

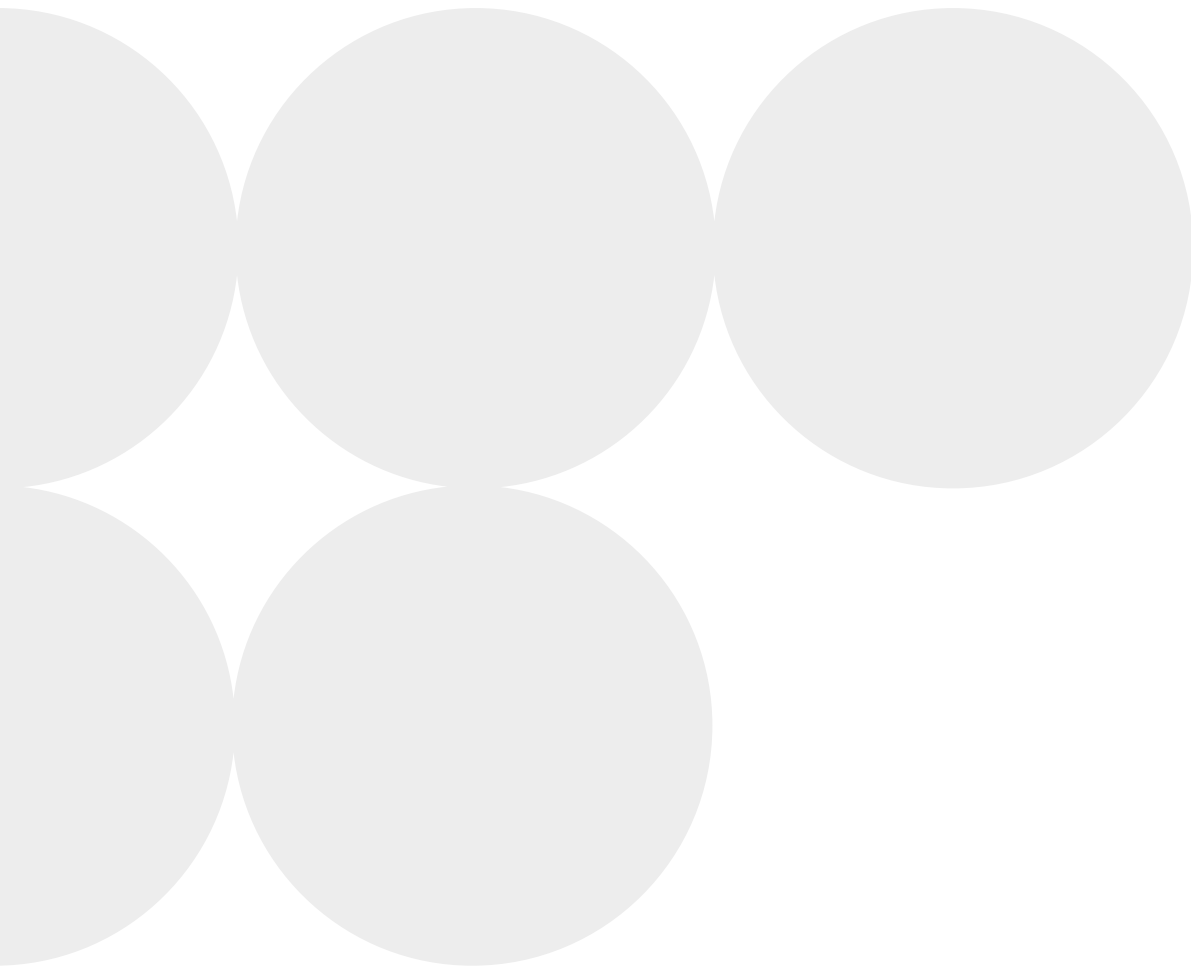
DESIGNING BEAUTY

for people and the planet



2020 sustainability project | executive summary





THE OPPORTUNITIES BEHIND THE CHALLENGES



Environmental protection and the fight against climate change are at the heart of our commitment.

Our efforts will especially concentrate on these topics in the short to medium term.

The past year has been particularly complex and delicate, marked by an extraordinary global health emergency which has changed our lives, forcing us to rethink our priorities and our way of living, working and doing business. We have faced the challenges of 2020 by taking the opportunity to strengthen our commitment, integrating an always more **sustainable development strategy in our business model**, in alignment with the expectations of the people, communities and territories we come into contact with.

CEO
Vittorio Bertazzoni

TECHNOLOGY WITH STYLE: A VOCATION FOR QUALITY

In collaboration with world-famous architects and designers, for over 70 years we have been **producing innovative domestic appliances** with a unique design that represent contemporary living.

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



Global Presence

Made in Italy excellence around 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?



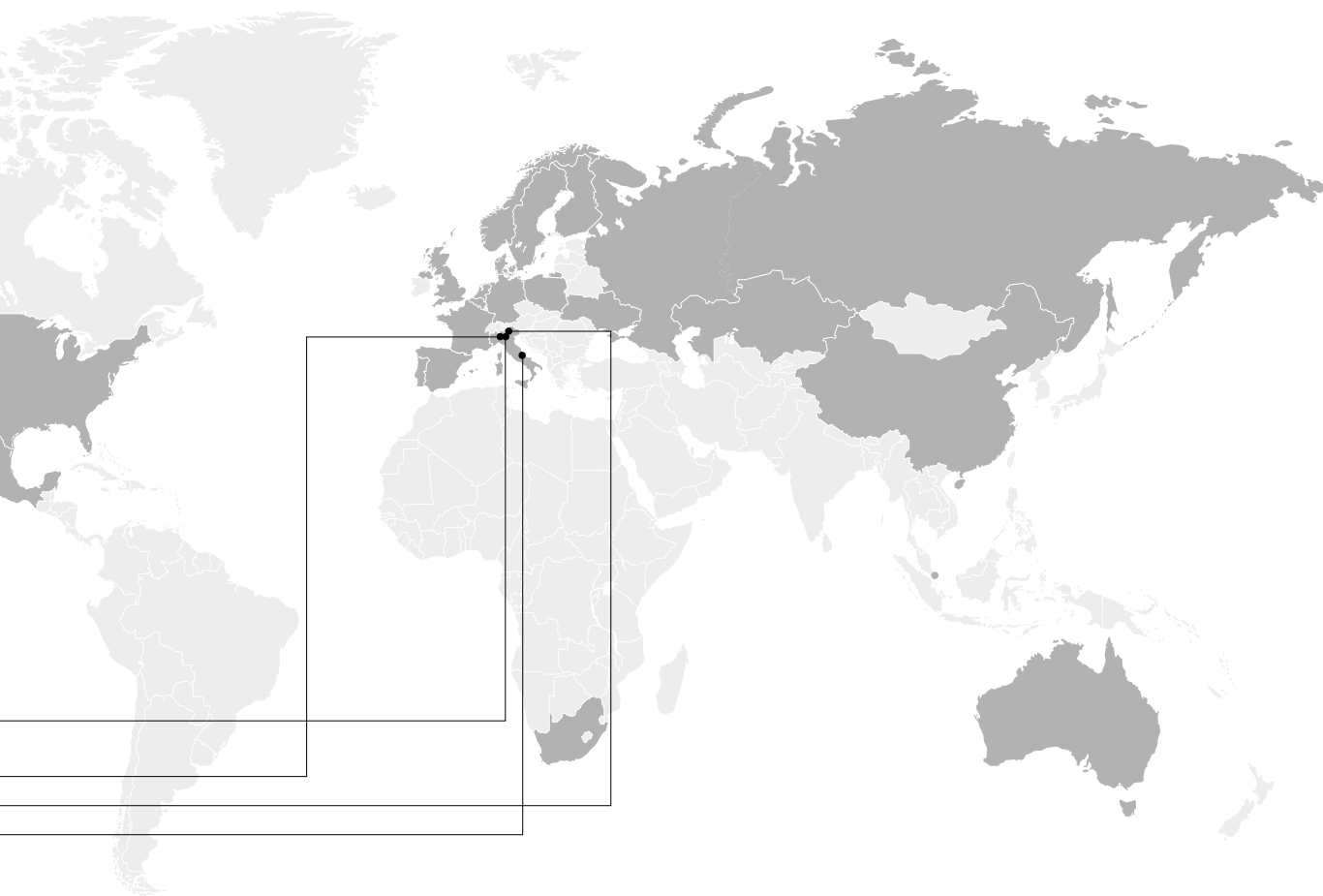
TECHNOLOGY
WITH STYLE

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

Core business
production of
large and small
appliances

SMEG FOODSERVICE

Production of
domestic
appliances for
the food service

SMEG INSTRUMENTS

Washing and
disinfection tools for
laboratories, hospitals
and dental surgeries

WE BELIEVE IN WHAT WE CREATE

From values to concrete commitments



IDENTITY AND GOVERNANCE

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



PRODUCT LIABILITY

- Product safety and quality
- Sustainability and efficient use of raw materials
- Post-sales support services
- Product innovation
- Eco-design and sustainable packaging



SOCIAL RESPONSIBILITY

- Health and safety of employees
- Attracting, retaining and developing talents
- Work organisation and welfare initiatives
- Connection with the territory

Everything we do is inspired
by the values we believe in



ENVIRONMENTAL RESPONSIBILITY

- Responsible management of the environment in the production process
- Emissions monitoring and fight against climate change
- Supply from zero emission energy sources



ECONOMIC RESPONSIBILITY

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

Our mission



To produce domestic appliances that combine safety, advanced technology and refined user and innovative design while respecting the environment and the health and safety of our employees.

A RESPONSIBLE BUSINESS GUIDE

We promote a sustainable development model. For this reason: innovation, technological transformation and respect and protection of the environment represent the fundamental values of the Smeg strategy.

The challenges we are facing

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

The goals reached

- Launched in 2020, our **Green Project** has transformed strategic vision into concrete actions:
 - Creation of a Sustainability Committee
 - Definition of a set of sustainability indicators to monitor ESG performance in accordance with GRI Sustainability Reporting Standards (GRI Standards)
 - GHG inventory (GHG Protocol – Scope 1, 2 and partially 3)
- 1° place in the *Durable Consumer Goods* category: **Green Stars – 2021 Sustainability** awarded by the German Institute of Quality and Finance (ITQF) for our green economy strategy
- A **Group Code of Ethics** and an **organisational, management and control model** pursuant to Legislative Decree 231/01 (Model 231)
- Sharing of the **Group Code of Ethics** with all partners and performance of regular audits at suppliers' premises



AESTHETICS MEET INNOVATION

Innovation represents an element of competition and a distinctive value for the Group. The innovation process originates in the willingness to satisfy market expectations and emerging trends as well as in the constant search for state-of-the-art solutions to improve the technical performance of existing products.

The challenges we are facing

- Product safety and quality
- Sustainability and efficient use of raw materials
- Post-sales support services
- Product innovation
- Eco-design and sustainable packaging

The goals reached

QUALITY AND SAFETY

- Certified **quality management system** in compliance with **ISO 9001** and **ISO 13485**

RELATIONSHIP WITH CUSTOMERS

- Evolving multichannel approach of **post-sales services** aimed at increasing the services offered directly at the **Smeg Stores** or through **social media**

INNOVATION

- **Eco-design**: the best performance with low power consumption, placing particular attention on maximum efficiency of energy classes
- **Tolerance** approach: internal specifications have been defined which set more stringent tolerance and acceptability limits of energy consumption during product development compared to the applicable mandatory regulations
- Any plastic materials used in the packaging of small domestic appliances will be gradually eliminated in favour of **bio-based** or **cellulosic materials**; reduction in the amount of paper used for instruction manuals and introduction of a QR code
- The **Galileo Project**: the development of a new generation smart oven which combines 5 different technologies and professional algorithms
- The **Good Design Award** given by the Chicago Athenaeum – Museum of Architecture and Design



HEALTH, SAFETY AND WELLBEING AT THE HEART OF OUR COMMITMENT

Attention to people's needs within our premises, with the development of a comfortable and safe working environment, which extends also to the local communities.

We actively contribute to the growth of economic development to the well-being and to the safeguard of the territories in which we operate.

The challenges we are facing

- Health and safety of our employees – (every year the Group sets a goal of zero injuries)
- Attracting, retaining and developing talents
- Work organisation and welfare initiatives
- Connection with the territory

The Smeg Group employs a total of 2,259 people.*

*(as at 1 December 2020)

The goals reached

- Despite the persistence of the pandemic emergency, in 2020 the Smeg Group hired 175 people, recording a **total hire rate** of approximately 8%
- In 2020 the Group provided employees with a total of 24 thousand hours of training, **an average of approximately 10.68 hours of training per person** (approximately 69% of total training was on health and safety at work)
- 1° place in the *Durable Consumer Goods* category for **Italy's Best Employer** awarded by the German Institute of Quality and Finance (ITQF)
- 2° place in the *Durable Consumer Goods* category for **Italy's Best Employer** for Women 2021 awarded by the German Institute of Quality and Finance (ITQF)
- **Collaboration with LILT** to prevent diseases and promote free screening at work.
- **Assistance**, including **insurance cover**, in facing the health emergency
- **Support to the local preschool** with annexed nursery section, in order to facilitate access for children of Parent company's employees and to grant services in line with working hours and with the production calendar



WE LIMIT OUR ENVIRONMENTAL IMPACT: FOR THE SAKE OF THE PLANET

Smeg's ongoing commitment to protecting the environment is a cornerstone of its mission. We take particular care in monitoring the impacts generated, with a view to making a more efficient use of resources (material, energy and water) as well as enhancing waste management.

The challenges we are facing

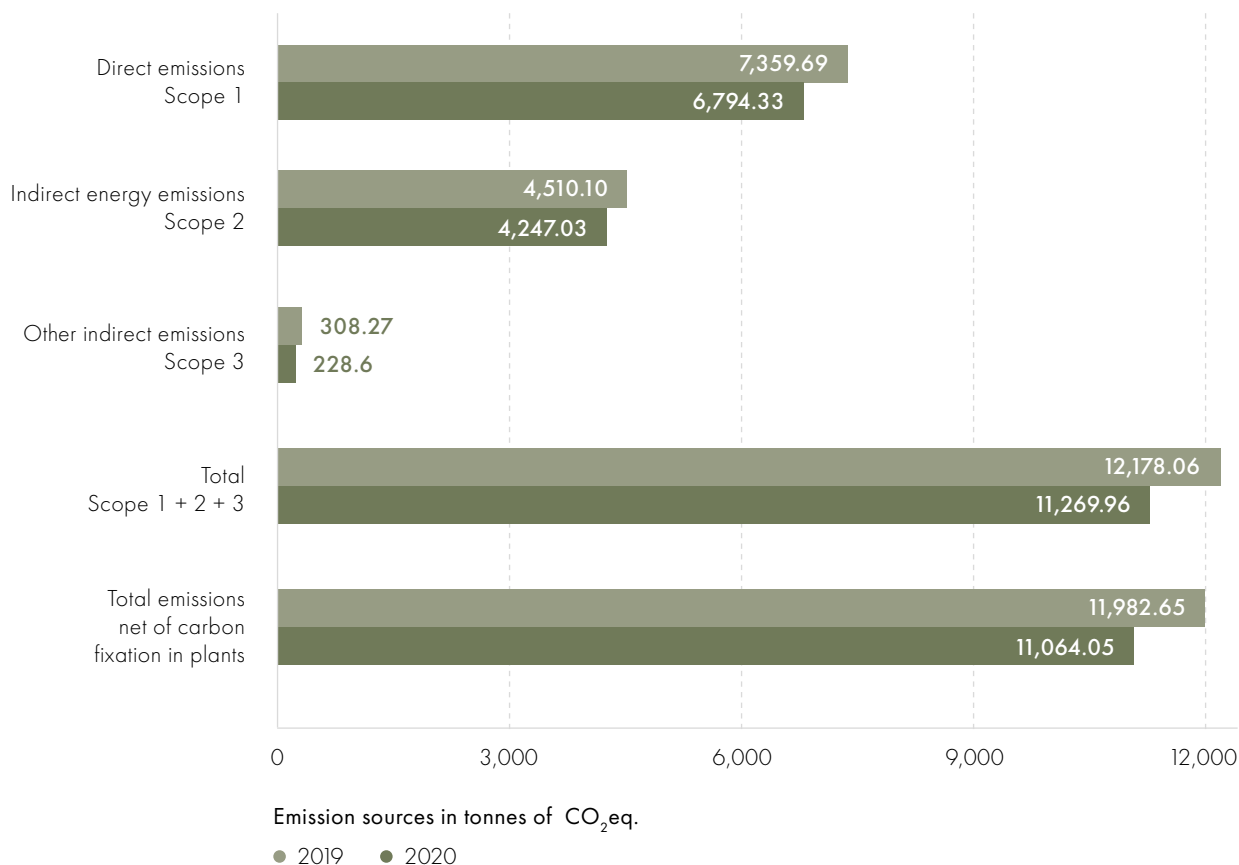
- Responsible management of the environment in the production process
- Emissions monitoring and fight against climate change
- Supply from zero emission energy sources

The goals reached

- Certified environmental management in compliance with UNI EN ISO 14001 at production sites
- 542.19 tonnes of CO₂eq avoided in 2020
- Maintaining less than 25% of built-up area on total area
- 95% of waste either recovered or recycled
- Reaching zero industrial discharge
- Using zero emission energy sources



In 2021 the project for upgrading the photovoltaic systems for the Guastalla and Bonferraro sites was launched.



Important expansion projects of the existing photovoltaic plants are underway at the Guastalla and Bonferraro sites and will produce **31% and 20% respectively of total energy needs**. The total capacity of the Smeg plant will increase from 28 kWp to 2 MWp, while that of Bonferraro will increase to 1.6 MWp.

It is estimated that these expansions will **prevent yearly emissions of approximately 1,710 tonnes of CO₂eq** (equal to over 42% of the total emissions currently related to the supply of electricity).

From 2021, all production sites will exclusively use **certified methane gas with zero impact** on greenhouse gas emissions (a yearly carbon offset of 4,787 tonnes of CO₂eq, equal to approximately 90% of the Group's direct emissions).

Moreover, the sites will use **electricity deriving 100% from renewable sources** (an initiative which will prevent yearly emissions of approximately 3,649 tonnes of CO₂eq, almost completely eliminating emissions related to the supply of electricity).

Following the above-mentioned investments, we foresee a trend in carbon abatement and offset that will allow a total **reduction from 4.51 kg to just 0.26 kg of CO₂eq in emissions generated per hour worked at production sites.**

RESULTS ARE AS IMPORTANT AS THE METHODS USED TO OBTAIN THEM

We are aware of our role as well as of the importance of our work. We feel we are an active player in the communities that are present in the territories in which we operate: planning a responsible development strategy means aiming to have a positive impact on the people and territories around us, acting as a key player in achieving shared growth.

The challenges we are facing

- Resilience and business continuity
- Technological innovation and digitalisation
- Responsible management of the supply chain
- Economic performance and distribution of the generated value

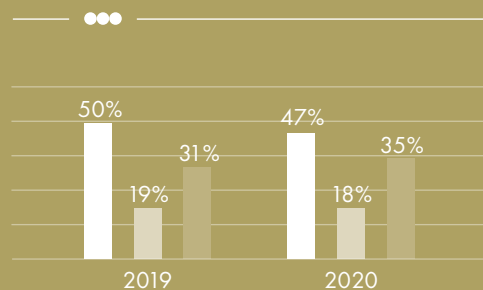
The goals reached

- 88% economic value distributed
- +45% external donations vs. 2019
- 43% new suppliers assessed in accordance with environmental criteria
- 39% new suppliers assessed in accordance with social criteria

DISTRIBUTION OF GENERATED VALUE

- **Donations** to the health system, non-profit and voluntary organisations, local cultural and sports associations
- Participating in **projects for the restoration and enhancement of the artistic, cultural and architectural** heritage of the territory
- Financing local hospitals in **securing technological prevention and diagnosis** equipment and tools

Purchasing budget



- Budget spent for suppliers in Italy
- Budget spent for suppliers in Europe
- Budget spent for suppliers in the rest of the world



