasing decisions made by end customers.
- Reputational risks arising from the non-conformity of the finished product with respect to applicable regulatory requirements on product quality, safety and functionality.
- Risks linked to maintaining the quality of new, technologically complex products.
- 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.
- Lack of awareness on the part of end customers regarding the proper use of the product, with consequent negative impacts in environmental (excessive consumption of, for example, energy and water) and social (safety during use) aspects.
- Misalignment between the sustainability strategy and the external communication of the same. Failure to communicate the actions undertaken in relation to sustainability would prevent consumers from making informed choices when purchasing.

OPPORTUNITIES

- New consumer demands, their growing awareness, the multiplication of European technical regulations imposing ever-stricter standards, are driving 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.
- The presence of a conformity mark issued by a third party on products reassures consumers, and 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 allow the product portfolio to be expanded, strengthening the brand and catering to new end-consumer needs, but in the medium to long term also make costs and production processes more efficient.
- Lasting and constructive relationship with customers can foster strategies more aligned with market demands and 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

POLICIES, PROCEDURES AND OTHER RELEVANT DOCUMENTS

- Quality, the Environment and Safety Policy
- Quality Gate
- Eco-design strategies for the packaging of small and major domestic appliances
- Conformity requirements when having products approved
- List of substances prohibited or whose use is restricted
- Supplier qualification procedure
- Quality Agreement/Supplier Agreement

PROCUREMENT AND USE OF RAW MATERIALS

The main raw materials, components and processes purchased by the production sites mainly fall within 3 macro-categories, 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

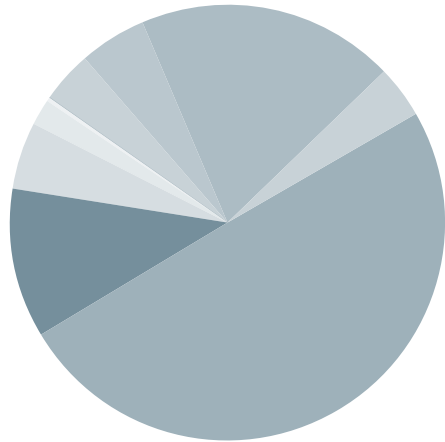
semi-finished products, other than those listed above, approximately 40% is summarised in the following macro-categories:

- Plastic;
- Fridge components;
- 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).

Considering the production companies as a whole, the chart below provides a representation of the quantities (as a percentage of the total) of materials used during the year in question, broken down by type of material.

MATERIALS USED BY PRODUCTION COMPANIES, BY WEIGHT (%) IN 2022 (PRODUCTION COMPANIES)



- 50% Wood
- 11% Glass
- 19% Steel
- 5% Polystyrene
- 4% Plastic
- 5% Paper and cardboard
- 2 % Cast-iron
- 0,29 % Polyethylene
- 0,01% Rubber

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 materials that have a lower environmental impact.

Specifically, with reference to steel - a material which, by its nature, can be 100% recycled and maintain its characteristics and properties – first contacts were made in 2022 with a number of suppliers who are able to guarantee supplies of stainless steel produced using energy from certified renewable sources. With regard to sheet metal, however, a possible solution could be to use recycled material but the possibility of obtaining certified recycled sheet metal is still some way off.

In 2021, Smeg obtained ISCC¹ (*International Sustainability & Carbon Certification*) certification for the use of Tritan™ Renew, a recycled copolyester material that the Group uses to progressively replace certain plastic components in small domestic appliances. The certification process did not only involve the Group but every supplier that transforms and handles such material, thus guaranteeing complete transparency throughout the entire molecular recycling and production process.

¹ Internationally recognised sustainable materials certification system. This certification is awarded for the traceability of recycled materials on the basis of mass balance accounting principles and it guarantees compliance with superior sustainability requirements.

Tritan™ Renew

Tritan™ Renew can contain certified recycled material in various percentages and is produced through an innovative molecular recycling process that reuses single-use plastic waste to create new materials, rather than fossil-based resources.

This technology can break down plastic waste into its base elements, to create materials to be reused in production processes. By replacing traditional fossil-based resources with recycled material, plastic waste is removed from landfill channels, reducing greenhouse gas emissions over time.

Tritan™ Renew offers the same levels of performance, quality and safety that distinguish Smeg products and, at the same time, is made with more sustainable and reliable materials.

This plastic is, in fact, hard-wearing and, at the same time, free of BPA, BPS and BPF and is safe for use in food-contact applications.



Discover here which Smeg products are made with Tritan™ Renew

² Smeg S.p.A. chose Tritan™ Renew containing 50% certified recycled material.

With reference, then, to packaging, which represents a fundamental part of the product, in order to preserve the quality of it, and to avoid damage during transportation, the Group is actively pursuing more sustainable solutions, including in collaboration with universities and research centres, as well as with specialist suppliers (for more detail, see “Design and beauty”).

The efforts taken towards substantially modifying the packaging, which began some years ago and which, initially, involved the Small Domestic Appliance division, have led to the following improvements being made:

- elimination of all polyethylene (PE) bags that are not strictly necessary;
- progressive replacement of non-disposable PE bags with bags in bio-based PE or bags made of cellulose material by conducting a series of tests on three product categories: the Personal Blender, the Table Blender and the

Espresso Coffee Machine. The analysis will subsequently be extended to other Small Domestic Appliance categories;

- replacement of the protective polypropylene (PP) layer of the gift boxes with water-based paint;
- replacement of polystyrene with cardboard or cellulose pulp made from recycled material.

In the case of Major Domestic Appliances, it is, however, difficult to imagine a scenario in which the use of polystyrene has been completely eliminated, due to the weight of the products involved. That is why SMEG is evaluating the use of recycled material.

At the same time, the development of specific requirements has allowed the Group to optimise the final dimensions of the packaged product by creating specific platforms by type of product. Specifically, there are two main platforms for Major Domestic Appliances: one for ovens and one for cookers. Both provide for the shrink-wrapping of products

and the main packaging structure, without the need for cardboard boxes.

Last year, tests were performed with recycled shrink-wrap which, however, did not produce the expected results due to the not complete strength of the material, which was still rather slippery and, therefore, unable to ensure the necessary protection of the products in the logistics phases.

With reference to both Small and Major Domestic Appliances, of note is the initiative pursued between 2021 and 2022 to **reduce the amount of paper** used in manuals, favouring online access to and use of – by using a QR Code – more detailed manuals whilst providing, together with the product itself, more concise manuals with just the essential information for use. A progressive reduction was seen in the number of pages making up user manuals for both types of product, culminating, in 2022, with “slim” versions of every Small Domestic Appliance manual.

Efforts also continued to reduce the amount of wood used, with specific reference to pallets. In fact, in 2022, an agreement was reached to sell used pallets to a supplier who can recover the materials, repair pallets and subsequently place them back onto the market.



Finally, it should be noted that, during the year covered by this report, a **project to map the material of origin traceability** – and consequent quality – both internally and externally in relationships with suppliers. This aspect particularly regards components/materials covered by food contact³ regulations, but also allows, from a more general point of view, every possible defect in incoming materials to be traced, thus providing the ability to analyse the trends in quality delivered by suppliers.

³ Regulation (EC) no. 1935/2004.

Next steps

STATUS

Continuation of the project to replace plastic with Tritan™ Renew material



Introduction of certified recycled polystyrene



Use of recycled FSC paper from 2023, for all production companies in the Group



Further expansion and diversification of the Supplier Database to increase the efficiency, reactivity and resilience of the entire supply chain



Formalisation of a vendor rating procedure with the inclusion of minimum requirements including in terms of social and environmental aspects



Greater involvement of suppliers in order to avoid, wherever possible, the use of hazardous substances in the materials and components purchased



 On track  Work in progress



DESIGN AND BEAUTY

The Group has always characterised its new product development by the search for the highest standards of technological innovation accompanied by a strong focus on design and visual appeal. This combination represents a competitive factor and a distinctive value for Smeg products. It leads to a profitable “cross-fertilisation” of historic aesthetic lines created by internationally renowned architects (such as Renzo Piano) and the technical experience of the Group which has informed the company’s know-how over time.

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. The technology represents, furthermore, a fundamental component in the pursuit of the environmental and economic sustainability of products; in particular, SMEG is working hard to increase the durability of products. The **collaborations** established with **universities and research centres** are important in this regard and include, in particular, the Politecnico di Milano and, specifically, the Department of Design and the Department of Chemistry, Materials and Chemical Engineering (for more information, see “Eco-design”).

Among the more recent and significant of the Group’s innovation and research and

development projects is the **Galileo Platform** – introduced at the biennial EuroCucina 2022 fair - a combination of innovation, design, creativity and tradition and whose name is inspired by the genius and the revolutionary ideas of the scientist, Galileo Galilei.

The Galileo Platform

A unique thing in as much as it introduces a new concept of a new generation of multi-function intelligent ovens that combine various technologies: electric, grill, steam, microwave and low-temperature cooking with an additional pyrolytic function for the automatic cleaning and sanitising process.

In more detail, the project is based on the following 5 pillars:

- **innovation and smart cooking** underlying the new multicooking technology;
- **high technical performance**, through 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).

Thanks to these characteristics, the new line of ovens can 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;

The creation of a product that represents the combination of three domestic appliances (a traditional oven, a microwave oven and a 100% steam oven) allows an advantage to be obtained in terms of fewer resources used and a consequent lower number of products to ultimately dispose of.

Product innovation is, in part, also achieved with reference to the **connectivity of products** and to their improved usability by the end user.

For several years now, the Company has been working on *smart appliances*. 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. This has been made possible thanks to the use of QR Codes affixed to products – already implemented for every Small Domestic Appliance. These QR Codes can collect and make product information available to the user, thereby reducing the use of paper to print manuals.

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 the further development of aspects concerning product maintenance done remotely and repair, the optimisation of energy consumption and continuous process improvement.

Finally, innovation is also synonymous with **greater accessibility** in favour of a product experience that is increasingly inclusive of the diversity found in end customers. In this regard, Smeg is developing – and positioning itself as a forerunner in the market – a silicon mat for an induction hob, designed specifically for visually impaired users.

Products, technological innovation and accessibility

Most cooker hobs currently available on the market are made using induction technology. This does, on the one hand, satisfy the need to save energy but, on the other hand, it also introduces difficulties from a product accessibility and product usability point of view. For example, the commands to turn on and turn off the induction cooker hob generate the same sound which prevents the two different functions from being distinguished and recognised audibly.

With this in mind, the Group launched a project to create (and which is currently in the test phase) a silicon mat, with recessed knobs, designed to simplify the use of the induction hob by people who are visibly impaired and/or who have more than one disability (hearing impairment as well as poor vision). The development of this product represents just one example in which **accessibility criteria are integrated right from the design phase.**

This design solution was deemed compliant and validated by the **Italian National Institute for the Evaluation of Aids and Technologies** (*Istituto Nazionale Valutazione Ausili e Tecnologie, INVAT*) for two Smeg products in the “hobs” range.

Eco-design

With the aim of integrating the principles of eco-design in the development and approval phase of a project, quality control (see “Quality, safety and conformity”) is supported by a checklist that focuses on eco-design aspects. Specifically, the elements assessed include 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.

Smeg products are designed reserving special attention to the integration of environmental protection requirements. The greatest attention is paid to the use of materials favouring, in particular, the choice of easily recyclable components such as steel, glass and aluminium.

At the same time the Group is considering, with increasing interest, the opportunities connected with the disassembly and recovery of components at a product’s end of life.

For SMEG, adopting eco-design principles means progressively extending the life of a domestic appliance, simplifying the maintenance of it and striving to progressively improve its energy efficiency and technical

performance in order to reduce its impact throughout its entire life cycle.

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).

Furthermore, the use of modular elements is increasingly important. In fact, SMEG is taking a design approach - which is in the planning stage - which will allow finished products to be easily disposed of in order to have them converted into secondary raw materials. One example of this is the minimisation of the use of glue, which leads to a greater use of screws making disassembling product components much easier, and another example is the use of glass that can be manually extracted in every oven.


Another development in this area concerns the refacing of the TF Touch electronic interface board. This involves, to enable the connection of the display to the front panel, a push system with constant pressure which allows the plastic used to be easily disassembled and eliminated thanks to the replacement of the plastic visor with a glass one.

Another element receiving focus is expanded polystyrene (EPS): European legislation is moving towards restricting the use of EPS, as has already happened in some countries outside the European Union. Since it operates in various different markets, it is unreasonable to expect the Group to implement a different solution regarding the use of EPS in each country with different regulations. That is why the aim is to identify a standardised solution.

In this regard, it should be noted that a pilot project has been initiated to create a small oven without the use of EPS.

Finally, to improve the ecological footprint of products, as well as to scrupulously comply with European directives and regulations - in particular the RoHS (Restriction of Hazardous Substances) Directive, 2011/65/EU⁵ and the

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)⁶ Regulation 1907/2006 - comfortably meeting the minimum values set by law, the Company has implemented an internal regulation – the **List of substances which are prohibited or whose use is restricted**⁷ – which further expands the restrictions on the use of substances which are considered potentially harmful. This internal regulation provides guidance in choosing new materials or in replacing existing ones in products, as well as providing guidance in the purchase of machinery and plants 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.

With regard to paints, an enamel – RoHS and REACH compliant and nickel-free – is used which is free of toxic components. It is also, as are the other materials used, subject to specific checks to ensure it is safe for use from this point of view and in some cases, external laboratories are used for support.

In consideration of the European regulatory developments, SMEG is **involved in discussions with the main trade associations** in order to contribute to the definition of the more detailed criteria regarding the eco-design of products, even if this should result in a penalisation regarding their energy class. Also central to the development of solutions with less environmental impact are **collaboration agreements with universities and research centres**. It should be mentioned, in particular, the work done in 2022

– together with the Politecnico di Milano (the Department of Design and the Department of Chemistry, Materials and Chemical Engineering) - on the **Life Cycle Assessment (LCA) analysis** of the packaging of Major Domestic Appliances (ovens) and Small Domestic Appliances (blenders) with the aim of finding alternatives which, at the mechanical level, would provide for greater sustainability of the product's final disposal.

⁴ For example, an Australian law will come into effect in 2025.

⁵ 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).

⁶ 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.

⁷ Updated twice a year.

The collaboration project with the Politecnico di Milano regarding eco-design

Together with the Politecnico di Milano, the Company has initiated the **project, “The application of design methods and tools for the environmental sustainability of packaging for small and major domestic appliances”**, which involved a research phase carried out between March and November 2022.

The project’s goal was to **map and quantify the environmental impacts connected to the packaging of Small Domestic Appliances and Major Domestic Appliances**, deepening the knowledge relating to the sustainability of packaging. On the basis of the **LCA analysis methodology**, the packaging of the following products was considered: the BLF01XXEU Blender and the SO6302TX Oven (60cm built-in oven).

More specifically, the LCA analysis made it possible **to identify the phases with a greater environmental impact** in the life of the two packaging solutions.

With reference to the packaging for the oven, the phases with the greatest environmental impact are the pre-production and production phases (materials and manufacture), followed by the distribution phase (road and sea transportation) and the phase in which the packaging is disposed of (recycled, incinerated with energy recovery or sent to landfill).

With regard, however, to the packaging for the blender, all the indicators taken into consideration show that the phase with the greatest environmental impact is that relating to the production processes. Across the other phases, the impact distribution generally coincides.

The project carried out in collaboration with the Politecnico di Milano led to **specific packaging design** guidelines being drawn up. These will be used by the Group to guide its choices regarding packaging.

Specifically, the manual has been organised so that it can be applied to the design of the ovens of reference. The strategies covered by the guidelines, in line with eco-design principles, are:

- to minimise energy consumption during use;
- to optimise the conservation of resources;
- to minimise the consumption of materials;
- to minimise the toxicity and harmfulness of resources;
- to extend the useful life of materials;
- to optimise the life of products.

An **intervention priority** is defined for each strategy. This is done on the basis of the results of the LCA analysis and allows the most significant actions to be identified to improve the environmental performance of the appliance.

The second phase of the LCA analysis will begin in 2023 and will focus on the entire life cycle of the product in order to be able to evaluate better alternatives from the point of view of the sustainability of the materials and components used.

A real-world application of eco-design principles, with particular reference to improving the energy efficiency of products, can 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. Internal procedures are therefore defined for surveillance testing of serial production, measuring energy consumption and comparing it with the declared values.

With particular reference to ovens, the following applications of eco-design principles in products have improved energy efficiency in these cases:

- **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.

Another point of attention, in terms of the energy efficiency of products, is on refrigerators. The energy classes (currently G to D) have been completely revised to raise the level by two classes in every type of refrigerator (reaching class B). This change requires the addition of a vacuum panel in the foaming phase which, however, if, on the one hand, can guarantee greater energy efficiency, leads to, on the other hand, difficulties in disassembly and the proper recycling of the product.

Next steps

	STATUS
Reaching class A++ for Galileo ovens	●
Completion of the Life Cycle Assessment (LCA) analysis on packaging	●
Extension of the LCA analysis to the entire life cycle of new Galileo ovens	●
Implementation of a remote assistance service in managing issues connected to the life cycle of a product	●

● On track ● Work in progress



QUALITY, SAFETY AND CONFORMITY

Every production process at Smeg is closely monitored in order to ensure the distribution of domestic appliances of the **highest quality** and **safety**.

The implementation of the Quality Management System, certified to ISO 9001⁸ and ISO 13485⁹ which were obtained for the first times, respectively, in 1997 and 2000), has allowed, through specific procedures, control activities to be regulated across the entire phases of design, production and post-sales of products, in order to guarantee that the end customer purchases a product of the highest quality and safety.

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. These progressive controls are in line with international standards and even more stringent internal regulations.

In addition, each year, specific funds are allocated to the testing

of consolidated products, in order to ascertain their continued conformity over time. The drive towards increasingly better safety levels along the production chain has led the Group to **invest, year after year, in the most advanced technologies** and to carry out ever more stringent and ever more reliable safety tests. In 2022, for example, the **new technology adopted for reliability testing** made it possible to identify any issues in advance, thus optimising the production process and the installation of a shielded chamber which afforded greater efficiency in carrying out product conformity tests.

In the same year, the important **“Continuous Improvement”** project was launched at the Group level with the aim of being able to work with continuous improvement in mind.

⁸ Certification obtained by all of the Group's production companies.

⁹ The Quality Management System for Medical Devices for which the operating companies, Smeg S.p.A. and Bonferraro S.p.A., have been certified.

The “Continuous Improvement” project

Launched in 2022, the project focuses on implementing a company approach and philosophy which is increasingly oriented towards customers and workers in terms of:

- Better quality of Smeg products, understood as reliability and durability over time;
- Improvement in the workplace safety indices relating to operational activities within factories (for more information, see “Work in safety”);
- Reduction in waste by reducing the materials sent to the assembly lines ensuring that the flow concerns only the quantities actually needed (for more information, see “Carbon footprint”);
- Greater energy efficiency indirectly resulting from the outputs listed above.

In this sense, the project is organised into a three-pronged line of action: *i)* at the individual project level; *ii)* from the production processes point of view; *iii)* from the external point of view (in terms of managing the supply chain and the TCR¹⁰ Field Trend). For each line of action, specific KPIs for monitoring and continuous improvement can be collected and analysed.



With regard, specifically, to managing relationships with suppliers, it should be noted that the activities to raise awareness of RoHS – REACH (use of hazardous chemical substances) were increased and audits were carried out as part of the implementation of a vendor rating system for suppliers.

The execution of this project - managed by the Company’s Quality Team - also involved holding **activities to raise the awareness** of people, for a total of **33 training/educational sessions which involved approximately 300/400 workers at the Group**. These sessions were used to share the main quality aspects with attendees, which included a discussion of current market dynamics, the reduction of waste and health and safety aspects in a working environment, as well as to collect any feedback from the people involved. The same sessions were also organised with the participation of departmental managers.

This activity will continue, for the second year, in 2023.

¹⁰ Technical Call Rate, i.e. the data relating to calls made by users to technical support during the product warranty period regarding technical problems relating to a product placed on the market. This data is an objective indicator of the progress over time of the quality of products: with the “Continuous Improvement” project, an improvement is expected to be seen in this indicator in the coming years.

The development of new projects requires specific verification and review activities through so-called 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.

These controls 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 to integrate corrective measures into product development.


An internal **procedure** specifically regulates every verification phase by defining the responsibilities, the skills and abilities and the actions to take according to specific verification **checklists** relating to each quality gate.

Specifically, with reference to the Domestic Division, quality gates are organised as described below.

The control phases along the production process



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 specification (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 conformity with internal specifications and the relevant mandatory standards.

Initially, in the product development stage, the Group’s Technical Departments collaborate with the in-house 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 the Group.

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 essential product safety requirements, specific “test reports” must also be issued by third parties.

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 *field test*¹¹, 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):

- functional check;
- aesthetic check;
- electrical safety check;
- gas seal and flow test;
- microwave leak check;

- hydraulic circuit leak check;
- torque check and inspection¹⁰ of special critical gas seals.

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.

With regard to production done outside Italy – which is the case

for most of the products in the Small Domestic Appliances range – stringent checks are envisaged on the basis of 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 implemented 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

¹¹ These are products intended for candidate users, such as company collaborators, for product use tests.

¹² Applied torque.

product history, including data relating to its production, testing, shipments made, and even its eventual return.

Attention to quality does not only concern the Group’s direct activities, but also the commercial relationships established with suppliers of raw materials and components.

Suppliers and quality control



In order to ensure the highest quality and safety of the final products, as well as to limit the generation of negative environmental and social impacts along the value chain, during the procurement phase, the Purchasing Department works with the Group Quality Control Assurance Manager, who is responsible for sending an **informational questionnaire** to suppliers, through which certain information is collected regarding:

- organisational and structural set-up;
- aspects related to the administrative liability of the company or entity (for example, any presence of a Code of Ethics, the adoption of Model 231, the willingness to subscribe to the Group’s Code of Ethics);
- knowledge of and compliance with the applicable quality, workplace safety and environmental legislation, focusing specifically on the strict application of the RoHS Directive¹³, the Packaging and Packaging Material Directive¹⁴, the MOCA Directive on food contact materials¹⁵ and the **provisions on other banned substances and conflict minerals from Congo and neighbouring countries**;
- the presence of structured and certified management systems with reference to the areas mentioned in the previous point¹⁶. 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.

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 process¹⁷.

Furthermore, 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 required quality objectives;
- 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.

In this regard, it should be noted that, in 2022, the **Quality Agreement/Supplier Agreement** documents shared with Group suppliers were made more robust in terms of forecasts and the regimes envisaged to best regulate the supply conditions¹⁸.

Managing qualified suppliers requires Acceptance Control and Quality Assurance to carry out a

periodic analysis of the quality of the supplies

made in the last 12 months. 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.

¹³ Directive 2011/65/EU.

¹⁴ Dir. 94/62/EC, 2008/98/EC, ISPM No.15.

¹⁵ Reg. EC 1935/2004, Reg. EC 2023/2006.

¹⁶ 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.

¹⁷ Said simplification is not possible in the case of toll manufacturing on finished products.

¹⁸ This new edition will be made operational in 2023.



The extreme attention paid to the quality of the production processes and the products highlights the Group’s commitment to guarantee the highest safety in the use of the product by the end customer, as expressed by the suggestions for use and the warnings provided in the manual supplied with the product (for more information, see “*The management of relationships with customers*”).

One element of particular consideration is the alignment with current European regulations concerning **vulnerable consumers**, which also includes minors. With this in mind, the Group has extended the safeguards adopted in order to respond to the provisions regarding “*Child Appealing Appliances*” – which lays out certain safety requirements to ensure that domestic appliances cannot be mistaken as toys – as well as to other markets where no comparable precautions are currently in place.

By way of example, in Scandinavian markets, a child lock is envisaged for oven doors, a component already available in Smeg products.

Further attention is also paid to the temperature of surfaces in order to prevent a child from being injured in the event they accidentally touch an appliance.

In 2022, in line with the previous two-year period, no cases of non-conformity were reported regarding the impacts on the health and safety of customers in connection with the use of a Smeg product.

Next steps

STATUS

Continuation of the awareness-raising activities connected with the “Continuous Improvement” project, with the implementation of the second edition of the training sessions for Group workers and heads of departments



● On track ● Work in progress

THE MANAGEMENT OF RELATIONSHIPS WITH CUSTOMERS

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 customers with which it interfaces are:

- **B2B customers** (including: electrical retailers, kitchen specialists, online players, homeware stores, and building companies);
- **B2C customers** (through e-commerce and the network of Smeg stores).

Customer interaction is managed through various and specific communication channels based on customer needs and the type of product. Specifically, Smeg has its own **Customer Service** function which provides information on the products and services offered.

The Group also offers customers a **post-sales support service**, which is managed by a network of specialist companies located throughout Italy and which constitute the **Smeg Authorised Service Network**. This network is responsible for processing and managing service requests relating to the operation or maintenance

of 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.

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

Among the communications channels used are catalogues

(especially digital ones, with a view to reducing the use of printed paper), newsletters, the corporate website, social media, select press publications for each country and commercials to promote product campaigns.

Manuals, with reference both to Small Domestic Appliances and to Major Domestic Appliances, are prepared in compliance with current European legislation¹⁹ and they contain all the necessary information on how to use the product properly, including in the presence of children, and how to obtain the best performance from the product, and how to maintain

¹⁹ Directive 2006/42/EC.

and eventually dispose of the product at the end of its life.

It should be noted that, in 2022, the Group received a notice of non-conformity with regard to the regulations regarding information and labelling of products and services. Specifically, the case concerned the presence of an incorrect consumption figure given in the Product Information Sheet (PIS) of a hob present on the Smeg Belgium website. Following receipt of this notice, tests were carried out which resulted in the value given in the PIS being corrected. The timely resolution of this non-conformity allowed the company to avoid being sanctioned.

In addition, in June 2022, various values published in the EPREL database and on the PIS relating to an OEM (Italy) product were corrected following checks carried out after receiving, in 2021, a notice of discordance between the actual consumption and the figure published.

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. With specific reference to food-related product lines (such

as ovens), the Group has introduced several solutions in terms of both communication and product operation aimed at reducing food waste. For example, 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 cooling food rapidly, 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.

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.

Next steps

STATUS

Further strengthen relationships with end customers by improving the services offered, both directly at Smeg Stores and through social media channels

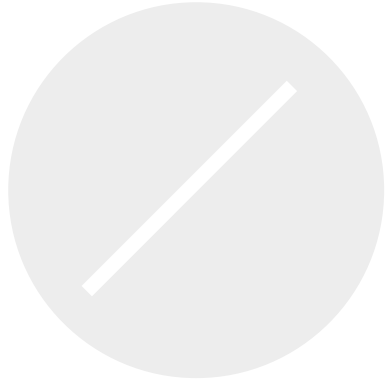


Monitor the possible technological development of the service made available to customers through telematic problem management solutions (for example, through a web app)



 On track  Work in progress





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INSIGHTS

The tables are presented by chapter of reference and they follow the numerical order of the GRI information reported.

Chapter **2**

COMPOSITION OF SMEG S.P.A. BOARD OF DIRECTORS				
Office	Role	Independence ¹	Gender	Age group
Chairman	Executive		M	> 50 years
Chief Executive Officer	Executive		M	30 - 50 years
Independent director	Non-executive	X	F	> 50 years
Independent director	Non-executive	X	M	> 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.

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

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

GRI 2-9 Governance structure and composition

GRI 405-1 Diversity of governance bodies

Spending with local suppliers (Euro/000) ²	2022	2021	2020
Total spending on procurement	297,778	296,382	192,170
Of which to local suppliers	162,412	112,001	74,113
Percentage of spending on local suppliers	55%	38%	39%

GRI 204-1 Proportion of spending on local suppliers

² The reference is to just the production companies.

Chapter **3**

(Euro/000)	2022	2021	2020
Economic value generated (consolidated)	953,336	928,587	734,424
Economic value distributed to suppliers (operating costs)	664,706	632,306	505,235
Economic value distributed to staff (staff costs)	133,908	127,041	108,575
Economic value distributed to lenders (interest and other financial charges)	4,001	3,069	2,047
Economic value distributed to investors (dividend distribution)	15,000	10,000	10,000
Economic value distributed to the public administration (income tax for the year and non-income taxes)	29,428	33,122	21,976
Economic value distributed to the territory and local communities (external donations)	330.59	348.83	471.48
Economic value distributed	847,374	805,887	648,304
Economic value retained (Economic value generated - Economic value distributed)	105,962	122,700	86,120

GRI 201-1 Direct economic value generated and distributed

SMEG S.p.A. Board Members	2022	2021	2020
Members of the governance body to whom all anti-corruption policies and procedures <u>have been communicated</u>	4	4	4
Percentage of total members of governance bodies	100%	100%	100%
Members of the governance bodies that have <u>received anti-corruption training</u>	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

Employees (Group)	2022	2021	2020
Managers to whom all anti-corruption policies and procedures <u>have been communicated</u>	192	192	134
Percentage of total Managers	100%	100%	100%
Managers <u>who have received anti-corruption training</u>	6	0	134
Percentage of total Managers	3%	0%	100%
White Collar to whom all anti-corruption policies and procedures <u>have been communicated</u>	1,114	1,063	1,062
Percentage of total White Collars	100%	100%	100%
White Collar <u>who have received anti-corruption training</u>	0	0	1,062
Percentage of total White Collars	0%	0%	100%
Workers to whom all anti-corruption policies and procedures <u>have been communicated</u>	1,112	1,070	1,063
Percentage of total Workers	100%	100%	100%
Workers <u>who have received anti-corruption training</u>	0	0	0
Percentage of total Workers	0%	0%	0%

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

Business partners	2022	2021	2020
Business partners (specify type) to whom all anti-corruption policies and procedures <u>have been communicated</u>	All contracted partners receive communication of the Group Code of Ethics		
Percentage of total business partners	100% of contracted partners		

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

(Euro/000)	2022			
Consolidated reporting, by geographic area of reference ³	Italy	Europe	Outside Europe	Total
Tangible assets other than cash and cash equivalents	546,501	132,088	202,094	880,684
Revenue from sales to third parties	320,443	381,991	228,141	930,574
Revenue from intragroup operations	613,820	1,750	979.29	616,550
Profit/loss before tax	84,302	13,529	3,159	100,990
Corporate income tax paid on a cash basis	34,160	3,481	1,589	39,230
Corporate income tax accrued on profits/losses ⁴	21,080	3,384	1,388	25,852

GRI 207-4 Country-by-country reporting

(Euro/000)	2021			
Consolidated reporting, by geographic area of reference	Italy	Europe	Outside Europe	Total
Tangible assets other than cash and cash equivalents	503,803	120,312	171,188	795,303
Revenue from sales to third parties	311,252	374,415	220,929	906,595
Revenue from intragroup operations	588,380	547.35	549	589,476
Profit/loss before tax	100,154	12,526	5,390	118,070
Corporate income tax paid on a cash basis	25,622	3,252	1,910	30,784
Corporate income tax accrued on profits/losses ⁴	26,081	3,353	1,718	31,153

GRI 207-4 Country-by-country reporting

(Euro/000)	2020			
Consolidated reporting, by geographic area of reference	Italy	Europe	Outside Europe	Total
Tangible assets other than cash and cash equivalents	479,192	97,301	132,257	708,751
Revenue from sales to third parties	243,288	295,274	179,414	717,976
Revenue from intragroup operations	419,443	402.17	602.09	420,447
Profit/loss before tax	61,015	9,696	6,049	76,760
Corporate income tax paid on a cash basis	10,676	2,854	2,549	16,079
Corporate income tax accrued on profits/losses ⁴	15,025	2,663	1,927	19,615

GRI 207-4 Country-by-country reporting

³ The relevant tax regimes are: Italy; Germany; Spain; Belgium; France; the United Kingdom; Holland; Portugal; Sweden; Norway; Denmark; Russia; the United States; Ukraine; South Africa; Kazakhstan; Australia; Poland; Mexico; Singapore; China; Canada (reporting starting from FY 2023).

⁴ The difference between accrual taxes and cash taxes is given by the normal tax regulations applicable in each country in which the Group operates.

Chapter 4

2022												
Active employees as of 31 December	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Open-ended	996	381	1,377	47	43	90	509	382	891	1,552	806	2,358
Fixed-term	20	10	30	3	2	5	13	15	28	36	27	63
On-call	-	-	-	-	-	-	1	-	1	1	-	1
Total	1,016	391	1,407	50	45	95	523	397	920	1,589	833	2,422

GRI 2-7 Employees

2022												
Active employees as of 31 December	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	998	287	1,285	50	28	78	511	370	881	1,559	685	2,244
Part-time	18	104	122	-	17	17	12	27	39	30	148	178
Total	1,016	391	1,407	50	45	95	523	397	920	1,589	833	2,422

GRI 2-7 Employees

2021												
Active employees as of 31 December	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY) ⁵			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	483	370	853	1,517	769	2,286
Fixed-term	13	14	27	4	3	7	8	7	15	24	24	49
On-call	1	-	1	-	-	-	-	-	-	1	-	1
Total	997	374	1,371	55	42	97	491	377	868	1,543	793	2,336

GRI 2-7 Employees

⁵ It should be noted that the data has been modified following the discovery of errors in the 2021 data collection process for Smeg UK.

2021												
Active employees as of 31 December	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY) ⁶			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	480	343	823	1,509	625	2,134
Part-time	22	117	139	1	17	18	11	34	45	34	168	202
Total	997	374	1,371	55	42	97	491	377	868	1,543	793	2,336

GRI 2-7 Employees

2020												
Active employees as of 31 December	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Open-ended	980	353	1,333	44	39	83	450	340	790	1,474	732	2,206
Fixed-term	8	6	14	1	-	1	13	16	29	22	22	44
On-call	-	-	-	-	-	-	-	-	-	-	-	-
Total	988	359	1,347	45	39	84	463	356	819	1,496	754	2,250

GRI 2-7 Employees

2020												
Active employees as of 31 December	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	967	243	1,210	44	21	65	447	314	761	1,458	578	2,036
Part-time	21	116	137	1	18	19	17	41	58	39	175	214
Total	988	359	1,347	45	39	84	464	355	819	1,497	753	2,250

GRI 2-7 Employees

⁶ It should be noted that the data has been modified following the discovery of errors in the 2021 data collection process for Smeg UK.

2022												
Active workers who are not employees as of 31 December	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
	Type of contract	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Contracted/interim	97	45	142	1	-	1	22	10	32	120	55	175
Representative agents	-	-	-	23	1	24	-	-	-	23	1	24
Interns/trainees	7	7	14	-	-	-	10	14	24	17	21	24
Other workers who are not employees	-	-	-	-	-	-	1	-	1	1	-	1
Total	104	52	156	24	1	25	33	24	57	161	77	238

GRI 8 Workers who are not employees

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

GRI 8 Workers who are not employees

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

GRI 8 Workers who are not employees

Employees covered by collective bargaining, by type of company (%)	2022	2021	2020
Production companies (ITALY)	100%	100% ⁷	100%
Commercial distribution companies (ITALY)	100%	100%	100%
Commercial distribution companies (OUTSIDE ITALY)	38%	42%	42%
Total	79%	81%	81%

GRI 2-30 Collective bargaining agreements

⁷ Data restated due to a typing error discovered in the previously published figure.

Hires	2022											
	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	58	31	89	1	2	3	25	38	63	84	71	155
30<x>50 years	34	18	52	5	4	9	63	47	110	102	69	171
>50 years	7	3	10	-	-	-	20	17	37	27	20	47
Total	99	52	151	6	6	12	108	102	210	213	160	373
Inbound turnover rate	0.10	0.14	0.11	0.11	0.14	0.12	0.22	0.27	0.24	0.14	0.20	0.16

GRI 401-1 New employee hires and employee turnover

Hires, by gender and professional category (Smeg Group)	2022			
	Men	Women	Total	% of the category
Managers	17	4	21	19%
White Collars	100	116	216	54%
Workers	96	40	136	29%
Total	213	160	373	43%

GRI 401-1 New employee hires and employee turnover

Terminations	2022											
	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	15	6	21	1	1	2	14	20	34	30	27	57
30<x>50 years	23	6	29	5	-	5	47	41	88	75	47	122
>50 years	41	24	65	3	2	5	20	10	30	64	36	100
Total	79	36	115	9	3	12	81	71	152	169	110	279
Outbound turnover rate	0.08	0.10	0.08	0.16	0.07	0.12	0.16	0.19	0.18	0.11	0.14	0.12

GRI 401-1 New employee hires and employee turnover

Hires	2021											
	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	15	6	21	1	1	2	14	20	34	30	27	57
30<x>50 years	23	6	29	5	-	5	47	41	88	75	47	122
>50 years	41	24	65	3	2	5	20	10	30	64	36	100
Total	79	36	115	9	3	12	81	71	152	169	110	279
Outbound turnover rate	0.08	0.10	0.08	0.16	0.07	0.12	0.16	0.19	0.18	0.11	0.14	0.12

GRI 401-1 New employee hires and employee turnover

Terminations	2021											
	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	6	2	8	-	-	-	10	13	23	16	15	31
30<x>50 years	14	3	17	2	1	3	30	40	70	46	44	90
>50 years	21	9	30	1	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	0.1	0.08	0.11	0.16	0.13	0.06	0.1	0.08

GRI 401-1 New employee hires and employee turnover

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	19
Terminations	59	94	153	20	80	53
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

Employees covered by the occupational health and safety management system (production companies) ⁸	2022
Total number of employees	1,376
Number of employees covered by such a system	1,376
Percentage of employees covered by such a system	100%
Number of employees covered by such a system and which is <u>subject to an internal audit</u>	984
Percentage of employees covered by such a system and which is subject to an internal audit	72%
Number of employees covered by such a system and which is <u>subject to an audit by independent third parties</u>	904
Percentage of employees covered by such a system and which is subject to an audit by independent third parties	66%

GRI 403-8 Workers covered by an occupational health and safety management system

Workers who are not employees covered by the occupational health and safety management system (production companies) ⁹	2022
Total number of outside workers	463
Number of workers who are not employees covered by such a system	463
Percentage of workers who are not employees covered by such a system	100%
Number of workers who are not employees covered by such a system and which is <u>subject to an internal audit</u>	104
Percentage of workers who are not employees covered by such a system and which is subject to an internal audit	22%
Number of workers who are not employees covered by such a system and which is <u>subject to an audit by independent third parties</u>	94
Percentage of workers who are not employees covered by such a system and which is subject to an audit by independent third parties	20%

GRI 403-8 Workers covered by an occupational health and safety management system

⁸ The data refers just to those Group production companies that have an Occupational Health and Safety Management System which is ISO 45001 compliant (La Pavoni S.p.A., is not yet, therefore, included).

⁹ Data from La Pavoni S.p.A. has not been included since it has not yet implemented an ISO 45001-certified Occupational Health and Safety Management System.

Employees	2022			
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
Number of hours worked	1,988,133	156,728	1,588,573	3,733,434
Number of recordable work-related injuries	13	2	17	32
of which en route ¹⁰	-	-	1	1
Rate of recordable work-related injuries	6.54	12.76	10.70	8.57
Number of work-related injuries with serious consequences (excluding deaths)	1	-	-	1
Rate of work-related injuries with serious consequences (excluding deaths)	0.50	-	-	0.27
Number of deaths resulting from work-related injuries	-	-	-	-
Rate of deaths resulting from work-related injuries	-	-	-	-

GRI 403-9 Work-related injuries

Workers who are not employees	2022			
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
Number of hours worked	356,109	2,086	56,956	415,151
Number of recordable work-related injuries	3	-	-	3
of which en route	-	-	-	-
Rate of recordable work-related injuries	8.42	-	-	7.23
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	-	-	-	-

GRI 403-9 Work-related injuries

¹⁰ In line with GRI 403-9 Work-related injuries, accidents that happen whilst en route (in this and subsequent tables) are only considered in those cases in which transport has been organised by the organisation, for example through the use of a company car or if the organisation makes a corporate shuttle service available.

Employees	2021			
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
Number of hours worked	1,988,133	156,728	1,588,573	3,733,434
Number of recordable work-related injuries	13	2	17	32
of which en route ¹¹	-	-	1	1
Rate of recordable work-related injuries	6.54	12.76	10.70	8.57
Number of work-related injuries with serious consequences (excluding deaths)	1	-	-	1
Rate of work-related injuries with serious consequences (excluding deaths)	0.50	-	-	0.27
Number of deaths resulting from work-related injuries	-	-	-	-
Rate of deaths resulting from work-related injuries	-	-	-	-

GRI 403-9 Work-related injuries

Workers who are not employees	2021			
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	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	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	-	-	-	-

GRI 403-9 Work-related injuries

¹¹ It should be noted that it was not possible to collect data on the number of hours worked and work-related injuries in 2021 for all the non-Italian 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 USA, SMEG Mexico (included only with reference to 2021), SMEG Nordic, SMEG Poland, SMEG Kazakhstan, SMEG Belgium (included only with reference to 2021), SMEG Russia, SMEG Denmark.

Lavoratori dipendenti	2020			
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
Number of hours worked	1,695,548	46,885	1,273,526	3,015,959
Number of recordable work-related injuries	13	-	17	30
of which en route	2	-	0	2
Rate of recordable work-related injuries	7.7	-	13	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	-	-	-	-

GRI 403-9 Work-related injuries

Hours of training, by professional category and gender	2022											
	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	59	5	64	3	2	5	85	39	124	147	46	193
Total hours of training (H)	939	158	1,097	-	-	.	272	88	360	1,211	246	1,457
Average hours of training (h)	15.91	31.60	17.13	-	-	-	3.20	2.26	2.90	8.23	5.35	7.55
White Collars	261	137	398	29	43	72	300	346	646	590	526	1,116
Total hours of training (H)	3,957	1,552	5,509	125	125	250	1,001	1,059	2,060	5,083	2,736	7,819
Average hours of training (h)	15.16	11.33	13.84	4.31	2.91	3.47	3.34	3.06	3.19	8.62	5.20	7.01
Workers	696	249	945	18	-	18	135	15	150	849	264	1,113
Total hours of training (H)	4,072	1,040	5,112	86	-	86	415	24	543	4,573	1,064	5,637
Average hours of training (h)	5.85	4.18	5.41	4.78	-	4.78	3.07	1.60	2.93	5.39	4.03	5.06
Total employees	1,016	391	1,407	50	45	95	520	400	920	1,586	836	2,422
Total hours of training	8,967	2,750	11,717	211	125	336	1,688	1,171	2,859	10,866	4,046	14,912
Total average hours of training	8.83	7.03	8.33	4.22	2.78	3.54	3.25	2.93	3.11	6.85	4.84	6.16

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

2021												
	Production companies (ITALY)			Commercial distribution companies (ITALY) ¹²			Commercial distribution companies (OUTSIDE ITALY) ¹³			Smeg Group		
Hours of training, by professional category and gender ¹⁴	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	62	5	67	4	2	6	86	36	122	152	43	195
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	245.8	36.69	4	8	5.33	2.36	2.61	2.43	9.53	31.14	14.29
White Collars	250	126	376	32	40	72	286	333	619	568	499	1,067
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	4.53	3.74	4.11	8.78	9.89	9.30
Workers	685	243	928	19	-	19	119	8	127	823	251	1,074
Total hours of training (H)	5,234	5,234	10,468	294	-	294	240	5	246	5,768	5,239	11,007
Average hours of training (h)	7.64	21.54	11.28	15.47	-	15.47	2.02	0.63	1.94	7.01	20.87	10.25
Total employees	997	374	1,371	55	42	97	491	377	868	1,543	793	2,336
Total hours of training	10,044	10,044	20,088	419	125	544	1,739	1,346	3,086	12,202	11,515	23,717
Total average hours of training	10.07	26.86	14.65	7.62	2.98	5.61	3.54	3.57	3.56	7.91	14.52	10.15

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

Hours of training provided	2022		
	Women	Men	Total
Managers	101	345.5	447
White collars	4,262	6,433	10,695
Workers	1,746	11,238	12,984
Total	6,109	18,017	24,126

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

¹² Data restated due to an error discovered in the previously communicated figures.

¹³ It should be noted that the data has been modified following the discovery of errors in the 2021 data collection process for Smeg UK with reference to active employees as of 31.12.2021.

¹⁴ It should be noted that some data in the table has been restated following a recalculation of the training hours provided by some Group companies.

2022												
Active employees as of 31.12	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY)			Smeg Group		
Professional category, by age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers (N)	59	5	64	3	2	5	85	39	124	147	46	193
<30 years	-	-	-	-	-	-	-	2	2	-	2	2
30<x>50 years	24	3	27	1	1	2	47	32	79	72	36	108
>50 years	35	2	37	2	1	3	38	5	43	75	8	83
White Collars (N)	261	137	398	29	43	72	300	346	646	590	526	1,116
<30 years	29	33	62	3	5	8	37	70	107	69	108	177
30<x>50 years	131	69	200	17	25	42	178	210	388	326	304	630
>50 years	101	35	136	9	13	22	85	66	151	195	114	309
Workers (N)	696	249	945	18	-	18	135	15	150	849	264	1,113
<30 years	145	45	190	1	-	1	27	3	30	173	48	221
30<x>50 years	332	94	426	14	-	14	77	11	88	423	105	528
>50 years	219	110	329	3	-	3	31	1	32	253	111	364
Total	1,016	391	1,407	50	45	95	520	400	920	1,586	836	2,422

GRI 405-1 Diversity of employees

2021												
Active employees as of 31.12	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY) ¹⁵			Smeg Group		
Protected categories, by professional category	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	1	-	1	-	-	-	4	1	5	5	1	6
White collars	5	2	7	-	2	2	16	30	46	21	34	55
Workers	48	28	76	2	-	2	23	8	31	73	36	109
Total	54	30	84	2	2	4	43	39	82	99	71	170

GRI 405-1 Diversity of employees

¹⁵ For the purposes of calculating the people falling into the protected categories, in 2022, 58 "Employee Equity Candidates", i.e. those people who come from certain ethnic backgrounds which were previously disadvantaged during the years of Apartheid, were considered for Smeg South Africa.

Active employees as of 31.12	2021											
	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY) ¹⁵			Smeg Group		
Professional category, by age group	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers (N)	62	5	67	4	2	6	86	36	122	152	43	195
<30 years	0	0	0	0	0	0	0	2	2	0	2	2
30<x>50 years	28	4	32	1	2	3	56	31	87	85	37	122
>50 years	34	1	35	3	0	3	30	3	33	67	4	71
White Collars (N)	250	126	376	32	40	72	286	333	619	568	499	1,067
<30 years	21	34	55	4	4	8	29	69	98	54	107	161
30<x>50 years	139	63	202	17	21	38	180	217	397	336	301	637
>50 years	90	29	119	11	15	26	77	47	124	178	91	269
Workers (N)	685	243	928	19	0	19	119	8	127	823	251	1,074
<30 years	134	31	165	1	0	1	24	0	24	159	31	190
30<x>50 years	339	107	446	13	0	13	75	6	81	427	113	540
>50 years	212	105	317	5	0	5	20	2	22	237	107	344
Total	997	374	1,371	55	42	97	491	377	868	1,543	793	2,336

GRI 405-1 Diversity of employees

Active employees as of 31.12	2021											
	Production companies (ITALY)			Commercial distribution companies (ITALY)			Commercial distribution companies (OUTSIDE ITALY) ¹⁶			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	1	2	0	2	55	28	83
Total	58	30	88	2	2	4	4	4	8	64	36	100

¹⁶ It should be noted that the data has been modified following the discovery of errors in the 2021 data collection process for Smeg UK.

GRI 405-1 Diversity of employees

Active employees as of 31.12		2020	
Number of employees by type of qualification	Women	Men	Total
Managers	22	112	134
White collars	480	582	1,062
Blue collars	253	810	1,063
Total	755	1,504	2,259

GRI 405-1 Diversity of employees

Direct collaborators of Smeg S.p.A.		2022	
Gender pay gap, by professional category ¹⁷	Basic salary	Remuneration	
Managers	106%	111%	
White collars	83%	82%	
Blue collars	97%	90%	

GRI 405-2 Ratio of basic salary and remuneration of women to men

¹⁷ The calculation considered active employees as of 31 December 2022.

Chapter **5**

Energy consumption, by energy sources(GJ) – Smeg Group	2022	2021	2020
Electricity	75,473.75	77,725.23	61,234.68
Of which from conventional sources	20,776.02	18,505.22	49,293.99
Of which from renewable sources (purchase of electricity from certified renewable sources)	51,487.95	56,524.57	8,186.50
Of which from renewable sources (self-produced and self-consumed from photovoltaics)	3,209.78	2,695.45	3,754.19
District heating	268.86	-	-
Natural gas	97,025.72	112,288.15	91,170.68
Diesel for generators	36.06	38.19	94.99
Fuel (automotive and company fleet)	18,655.05	20,577.06	26,356.24
Diesel	14,081.93	15,556.74	24,643.42
Petrol	4,573.12	5,020.31	1,712.82
Total energy consumption	191,459.45	210,628.63	178,761.60
Of which from renewable sources	54,697.74	59,220.02	11,940.69
Energy intensity (GJ/€K)	0.00021	0.00022	0.00025

GRI 302-1 Energy consumption within the organisation

GRI 302-4 Energy intensity

Water withdrawal (ML) ¹⁸	2022			Smeg Group
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	
From non-water-stressed areas	84.10	0.88	140.63	225.62
Groundwater (aquifer)	62.70	-	-	62.70
Sea water ¹⁹	-	-	9	9
Water produced ¹⁹	-	-	27	27
Third-party water resources (Municipal water service providers)	21.41	0.88	104.63	126.92
From water-stressed areas	20.80	0.90	5.97	27.66
Groundwater (aquifer)	18.60	-	0.00	18.60
Third-party water resources (Municipal water service providers)	2.20	0.90	5.97	9.06
Total water withdrawal	104.90	1.78	146.60	253.28

GRI 303-3 Water withdrawal

¹⁸ The consumption figures for Domestika S.r.l. are not reported since their consumption is included in the leasing contract that the company has with Apell S.p.A.; the same applies to Elettrodomestici Bonferraro S.r.l. which leases space at the Bonferraro S.p.A. facility, for the company, SD Lazio, and for SMEG Nordic and SMEG USA.

¹⁹ SMEG Singapore.

Water withdrawal (ML) ¹⁸	2021			Smeg Group
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	
From non-water-stressed areas	135.34	0.62	163.98²⁰	299.94
Groundwater (aquifer)	115.15	-	-	115.15
Sea water ¹⁹	-	-	9	9
Water produced ¹⁹	-	-	27	27
Third-party water resources (Municipal water service providers)	20.19	0.62	127.98	148.79
From water-stressed areas	17.97	0.19	5.73	23.89
Groundwater (aquifer)	15.13	-	-	15.13
Third-party water resources (Municipal water service providers)	2.84	0.19	5.73	8.76
Total water withdrawal	153.31	0.81	169.71	323.83

GRI 303-3 Water withdrawal

¹⁸ The consumption figures for Domestika S.r.l. are not reported since their consumption is included in the leasing contract that the company has with Apell S.p.A.; the same applies to Elettrodomestici Bonferraro S.r.l. which leases space at the Bonferraro S.p.A. facility, for the company, SD Lazio, and for SMEG Nordic and SMEG USA.

¹⁹ SMEG Singapore.

²⁰ Data has been restated as a result of changes to the water withdrawal values by some commercial distribution companies outside Italy.

Water withdrawal (ML) ¹⁸	2020			Smeg Group
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY) ²¹	
From non-water-stressed areas	160.13	0.48	5.85	166.45
Groundwater (aquifer)	140.2	-	-	140.2
Third-party water resources (Municipal water service providers)	19.92	0.48	5.85	26.25
From water-stressed areas	13.84	0.11	12.65	26.60
Groundwater (aquifer)	12.88	-	-	12.88
Third-party water resources (Municipal water service providers)	0.96	0.11	12.65	13.72
Total water withdrawal	173.97	0.59	18.50	193.05

GRI 303-3 Water withdrawal

Industrial water discharge (ML) ²²	2022	2021	2020
From non-water-stressed areas	46.53	71.52	86.2
Surface water	31	57	72
Third-party water resources (Municipal water service providers)	15.53	14.52	14.2
From water-stressed areas	20.8	17.2	13.15
Surface water	20.8	17.2	13.15
Third-party water resources (Municipal water service providers)	-	-	-
Total water discharge	67.33	88.72	99.35

GRI 303-4 Water discharge

¹⁸ The consumption figures for Domestika S.r.l. are not reported since their consumption is included in the leasing contract that the company has with Apell S.p.A.; the same applies to Elettrodomestici Bonferraro S.r.l. which leases space at the Bonferraro S.p.A. facility, for the company, SD Lazio, and for SMEG Nordic and SMEG USA.

²¹ Data relating to water withdrawals in water-stressed areas and in non-water-stressed areas by non-Italian companies in the Group has been restated as a result of changes to the values for some companies.

²² The reference is to the production companies, with the exception of La Pavoni which has no industrial water discharges.

2022				
Water consumption (ML)	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY) ²³	Smeg Group
From non-water-stressed areas	37.58	0.88	138.55	177.01
Water withdrawal	84.10	0.88	140.63	225.62
Water discharge	46.53	-	2.08	48.61
From water-stressed areas	0.00	0.90	3.52	4.41
Water withdrawal	20.80	0.90	5.97	27.66
Water discharge	20.80	-	2.45	23.25
Total water consumption	37.58	1.78	142.07	181.42

GRI 303-5 Water consumption

2022				
Water consumption (ML)	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY) ²⁴	Smeg Group
From non-water-stressed areas	63.82	0.62	163.98	228.42
Water withdrawal	135.34	0.62	163.98	299.94
Water discharge	71.52	-	-	71.52
From water-stressed areas	0.77	0.19	10.31	11.27
Water withdrawal	17.97	0.19	12.65	30.81
Water discharge	17.2	-	2.34	19.54
Total water consumption	64.59	0.81	174.29	239.69

GRI 303-5 Water consumption

²³ At Smeg Australia, water is also used for civil purposes and for sanitation and cleaning activities at the local warehouse. The water discharged by this company is, therefore, counted for the purpose of calculating the GRI 303-5 Water consumption indicator. Water discharges (warehouse) at Smeg UK are also included.

²⁴ It should be noted that the 2021 data relating to commercial distribution companies outside Italy has been restated to include water discharges made by Smeg Australia and Smeg UK and as a consequence of the changes made to the GRI 303-3 indicator data. See the previous footnote for more information.

2022				
Water consumption (ML)	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY) ²⁵	Smeg Group
From non-water-stressed areas	73.92	0.48	5.85	80.26
Water withdrawal	160.13	0.48	5.85	166.46
Water discharge	86.2	-	0	86.20
From water-stressed areas	0.69	0.11	10.46	11.26
Water withdrawal	13.84	0.11	12.65	26.60
Water discharge	13.15	-	2.19	15.34
Total water consumption	74.61	0.59	16.31	91.52

²⁵ The 2020 data has been restated to account for changes made to both the volumes of water withdrawals made by some non-Italian Group companies and to the water discharge figure for Smeg Australia.

GRI 303-5 Water consumption



Species recorded	IUCN Red List Assessment	Population trend	Species recorded	IUCN Red List Assessment	Population trend
FLORA			FAUNA		
<i>Acer campestre</i>	LC	Stable	<i>Phasianus</i>	LC	Decline
<i>Acer platanoides</i>	LC	Stable	<i>Lepus europaeus</i>	LC	Stable
<i>Aesculus hippocastanum</i>	VU	Decline	<i>Pica pica</i>	LC	Stable
<i>Betula utilis</i>	LC	Decline	<i>Cyprinus carpio</i>	VU	Unknown
<i>Carpinus betulus</i>	LC	Stable			
<i>Celtis australis</i>	LC	Stable			
<i>Fagus sylvatica</i>	LC	Stable			
<i>Ficus carica</i>	LC	Growth			
<i>Fraxinus excelsior</i>	NT	Decline			
<i>Fraxinus ornus</i>	LC	Unknown			
<i>Juglans regia</i>	LC	Decline			
<i>Lagerstroemia indica</i>	LC	Stable			
<i>Liquidambar styraciflua</i>	LC	Stable			
<i>Magnolia grandiflora</i>	LC	Stable			
<i>Populus tremula</i>	LC	Stable			
<i>Pyrus</i>	LC	Unknown			
<i>Prunus avium</i>	LC	Stable			
<i>Quercus cerris</i>	LC	Stable			
<i>Quercus robur</i>	LC	Decline			
<i>Quercus rubra</i>	LC	Stable			
<i>Tilia platyphyllos</i>	LC	Decline			
<i>Ulmus campestris</i>	VU	Decline			

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

	2022			
Direct and indirect emissions of CO ₂ (tonCO ₂ eq)	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
Direct (Scope 1) emissions of CO₂	5,184.29	386.79	1,284.71	6,969.49
Natural gas	4,619.44	277.27	646.74	5,543.45
Diesel ²⁶	524.28	100.94	376.27	1,001.48
Petrol	40.57	8.58	261.70	310.84
F-Gas	34.29	-	79.42	113.71
Intensity of direct (Scope 1) emissions of CO ₂	-	-	-	0.0000075
Indirect (Scope 2 - location based)²⁷ emissions of CO₂	5,300.39	203.39	1,239.61	6,743.39
Electricity	5,300.39	203.39	1,226.86	6,730.64
District heating	-	-	12.75	12.75
Intensity of indirect (Scope 2 – location-based) emissions of CO ₂	-	-	-	0.0000072
Indirect (Scope 2 – market-based) emissions of CO₂	1,011.62	276.11	1,329.44	2,617.18
Electricity	1,011.62	276.11	1,316.69	2,604.43
District heating	-	-	12.75	12.75
Intensity of indirect (Scope 2 – market-based) emissions of CO ₂	-	-	-	0.000003
Total direct and indirect (Scope 2 – location-based) emissions of CO₂	10,518.97	590.18	2,603.74	13,712.89
Intensity of direct and indirect Scope 2 - location-based) emissions of CO ₂	-	-	-	0,000015
Total direct and indirect (Scope 2 – market-based) emissions of CO₂	6,230.20	662.90	2,693.57	9,586.67
Intensity of direct and indirect (Scope 2 - market-based) emissions of CO ₂	-	-	-	0.00001

GRI 305-1 Direct (Scope 1) GHG emissions
 GRI 305-2 Energy indirect (Scope 2) GHG emissions
 GRI 305-4 Emissions intensity

²⁶ Includes the consumption of diesel for generators.
²⁷ To fully adhere to the 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).

	2021 ²⁸			
Direct and indirect emissions of CO ₂ (tonCO ₂ eq)	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
Direct (Scope 1) emissions of CO₂	6,300.31	489.42	894.62	7,684.23
Natural gas	5,773.13	410.99	68.60	6,252.72
Diesel ²⁶	429.49	78.01	518.55	1,026.04
Petrol	30.34	0.42	289.72	320.47
F-Gas	67.35	-	17.75	85.10
Intensity of direct (Scope 1) emissions of CO ₂	-	-	-	0.00001
Indirect (Scope 2 - location based)²⁷ emissions of CO₂	5,931.97	187.03	1,050.45	7,169.45
Electricity	5,931.97	187.03	1,050.45	7,169.45
Intensity of indirect (Scope 2 – location-based) emissions of CO ₂	-	-	-	0.00001
Indirect (Scope 2 – market-based) emissions of CO₂	1,061.58	243.65	1,067.22	2,372.46
Electricity	1,061.58	243.65	1,067.22	2,372.46
Intensity of indirect (Scope 2 – market-based) emissions of CO ₂	-	-	-	0.000003
Total direct and indirect (Scope 2 – location-based) emissions of CO₂	12,232.28	676.45	1,945.05	14,853.68
Intensity of direct and indirect Scope 2 - location-based) emissions of CO ₂	-	-	-	0.00002
Total direct and indirect (Scope 2 – market-based) emissions of CO₂	7,361.89	733.08	1,961.83	10,056.79
Intensity of direct and indirect (Scope 2 - market-based) emissions of CO ₂	-	-	-	0.00001

GRI 305-1 Direct (Scope 1) GHG emissions
 GRI 305-2 Energy indirect (Scope 2) GHG emissions
 GRI 305-4 Emissions intensity

²⁸ It should be noted that the data relating to 2021 has been restated following the recalculation of the baseline (year 2021) done as part of the Group's GHG inventory. Specifically, the Scope 1 emissions values were updated following the integration of data relating to F-Gas refills.

Direct and indirect emissions of CO ₂ (ton CO ₂ eq) – Smeg Group	2020
Direct (Scope 1) emissions of CO₂	6,794.33
Natural gas	5,15.70
Fuel for the company's fleet of vehicles	1,555.14
F-GAS ²⁹	116.28
Diesel for generators	7.21
Intensity of direct (Scope 1) emissions of CO ₂	0.00001
Indirect (Scope 2 – location-based) emissions of CO₂	5,403.76
Electricity	5,403.76
Intensity of indirect (Scope 2 - location-based) emissions of CO ₂	0.00001
Indirect (Scope 2 – market-based) emissions of CO₂	4,247.03
Electricity	4,247.03
Intensity of indirect (Scope 2- market-based) emissions of CO ₂	0.00001
Total direct and indirect (Scope 2 – location-based) emissions of CO₂	12,198.09
Intensity of direct and indirect (Scope 2 - location-based) emissions of CO ₂	0.00002
Total direct and indirect (Scope 2 – market-based) emissions of CO₂	11,041.36
Intensity of direct and indirect (Scope 2 - market-based) emissions of CO ₂	0.00002
GRI 305-1 Direct (Scope 1) GHG emissions	
GRI 305-2 Energy indirect (Scope 2) GHG emissions	
GRI 305-4 Emissions intensity	

²⁹ 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 outside Italy.

Other atmospheric emissions, by type ³⁰	2022	2022	2020
NO _x	32.16	33.51	22.92
SO _x	4.01	1.93	0.01
Volatile Organic Compounds (VOCs)	0.01	0.006	0.006
Particulate matter (PM) - dust	8	10.5	6.9
NaOH	3.5	0	20.74

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

³⁰ The data included in the table refer to Apell S.p.A. and Bonferraro S.p.A.

Waste generated, by type of waste (tonnes) ³¹	2022			
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
Hazardous waste	51.31	9,6	779.34	839.81
Chemical agents	6.24	-	-	6.24
Metals	1.43	-	-	1.43
Refrigerants	0.56	-	-	0.56
Waste from the use of painting	0.17	-	-	0.17
Other	0.36	-	-	0.36
Non-hazardous waste	-	-	778.44	778.44
Chemical agents	42.55	9.16	0.90	52.61
Cardboard	831.19	56.80	174.76	1,062.75
Glass	140.89	0.70	0.99	142.58
HDPE	4.26	22.61	0.25	27,2
LDPE	18.37	2.05	3.40	23.82
Metals	2,978.49	1.52	15.36	2,995.37
Paper	0.50	9.11	26.36	35.97
PET	22.00	0.59	13.02	35.61
PP	26.75	-	0.02	26.77
PS	133.76	1.18	7.80	142.75
Steel	-	-	163.48	163.48
Paints and glazes	0.67	-	-	0.67
Wood	3.31	-	29.73	33.04
Other	1,093.72	31.89	3,968.07	5,093.68
Total waste produced	5,329.19	134.25	5,345.87	10,809.31

GRI 306-3 Waste generated

³¹ Data from SMEG USA is not included insofar as not relevant.

Waste generated, by type of waste (tonnes) ³¹	2022			Smeg Group
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	
Hazardous waste	75.04	7.80	942.63	1,025.47
Landfill	6.36	-	-	6.36
Recycling	68.67	7.80	942.63	1,019.11
Non-hazardous waste	5,254.15	126.45	4,403.24	9,783.84
Incineration	10.50	-	49.63	60.13
Landfill	71.81	16.88	173.41	262.11
Recycling	5,171.84	109.57	4,180.20	9,461.60
Total waste produced	5,329.19	134.25	5,345.87	10,809.31
Of which sent for recovery	5,240.51	117.37	5,122.83	10,480.71
Of which sent for disposal	88.68	16.88	223.04	328.60

GRI 306-3 Waste generated
 GRI 306-4 Waste diverted from disposal
 GRI 306-5 Waste directed to disposal

³¹ Data from SMEG USA is not included insofar as not relevant.

Waste generated, by type of waste (tonnes) ³¹	2021			Smeg Group
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	
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

(Continue on the next page)

³¹ Data from SMEG USA is not included insofar as not relevant.

Waste generated, by type of waste (tonnes)	2021			
	Production companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	Smeg Group
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
PP	25.11	0.11	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	-	0.11	-	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

Waste generated, by disposal method (tonnes)	2021			Smeg Group
	Operating companies (ITALY)	Commercial distribution companies (ITALY)	Commercial distribution companies (OUTSIDE ITALY)	
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 306-3 Waste generated

GRI 306-4 Waste diverted from disposal

GRI 306-5 Waste directed to disposal

Waste generated, by type of waste and disposal method (tonnes) ³² – Smeg Group	2020		
	Hazardous waste	Non-hazardous waste	Total
Reuse ³³	-	17.9	17.9
Recycling	-	1,522.00	1,522.00
Recovery ³⁴	59	2,949.50	3,008.50
Incineration	4	-	4
Landfill	3	198	201
On-site storage	1	58.6	59.6
Other ³⁵	45	73.1	118.1
Total	112	4,819.10	4,931.10

GRI 306-3 Waste generated

GRI 306-4 Waste diverted from disposal

GRI 306-5 Waste directed to disposal

³² The scope of the data presented does not include sales branches outside Italy located in: Belgium, Scandinavian countries, Netherlands, Portugal, Singapore, Spain, South Africa, USA.

³³ The values reported under "Reuse" are strongly impacted by the data provided by the sales office in Australia, which has about 16,000 m² 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.

³⁴ Including energy recovery.

³⁵ 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.

Chapter **6**

Materials used (kg) ³⁶	2022	2021	2020
Renewables			
Wood	956,840	891,527	870,178
of which from recycling	0	0	0
Total renewable materials	956,840	891,527	870,178
Total recycled renewable materials	0	0	0

(Continue on the next page)

³⁶ The 2022 data relates to all the production companies whilst the 2021 and the 2020 data only refers to Smeg S.p.A. and Bonferraro S.p.A.

Materials used (kg) ³⁶	2022	2021	2020
Non-renewables			
Polystyrene	1,474,938	1,543,607	1,292,371
of which from recycling	0	0	0
Steel	5,056,200	3,039,000	2,615,275
of which from recycling	0	0	0
Plastic	1,127,300	1,310,000	829,086
of which from recycling	0	0	0
Sheet metal	13,399,218	14,936,000	9,192,479
of which from recycling	0	0	0
Glass	2,982,300	3,283,000	2,632,000
of which from recycling	0	0	0
Paper and cardboard	1,230,122	887,078	905,296
of which from recycling	0	0	0
Cast iron	645,036	743,477	493,448
of which from recycling	0	0	0
Polyethylene	78,977	86,672	65,118
of which from recycling	0	0	0
Rubber	2,900	-	-
of which from recycling	0	-	-
Total non-renewable materials	25,994,091	25,742,163	17,959,955
Quantity of recycled materials	0	0	0
Total materials used	26,950,931	26,633,689	18,830,133
% of renewable materials out of total materials used	4%	3%	5%
% of recycled materials out of total materials used	0%	0%	0%

³⁶ The 2022 data relates to all the production companies whilst the 2021 and the 2020 data only refers to Smeg S.p.A. and Bonferraro S.p.A.

GRI 301-1 Materials used by weight or volume

GRI 301-2 Recycled input materials used

METHODOLOGICAL NOTE

The Sustainability Report, covering the period from 1 January to 31 December 2022 (where possible, data for 2022 and 2020 has been reported), is a voluntary exercise for SMEG, which, pursuant to Italian Legislative Decree 254/2016, does not fall within the category of large public interest entities required to report on their non-financial performance.

This tool was prepared by referring to the reporting principles and standards – Universal and Topic Specific – **GRI Sustainability Reporting Standards (GRI Standards) in accordance with the option, “With Reference to”**, 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 Universal Standards (2021);
- GRI 207 – Tax (2019);
- GRI 303 - Water and effluents (2018);
- GRI 306 – Waste (2020);
- GRI 403 – Occupational health and safety (2018).

In order to make it easier to find information within the document, the GRI Content Index is shown on pages 184-190.

Key reporting concepts and principles

By accepting what is defined by GRI 1 – Foundation (2021), the contents of the Sustainability Report have been prepared by taking account of the following fundamental concepts:

- **Impacts** (see the tables at the beginning of Chapters 3, 4, 5 and 6);
- **Material topics** (see paragraph, “Materiality assessment”, below);
- **Due Diligence** (see “Transparency and ethics”, paragraph, “Safeguarding human rights”);
- **Stakeholders** (see “Communicating with stakeholders”).

Although this report has been prepared in accordance with the reporting option with reference to the GRI Standards, which has as requirements exclusively the publication of a GRI Content Index (see “GRI Content Index”), the presentation of a declaration of use and the notification to the GRI of a report being issued,

SMEG has also committed itself to presenting information aligned to the fundamental reporting principles in order to obtain high-quality sustainability reporting.

The reporting principles envisaged by the GRI Standards to which SMEG aspires, are:

- **Accuracy, balance, clarity, completeness and comparability** of the qualitative and quantitative information reported;
- **Sustainability context** (see the in-depth box “Main sustainability megatrends in the Appliances & Household Appliances sector”);
- **Timeliness** in publishing the sustainability information (this document is the second Sustainability Report prepared by SMEG on an annual basis).

With reference to the principle of the “verifiability” of the information provided in the report, SMEG has not yet subjected the document to an outside review but will undertake to adopt this option for future editions of this Report.

Materiality assessment

The description of the process which led to the Smeg Group’s materiality matrix – the subject of this Report - can be found in Chapter 2, under “Sustainability for Smeg”. The materiality assessment identifies the most relevant issues for the Group and its stakeholders in social, environmental, economic and governance terms.

The relevance of the issues needs to consider the significance of the impacts connected to them (including any impacts on human rights) and generated by the company on the external context (on the environment, people and society as a whole) and, also, felt by the organisation.

Reporting scope

As of 31 December 2022, the Group was composed of 31 companies:

- 5 production companies: Smeg S.p.A., Bonferraro S.p.A., Apell S.p.A., La Pavoni S.p.A., FriMed S.r.l.;
- 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.);
- 19 commercial branches operating outside Italy.

With regard to this corporate organisation, it should be noted that the following companies have been excluded from the scope of the 2022 Sustainability Report: FriMed S.r.l. (having been acquired in February 2022 it was not possible to collect the reference information for a complete year); SMEG Hong Kong (a very small company whose social and environmental impacts are deemed to be insignificant); SMEG (Shenzhen)

Household Appliances Co. and SMEG Canada Inc. (established, respectively, in June and September 2022 and, therefore, not yet included in the sustainability reporting process).

With reference to Chapter 5, “The environment”, the Italian commercial distribution companies, Domestika S.r.l. and Elettrodomestici Bonferraro S.r.l., are excluded since they are not charged directly for any utilities they consume since they are located, respectively, at the sites of Apell S.p.A. and of Bonferraro S.p.A.

The GRI 405-2 “Ratio of basic salary and remuneration of women to men” information was introduced for the first time in the Group’s sustainability reporting process and, therefore, is given in this report. It has been calculated with reference exclusively to Smeg S.p.A. Later editions of this document will see an enlargement of the scope of reference for this indicator.

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.

Reporting process

Preparing this document involved all the corporate functions that manage the Group’s social, environmental and economic impacts, at the Parent Company as well as at every subsidiary in Italy and outside Italy.

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 2022 (DEFRA 2023 version), 2021 and 2020.

With the ultimate aim of reducing, as far as possible, the contribution of their activities to global warming, the Group’s production sites and the other Group subsidiaries have, in recent years, begun the implementation of a model aimed at mapping and quantifying greenhouse gas emissions:

- under their direct control, as a clear consequence of company operations (direct (Scope 1) emissions of CO₂eq);
- resulting from the generation of electricity and district heating that Group companies purchase

(indirect (Scope 2) emissions of CO₂eq);

- which, despite being generated by other operators in the Group’s value chain, are still linked to its operations (indirect (Scope 3) emissions of CO₂eq).

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:

- **Direct (Scope 1) GHG emissions:** to calculate the emissions of climate-altering gases connected to the consumption of natural gas,

petrol and diesel, and those generated by the escape of F-Gas at various Group facilities and commercial distribution companies, reference was made to the “Greenhouse gas reporting: conversion factors” provided by DEFRA (the United Kingdom’s Department for Environment Food & Rural Affairs) for the years 2022 (DEFRA version 2023), 2021 and 2020;

- **Indirect (Scope 2) GHG emissions:** the emissions were calculated, using the location-based approach and the market-based approach, by multiplying the electricity purchased from the national electricity grid by the emission factors provided by:
 - 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 (the United Kingdom’s Department for

Environment Food & Rural Affairs) for 2020, 2021 and 2022;

- Climate Transparency (2022 Report);
- US Env Protection Agency (EPA) eGrid;
- Association of Issuing Bodies (AIB) 2020, 2021 and 2022;
- UNFCCC 2022 National Inventory Report (NIR).

- **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 “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;
 - Scope 3.2: DEFRA database,

specifically “Table 13” *Indirect emissions from the supply chain*;

- Scope 3.3: Well-to-Tank (WTT) emission factors for the generation, transportation and distribution of fuels and energy are derived from DEFRA 2022;
- Scope 3.4: from the Ecoinvent database, the tonnes for each means of transportation category associated with all the upstream logistics involved were multiplied by km;
- Scope 3.5: emission factors from the Ecoinvent database to assess the type of waste, the end-of-life scenario and the evaluation of the transportation to the disposal site with a lorry 7.5-16;
- Scope 3.6 e 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);
- 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);
- Scope 3.12: at the continental level, statistics from the Global E-waste Monitor 2020 related to the disposal model were accepted. The specific DEFRA 2022 emission factors for the types of product considered were then applied.

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.

GRI CONTENT INDEX

The table below represents the GRI Content Index highlighting the GRI Standards 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 / Omissions” column also specifies any omissions, explanations and comments regarding the coverage of the disclosures.

Statement of use of GRI Standards	The Smeg Group has reported the information cited in this GRI Content Index for the period running from 1 January 2022 to 31 December 2022, with reference to the GRI Standards (Option, “With reference to”).
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page	Comments / Omissions
GENERAL DISCLOSURES			
GRI 2: General disclosures 2021	2-1 Organisational details	Pages 14-15	
	2-2 Entities included in the organisation's sustainability reporting	Page 181	
	2-3 Reporting period, frequency and contact point	Page 181	
	2-4 Restatements of information	Pages 146, 147, 149, 157, 163, 164	
	2-6 Activities, value chain and other business relationships	Pages 17-23, 84	

GRI Standard	Disclosure	Page	Comments / Omissions
	2-7 Employees	Pages 60-65, 146-147	
	2-8 Workers who are not employees	Pages 148-149	
	2-9 Governance structure and composition	Pages 38, 141-142	
	2-10 Nomination and selection of the highest governance body	Page 39	
	2-11 Chair of the highest governance body	Page 39	
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 39	
	2-13 Delegation of responsibility for managing impacts	Page 39	
	2-14 Role of the highest governance body in sustainability reporting	Pages 39-41	
	2-15 Conflicts of interest	Pages 46-48	
	2-16 Communication of critical concerns	Pages 39-41	
	2-18 Evaluation of the performance of the highest governance body	Pages 39-41	
	2-22 Statement on sustainable development strategy	Pages 39-41	
	2-23 Policy commitments	Pages 48-51, 65-66, 134	
	2-25 Processes to remediate negative impacts	Pages 33-41	
	2-26 Mechanisms for seeking advice and raising concerns	Page 48	
	2-27 Compliance with laws and regulations		In the three-year period covered by the report, no significant cases of non-compliance with the laws and regulations concerning environmental and social-economic matters were confirmed.
	2-28 Membership associations	Page 59	
	2-29 Approach to stakeholder engagement	Pages 42-43	
	2-30 Collective bargaining agreements	Pages 64, 149	

GRI Standard	Disclosure	Page	Comments / Omissions
MATERIAL TOPICS			
GRI 3: Material topics 2021	3-1 Process to determine material topics	Pages 26-29	
	3-2 List of material topics	Page 29	
ECONOMIC PERFORMANCE			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 52-53	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Pages 20, 54-56, 143	
PROCUREMENT PRACTICES			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 23, 84-85, 120-123	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Page 142	
ANTI-CORRUPTION			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 45-48, 52-53	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pages 45, 143-144	
	205-3 Confirmed incidents of corruption and actions taken	Page 48	
TAX			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 56, 143	
GRI 207: Tax 2019	207-1 Approach to tax	Page 49	
	207-2 Tax governance, control, and risk management	Pages 49, 53	
	207-3 Stakeholder engagement and management of concerns related to tax	Page 49	
	207-4 Country-by-country reporting	Page 145	
MATERIALS			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 75-77	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Pages 75-77, 123-124	
	301-2 Recycled input materials used	Pages 75-77, 123-124	

GRI Standard	Disclosure	Page	Comments / Omissions
ENERGY			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 21, 30, 56, 86-91	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Pages 86-91, 161	
	302-3 Energy intensity	Pages 86, 161	
	302-4 Reduction of energy consumption	Pages 20, 24	
WATER AND EFFLUENTS			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 25, 84, 104-106, 113-116	
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	Pages 104-106, 113-116	
	303-3 Water withdrawal	Pages 113-115, 162-166	
	303-4 Water discharge	Pages 113-115, 162-166	
	303-5 Water consumption	Pages 113-115, 162-166	
BIODIVERSITY			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 53, 83, 104-112	
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 108-112	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Pages 108-112, 167	
EMISSIONS			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 21, 86-93, 97-103, 182-183	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pages 21, 97-103, 168-170	
	305-2 Energy indirect (Scope 2) GHG emissions	Pages 21, 97-103, 168-170	
	305-3 Other indirect (Scope 3) GHG emissions	Pages 21, 97-103	
	305-4 GHG emissions intensity	Page 99	
	305-5 Reduction of GHG emissions	Pages 53, 87, 90	
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Page 171	

GRI Standard	Disclosure	Page	Comments / Omissions
WASTE			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 21, 83, 93-96	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pages 93-96	
	306-2 Management of significant waste-related impacts	Pages 21, 83, 93-96	
	306-3 Waste generated	Pages 172-176	
	306-4 Waste diverted from disposal	Pages 172-176	
	306-5 Waste directed to disposal	Pages 172-176	
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 22-23, 61,77	
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 23	
EMPLOYMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	Page 61	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pages 67-71, 150-152	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 79-81	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 50, 53, 61	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Pages 75-78	
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 75-78	
	403-3 Occupational health services	Pages 75-78	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 75-78	
	403-5 Worker training on occupational health and safety	Pages 75-78	
	403-6 Promotion of worker health	Pages 75-78	

GRI Standard	Disclosure	Page	Comments / Omissions
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 75-78	
	403-8 Workers covered by an occupational health and safety management system	Page 152	
	403-9 Work-related injuries	Pages 153-159	
	403-10 Work-related ill health	Pages 75-78	
TRAINING AND EDUCATION			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 72-74	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Pages 156-157	
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 3: Material topics 2021	3-3 Management of material topics	Page 61	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 69, 141-142, 158-160	
	405-2 Ratio of basic salary and remuneration of women to men	Pages 160,181	
NON-DISCRIMINATION			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 50,65	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 65	
SUPPLIER SOCIAL ASSESSMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 22-23	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Page 23	

GRI Standard	Disclosure	Page	Comments / Omissions
AND SAFETY OF CUSTOMERS			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 24-26, 137-138	
GRI 416: Health and safety of customers 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		In the three-year period, 2020-2022, the Company did not uncover any cases of non-compliance with the regulations and/or codes of self-regulation regarding the health and safety impacts of products and services
MARKETING AND LABELLING			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 52-53, 119	
GRI 417: Marketing and labelling 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
	417-2 Incidents of non-compliance concerning product and service information and labelling	Page 138	
	417-3 Incidents of non-compliance concerning marketing communications		In 2022 (the first year in which the information was reported) no cases of non-compliance were reported concerning marketing communications
CUSTOMER PRIVACY			
GRI 3: Material topics 2021	3-3 Management of material topics	Page 51	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		Smeg S.p.A. has not received any proven reports of a breach of privacy or a loss of personal data concerning customers or employees in the course of the three-year period, 2020-2022

GRI Standard	Disclosure	Page	Comments / Omissions
INTEGRATION OF SUSTAINABILITY IN THE BUSINESS			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 8, 26, 39-41, 45, 53	
RESEARCH AND INNOVATION			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 17-19, 24-25, 119, 124-125	
ENERGY EFFICIENCY OF PRODUCTS			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 25, 125-129	
ECO-DESIGN			
GRI 3: Material topics 2021	3-3 Management of material topics	Pages 125-129	

