

DESIGNING BEAUTY

for people and the planet

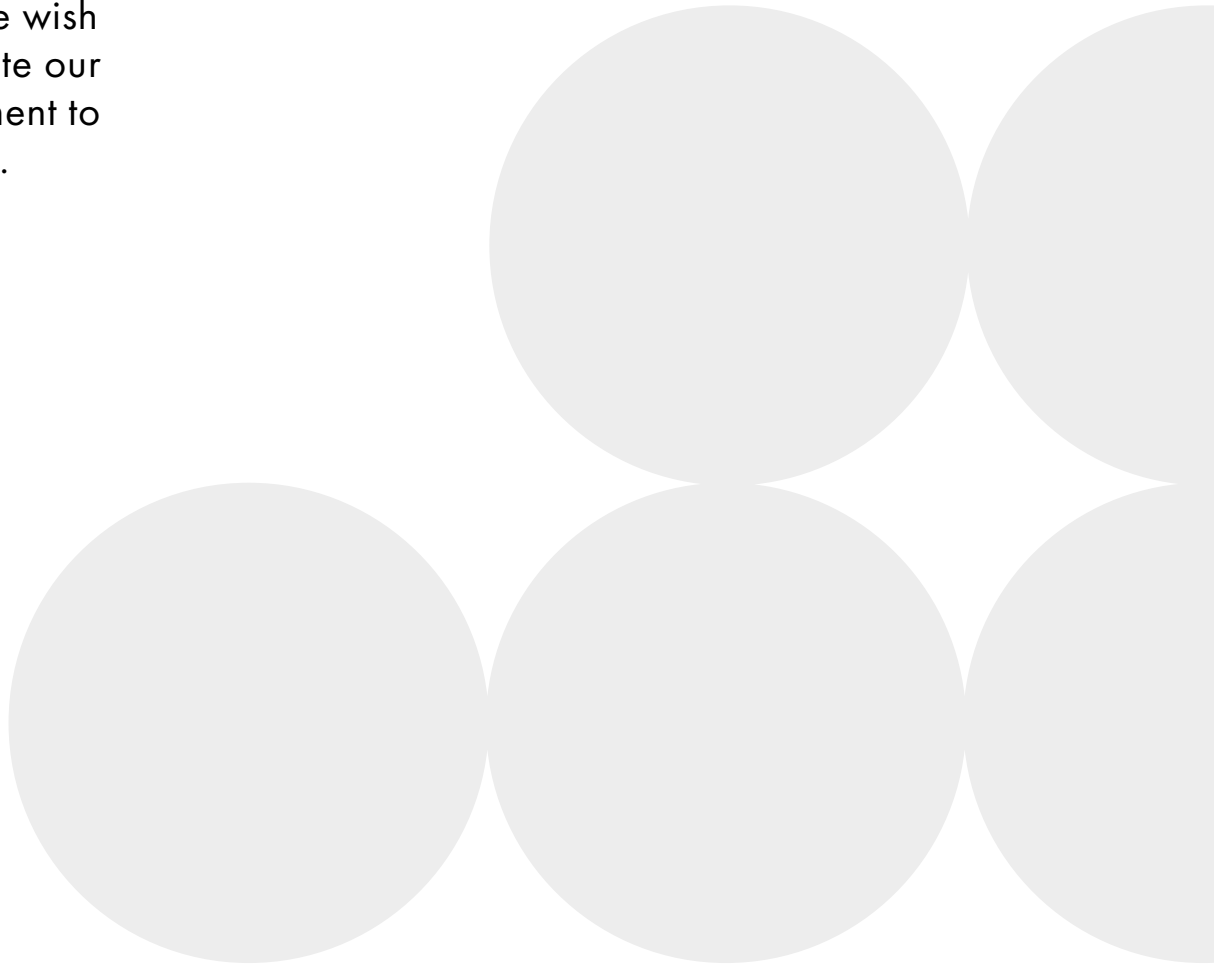


sustainability report | executive summary 2021





Through this Executive Summary, we wish to demonstrate our firm commitment to sustainability.



THE OPPORTUNITIES BEHIND THE CHALLENGES

Dear Readers,

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

This commitment stems from a consolidated awareness of how important it is for each organisation to look beyond the merely economic results of its business, making a genuine effort to offer future generations a less impoverished planet, and more inclusive society.

Chief Executive Officer
Vittorio Bertazzoni

TECHNOLOGY WITH STYLE: A VOCATION FOR QUALITY

For more than 70 years, in collaboration with world-famous architects and designers, **we have been producing innovative domestic appliances** with a unique design, making us genuine interpreters of contemporary living.

Our sober and elegant style stems from constant research in the field of **cutting-edge industrial design**.



Global presence

Made in Italy excellence throughout the world

- **Headquarters and production site**
Guastalla (RE) _____
- **Production sites**
 - San Giuliano Milanese (MI) _____
 - Bonferraro di Sorgà (VR) _____
 - San Giovanni Teatino (CH) _____
- **Sales branches**

Being Smeg:
what does this mean?



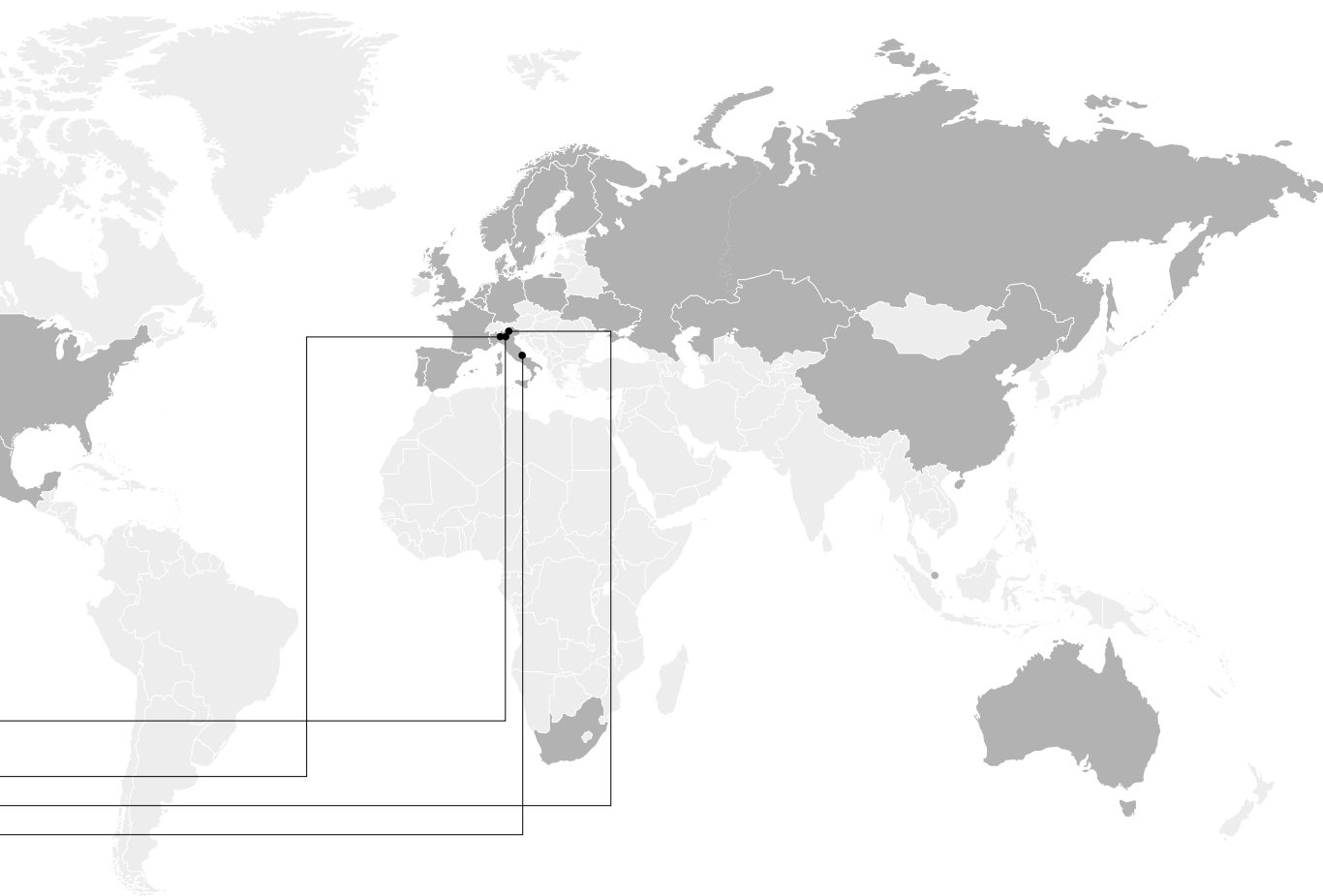
TECHNOLOGY
WITH STYLE

The most advanced
technology behind
the aesthetics



CREATIONS,
NOT MERE
PRODUCTS

Technology and
beauty combined in
objects conceived to
last over time



Our products

DOMESTIC DIVISION

Major and
small domestic
appliances

SMEG FOODSERVICE

Appliances for
the food service
industry

SMEG INSTRUMENTS

Instruments for washing
and disinfection in
laboratories, hospitals
and dental clinics

WE BELIEVE IN WHAT WE CREATE

Everything we do is inspired by the **values** we share.
From values to firm commitments.



IDENTITY AND GOVERNANCE

- Inclusion of ESG aspects in our short, medium, and long-term strategy
- Transparent business and compliance management
- Respect for human rights



PRODUCT RESPONSIBILITY

- Product safety and quality
- Sustainability and efficient use of raw materials
- After-sales support services
- Product and service innovation
- Eco-design and sustainable packaging
- Education for sustainable consumption



SOCIAL RESPONSIBILITY

- Health and safety of workers
- Talent attraction, retention and development
- Work organisation and welfare initiatives
- Connection with the local territory
- Diversity and equal opportunity

Our commitment to the 2030 Agenda





ENVIRONMENTAL RESPONSIBILITY

- Responsible environmental management of the production process
- Emission management and fight against climate change
- Environmental impacts of logistics



ECONOMIC RESPONSIBILITY

- Resilience and business continuity
- Technological innovation and digitalisation
- Economic performance and distribution of created value

Our mission



To produce appliances that combine user safety, high technological content, and sophisticated and innovative design while respecting the environment and the health and safety of workers.

RESPONSIBLE BUSINESS LEADERSHIP

We promote a sustainable development model. Innovation, technological transformation, respect for, and protection of the environment are therefore key values in Smeg's strategy.

The challenges we are facing

- Transparent business and compliance management
- Inclusion of ESG aspects in our short, medium, and long-term strategy
- Respect for human rights

The goals reached

- Establishment of the Sustainability Committee
- Activation of an internal reporting channel to report any violations of the Code of Ethics or Model 2311
- First participation in the Climate Change CDP 2021
- 1st place in the "**Green Stars – Sustainability 2021**" ranking by the Istituto Tedesco di Qualità e Finanza (ITQF) for our green economy strategies
- Sharing of the Group's Code of Ethics with all partners



STYLE MEETS INNOVATION

Innovation is considered by the Group to be a competitive factor and distinctive value.

The innovation process stems from the desire to satisfy market demands and emerging trends, and the constant search for cutting-edge solutions that also improve the technical performance of existing products.

The challenges we are facing

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

The goals reached

QUALITY AND SAFETY

- Certified **Quality Management System** in compliance with ISO 9001 and ISO 13485
- Vendor Rating system in place for the periodic analysis of the quality of supplies in the last 12 months
- Group Quality Agreement proposed to suppliers for the prevention and management of any critical issues

INNOVATION

- **Galileo platform:** the development of latest-generation multifunction ovens combining 5 different technologies and professional algorithms
- Product digitalisation: remote tracking of product performance through IoT technology (Internet of Things)

ECO-DESIGN

- **Energy class:** the best performance with low power consumption, focusing on the maximum efficiency of energy classes
- **“Tolerance”** approach: internal specifications have been defined, setting more stringent tolerance and acceptability limits for energy consumption during product development compared to the applicable mandatory regulations
- **Disassembly** and **recycling** of components at end of life: a study already at the design stage, intended to facilitate disposal of the finished product and its subsequent conversion back to a secondary raw material
- Changes to the packaging to phase out the use of plastics in favour of bio-based or cellulosic materials; reduction in the amount of paper used in instruction manuals and the introduction of QR codes
- Winner of the **“Good Design Award”** for the tenth time, awarded by the Chicago Athenaeum – Museum of Architecture and Design



HEALTH, SAFETY, AND WELL-BEING AT THE HEART OF OUR COMMITMENT

Attention to people's needs and requirements starting from our own premises through the design of a comfortable and safe working environment, and also extended to our host communities. We actively contribute to the economic development, improved well-being, and safeguarding of the local territories in which we operate.

The challenges we are facing

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

Smeg Group employs a total of 2,325 people.*

*(As at 31 December 2021)

The goals reached

- In 2021, Smeg Group employed 271 new staff, a 55% increase over 2020
- In 2021, 45% of new hires were female staff; 34% of all employees are female (+6% vs. 2019)
- In 2021, the Group provided a total of more than 24,000 hours of staff training, for an average of about 10.43 training hours per head
- HR portal dedicated to corporate welfare, with dedicated employee conventions and reimbursements
- 1st place in “**Top Job - Best Employer 2021**” ranking by German Institute for Quality and Finance (ITQF)
- 2nd place in “**Italy’s Best Employer for Women 2021**” ranking by German Institute for Quality and Finance (ITQF)
- Collaboration with LILT for health promotion and cancer prevention, offering free screening procedures within the company
- Support for the **local preschool with annexed day-care centre**, to facilitate access to the children of the Parent Company’s employees, and the provision of services aligned with working hours and the production calendar



WE MINIMISE OUR ENVIRONMENTAL IMPACT FOR THE SAKE OF THE PLANET

Smeg's ongoing commitment to safeguarding and protecting the environment is a cornerstone of its mission. This focus is expressed through the strict monitoring of the impacts generated, with a view to constant improvement both in terms of efficient use of resources (materials, energy, water), and virtuous waste management.

The challenges we are facing

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

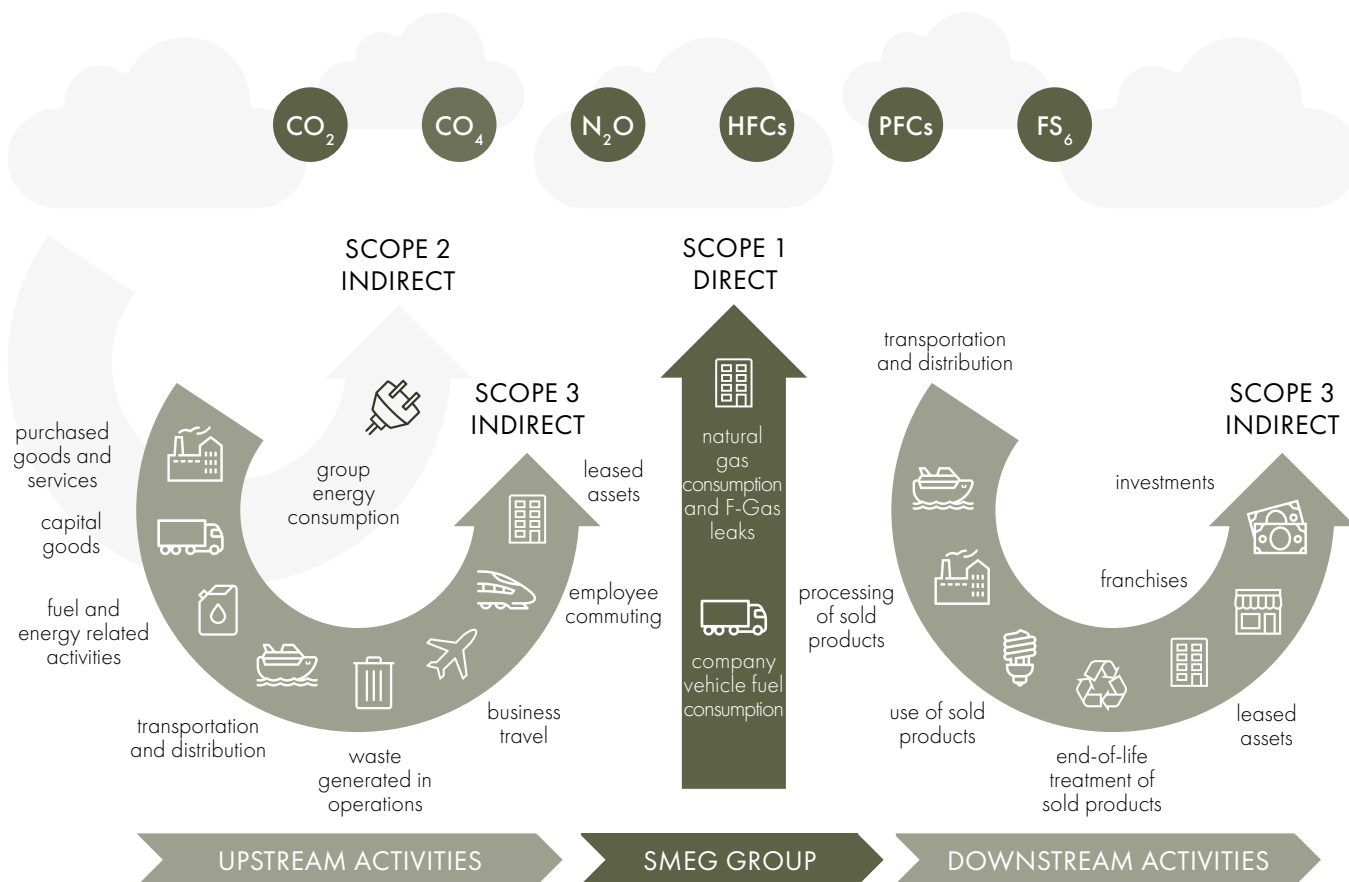
The goals reached

- Certified Environmental Management System in compliance with UNI EN ISO 14001 at production sites
- 73% electricity consumption from renewable sources in 2021 (vs. 13% in 2020)
- In 2021, a project was launched to upgrade the photovoltaic system in the Guastalla (RE) and Bonferraro (VR) sites
- 162.80 ton CO₂eq avoided in 2021 thanks to the photovoltaic panels installed
- In 2021, obtained ISSC certification was obtained for use of Tritan™ Renew to replace plastic components in Small Domestic Appliances
- "Built-up area over total area" ratio maintained at less than 30% at Smeg's sites
- Launch of project to monitor the CO₂ absorption capacity of 1,683 trees in the Smeg headquarters business park
- >98% waste sent for recovery or recycling
- Zero industrial discharges

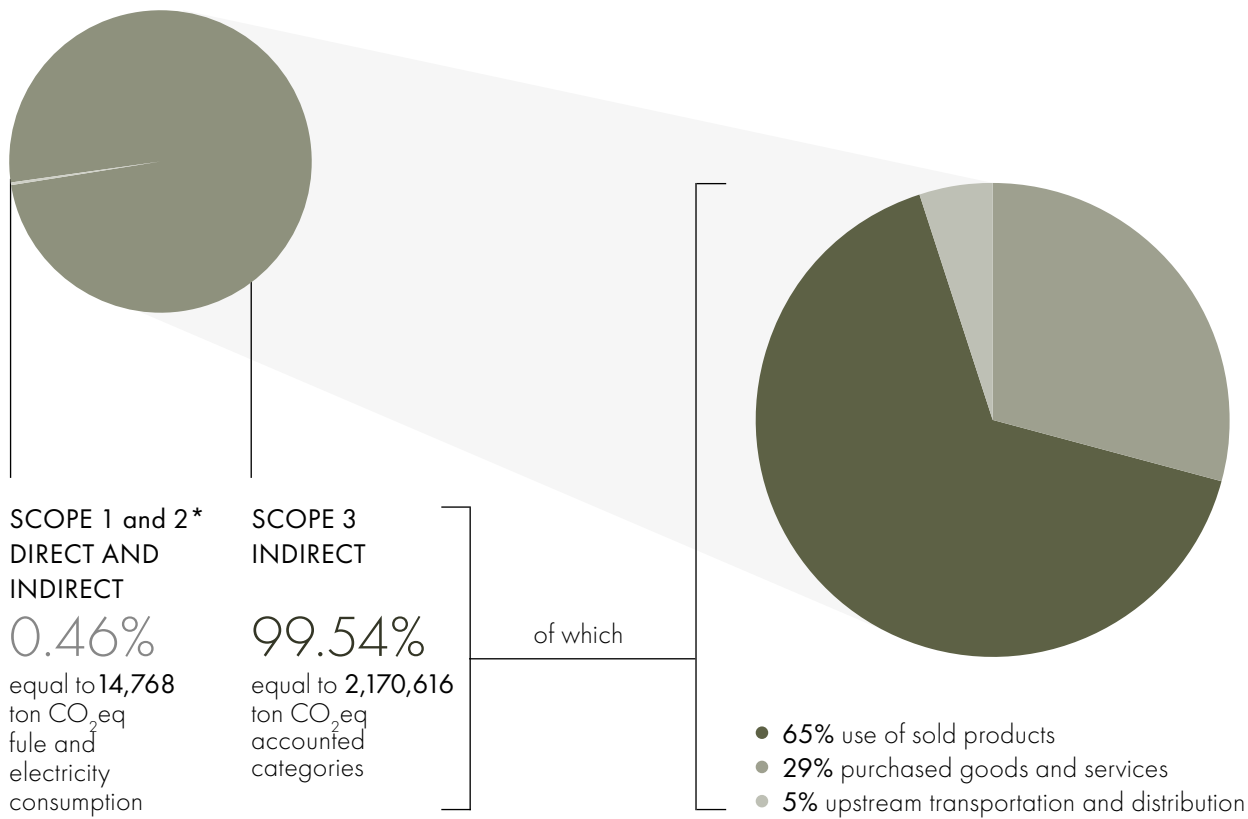
Our commitment to the Environment: from combating climate change to preserving the territory

0.000002 Intensity of direct and indirect
CO₂ emissions
(Scope 2 – location-based) **

Our aim is to continuously improve our environmental footprint, monitoring climate-changing gas emissions and working to protect the environment. Through numerous projects, such as the expansion and installation of photovoltaic systems in our facilities, we strive to **reduce** direct and indirect **emissions**.



EMISSION SOURCES



In keeping with the importance we have always given to green areas, in 2021 we began a partnership with the CNR (National Research Council, Italy) to monitor **the annual CO₂ absorption capacity of the vegetation in our business park** (CO₂ sequestration from the atmosphere), the accumulation of CO₂ in its biomass (roots, trunk, branches and leaves), and removal of gaseous pollutants (ozone) and inhalable particulate matter from the atmosphere.

* Location-based
** The 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)

RESULTS ARE IMPORTANT IF THE SUCCESSIONS ARE SHARED

We have ambitious, long-term growth horizons. Every day, we give substance to a responsible development strategy that combines economic objectives and the quest for a positive impact on those around us. We want to be promoters of shared growth with our stakeholders.

The challenges we are facing

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

The goals reached

- 87% of the economic value generated was distributed to stakeholders

SHARING THE CREATED VALUE

Economic value
distributed

87%

- 78% suppliers
- 16% collaborators
- 4% public administration
- 2% other

Economic value
retained

13%



IN THE HOMES OF THOSE WHO CHOOSE OUR APPLIANCES, IN THE HEARTS OF A GROWING COMMUNITY

We are aware of our role, the importance of our work, and the responsibility we have towards the community. Indeed, we consider ourselves to be an active part of the communities living in the various territories in which we operate, and contribute to their social, economic, employment and environmental development, with a commitment inspired by the values of solidarity and dialogue with all interested parties.

The challenges we are facing

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

The goals reached

- Donations to non-profit, voluntary, cultural and sports associations in the area
- 76% of suppliers are Italian
- 100% of new suppliers were assessed on the basis of social and environmental criteria



