


50 YEARS ON AIR

UNIQUE PEOPLE MAKE FOR A UNIQUE TEAM

2020 CONSOLIDATED
NON-FINANCIAL
REPORT



50 YEARS ON AIR

UNIQUE PEOPLE MAKE FOR A UNIQUE TEAM

2020 CONSOLIDATED
NON-FINANCIAL
REPORT

09	Message to the Stakeholder
10	How to interpret the Elica Group's Non-Financial Report
11	Scope of Reporting
12	OUR IDENTITY
14	Our Vision
15	Our Values
17	Elica Group Profile
33	Outwards-facing initiatives
34	The Supply chain
36	The Governance System
38	Composition of the corporate boards and performance assessment
40	Remuneration policies
41	Definition of the Group's Strategies, Objectives and Values: the actions of the Board of Directors
44	Conflict of interest control policies
44	Effectiveness of the Risk Management model
46	ELICA'S SUSTAINABILITY FOOTPRINT
50	The direction traced by our footprints
51	Who are our Stakeholders?
57	Putting Sustainability into practice at Elica
60	Reporting Changes

62	THE SUSTAINABILITY FOOTPRINT IN THE ECONOMIC ARENA
69	Supporting continuous innovation
71	Supporting After-Sales Services quality
73	Supplier management
75	Fight against Corruption
79	The commitment to prevent anti-competitive behavior
80	THE ENVIRONMENTAL SUSTAINABILITY FOOTPRINT
85	Eco-compatible design
89	Energy consumption and emissions
93	Waste management
94	THE SUSTAINABILITY FOOTPRINT IN THE SOCIAL ARENA
97	Supporting our associates
105	Group Socio-economic Compliance
106	Equal opportunities and the fight against discrimination
107	Training
111	Health and safety
117	Relations with trade unions
118	Supporting our Clients and Quality
121	We protect Clients by providing accurate information
124	GRI INDEX
130	INDEPENDENT AUDITORS LIMITED ASSURANCE REPORT

2020 CONSOLIDATED NON-FINANCIAL REPORT



Message to the Stakeholders

Dear Stakeholders,

Despite the challenging landscape of 2020, which saw the emergence of the global health emergency and its major impact on the world's economies, the Elica Group was able to demonstrate the validity and resilience of its strategy.

Right from the start of the COVID-19 emergency, we showed our ability to react by establishing a Crisis Committee and adopting an internal protocol, with the goal on the one hand of ensuring employee safety - adopting all preventive measures available and ensuring that our facilities are safe - while also protecting the financial stability of the Group itself.

Our dialogue with customers, suppliers and our other stakeholders has continued uninterrupted throughout the year in order to understand your needs and respond quickly in these highly uncertain times.

Product innovation, unique designs, and our commercial strength have enabled us to react to a weak second quarter of the year and to both maintain and consolidate our competitive positioning, while pursuing our further growth and development, particularly in relation to our own-brand products.

Our strategic projects continue, with a consistent focus on sustainability as we advance further on the important journey embarked upon with the publication of our first "Non-Financial Report". Our objective remains that of measuring and understanding performance in the area of sustainability, while continuing to invest in a culture of sustainability.

It is therefore with great satisfaction that I present the Elica Group's "Non-Financial Report", now in its fourth edition.

Some of our greatest achievements in 2020, which we wish to share with you and which are detailed further below, concerned our personnel, customers and the environment in which we operate.

It is important to highlight the drop in the overall personnel turnover rate on the previous year (-8.33%) and the 9.2% increase in average training hours for our blue-collar staff.

The less-represented gender accounted for 24% of the LTI - Long Term Incentive System in 2020 (compared to 5% in 2019).

In November, all Cooking Business Unit Italian sites (Fabriano, Mergo and Cerreto d'Esi) obtained the ISO 45001:2018 certification, allowing them to complete the certification project launched in 2019 which has brought a significant decrease in the number of accidents (from 6 in 2019 to 1 in 2020) - workplace safety is our primary concern.

The Customer Orientation of our After Sales Support Service has been recognised by our customers with its receipt - just one year after its creation - of the major sector award presented by the German Institute for Quality and Finance (ITQF).

Finally, we have improved production energy resource efficiencies - even in such a difficult year from an organisational perspective - and have significantly cut our emissions.

It has certainly been a very complicated year, but one in which we were able to remain in constant dialogue with you, our stakeholders, out of an awareness of the importance of working together.

Francesco Casoli *Chairman*
Mauro Sacchetto *Chief Executive Officer*

How to interpret the Elica Group's Non-Financial Report

This Consolidated Non-Financial report of the Elica Group (hereafter also the “Report”) for the year ended December 31, 2020, drawn up in accordance with Legislative Decree 254/2016 enacting Directive 2014/95/EC, discloses upon environmental, social, personnel, human rights and anti-corruption matters, helping the reader to understand Group activities, its performance and results and the related impacts.

The document was prepared, like in the previous year ending in December 2019, in accordance with the GRI Sustainability Reporting Standards published in 2016, or updated in 2018, by the Global Reporting Initiative (GRI); in particular, in accordance with the provisions of Standard GRI 101: Foundation, paragraph 3, reference was made to the following GRI Reporting Standards (“GRI Referenced”), the detailed disclosures of which are provided in brackets:

- ~ GRI 102: General Disclosures 2016 (102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-12, 102-13, 102-14, 102-15, 102-16, 102-18, 102-22, 102-24, 102-25, 102-26, 102-28, 102-30, 102-32, 102-35, 102-36, 102-38, 102-40, 102-41, 102-42, 102-45, 102-46, 102-47, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55);
- ~ GRI 103: Management Approach 2016 (103-2);
- ~ GRI 204: Procurement Practices 2016 (204-1);
- ~ GRI 205: Anti-corruption 2016 (205-1, 205-2, 205-3);
- ~ GRI 206: Anti-competitive Behaviour 2016 (206-1);
- ~ GRI 207: Tax 2019 (207-4);
- ~ GRI 302: Energy 2016 (302-1, 302-2);
- ~ GRI 305: Emissions 2016 (305-1, 305-2, 305-3);
- ~ GRI 306: Effluents and Waste 2016 (306-2);
- ~ GRI 307: Environmental Compliance 2016 (307-1);
- ~ GRI 401: Employment 2016 (401-1);
- ~ GRI 403: Occupational Health and Safety 2018 (403-9);
- ~ GRI 404: Training and Education 2016 (404-1);
- ~ GRI 405: Diversity and Equal Opportunity 2016 (405-1);
- ~ GRI 406: Non-discrimination 2016 (406-1);
- ~ GRI 416: Customer Health and Safety 2016 (416-1, 416-2);
- ~ GRI 417: Marketing and Labelling 2016 (417-1);
- ~ GRI 418: Customer Privacy 2016 (418-1);
- ~ GRI 419: Socioeconomic Compliance (419-1).

The scope and quality of reporting is dictated by the materiality principle, an element identified by the reference legislation and central to the GRI standards: the matters dealt with in this Report are those which were considered relevant on the basis of a thorough materiality analysis described below.

This Non-Financial Report was approved by the Board of Directors on March 16, 2021, following its review by the Control, Risks and Sustainability Committee at its meeting of March 11, 2021.

For clarification or additional information regarding this document, you may contact the Quality & Environment System Assurance Department by sending an e-mail to the address elicaehs@sicurezzapostale.it with “Non-financial report” in the subject line or by writing to:

Elica S.p.A.
Via Ermanno Casoli 2, 60044 Fabriano
attn. QHSE Management System Coordinator

or by calling
+39 0732 6101

Scope of Reporting

At December 31, 2020, the “Group” refers to the parent Elica S.p.A. (hereafter also “the Company”) and the subsidiaries consolidated on a line-by-line basis in the consolidated financial statements: Elicamex S.a. de C.V. (“Elicamex”), Elica Group Polska Sp.z o.o (“Elica Group Polska”), Air Force S.p.A. (“Air Force”), Ariafina Co. Ltd (“Ariafina”), Leonardo Services S.a. de C.V. (“Leonardo”), Elica GmbH, Elica Inc, Elica PB India Private Ltd. (“Elica India”), Zhejiang Elica Putian Electric Co., Ltd (“Putian”), Elica Trading LLC (“Elica Trading”), Elica France S.A.S. (“Elica France”).

Certain aspects and indicators may have a differing reporting scope than that stated above, where considered by management as non-significant for specific companies of the Group in view of the activities carried out. In this case, the text clearly indicates the reporting scope of the aspect/indicator.

OUR IDENTITY



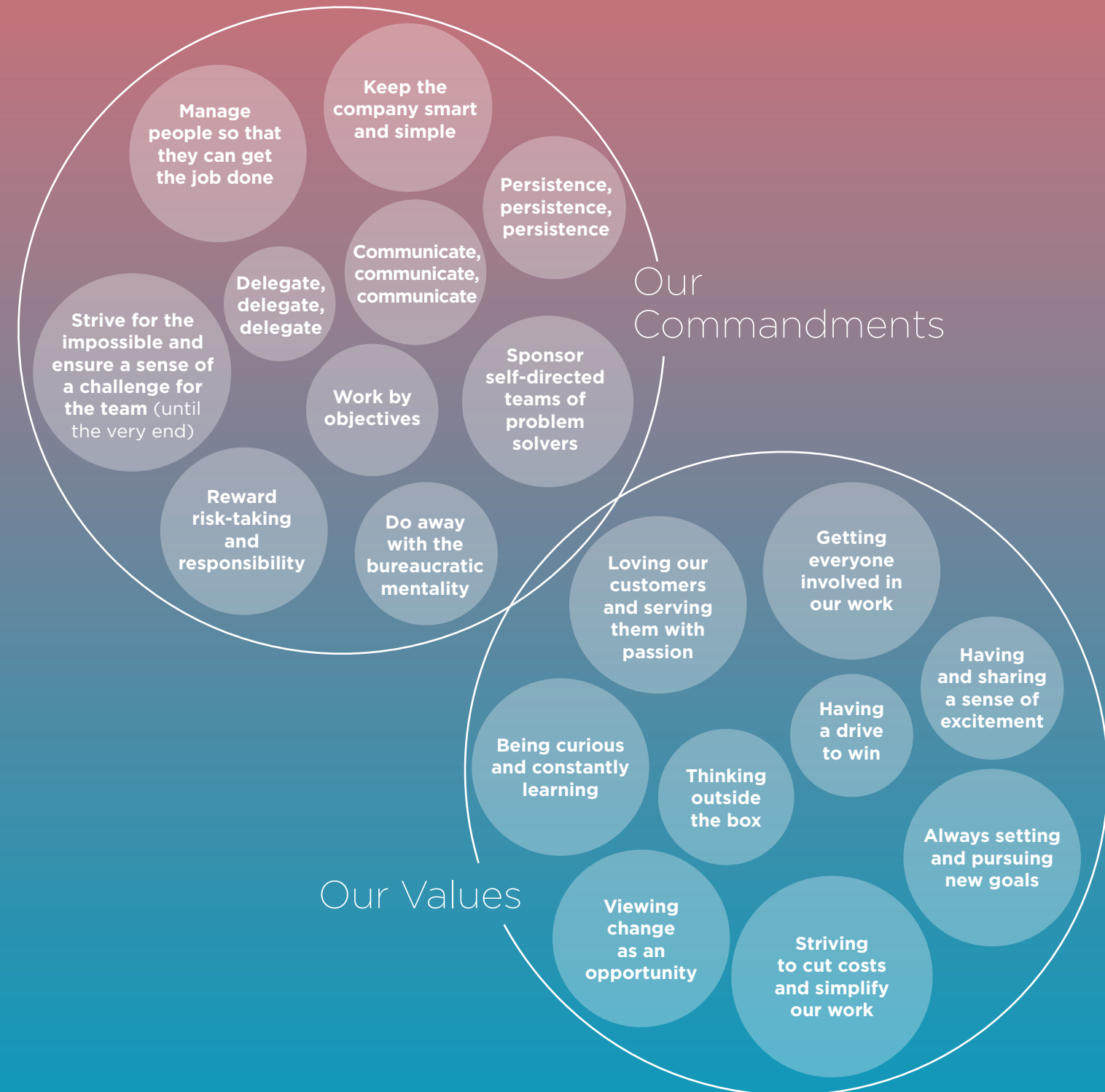
THE **FOOTPRINTS** TRACED
BY OUR PAST AND OUR
VISION OF THE FUTURE
SHAPE OUR **IDENTITY**

Our Vision

ENSURING AIR QUALITY
THROUGH **DESIGN** AND
TECHNOLOGY.
CREATING **EXCEPTIONAL**
VALUE FOR HOME
VENTILATION AND
AIR PURIFICATION
CONSUMERS AND
PROFESSIONALS.

Our Values and Commandments

Our Values and Commandments are the distinctive foundation of the common culture shared by those who are a part of the Elica Group.



Elica Group Profile

Elica, a market player since the 1970's, is the leading global manufacturer of range hoods and hobs and of motors for domestic ventilation. Chaired by Francesco Casoli and led by Mauro Sacchetto, the Group has seven plants, including in Italy, Poland, Mexico, India and China and employs more than 3,200 people. With many years' experience in the sector, Elica has combined meticulous care for design with judicious choice of high-quality materials and cutting-edge technology to guarantee maximum efficiency and low energy consumption, making the Elica Group the prominent market figure it is today. This has enabled the Group to revolutionize the traditional image of cooker hoods: they are no longer seen as simple accessory but as a design element that improves the quality of life.

Elica's business units are as follows:

1. Cooking: designs, produces and markets domestic-use cooker hoods – both own brand and for the leading international home appliance and kitchen manufacturers (Whirlpool, Electrolux, IKEA, Bosch-Siemens, Haier, etc..) – hobs and ranges, and, for the Asian market, ovens and sterilisers;
2. Motors: designs, produces and markets electric motors for home appliances, range hoods and boilers for domestic use under the FIME brand;

Elica globally

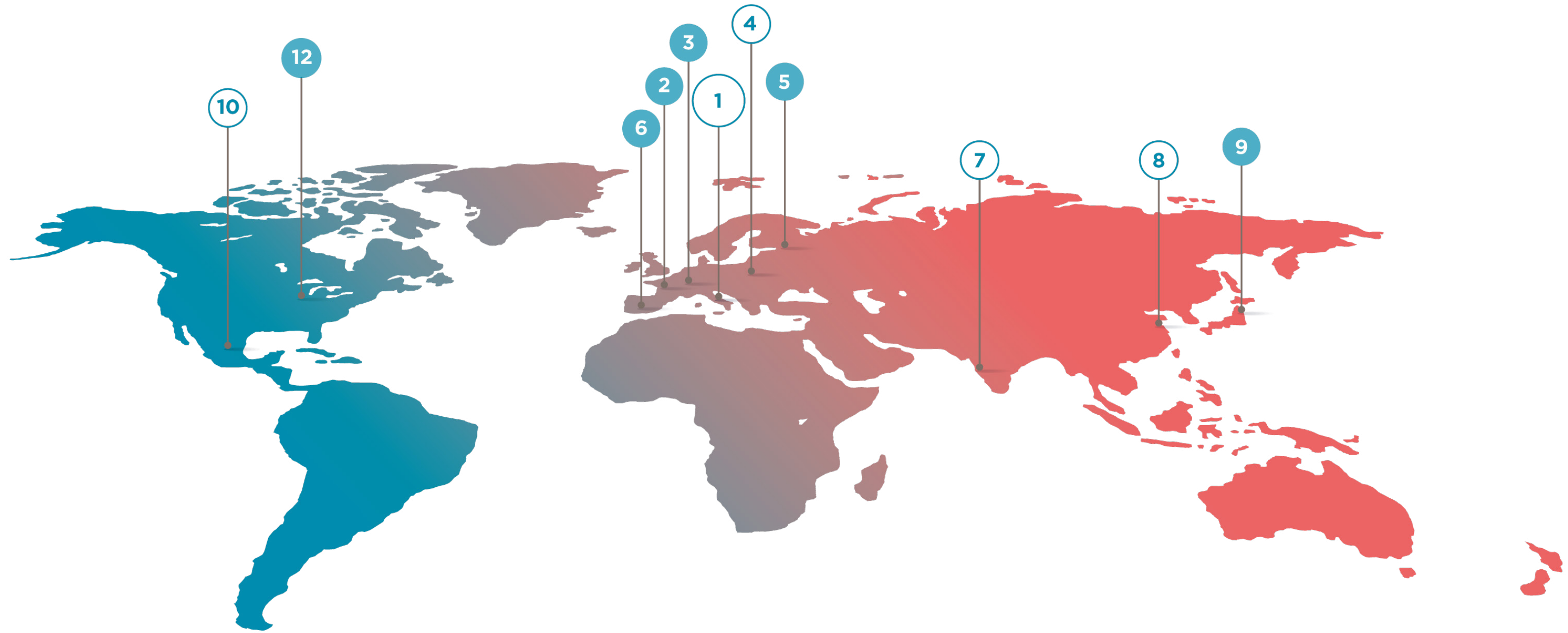
Over the years, the Elica Group has steadily increased its market share to become a truly global player. It leads the range-hood market and is currently gaining leadership positions in the market for motors for heating boilers in both Western and Eastern Europe.

EUROPE

In Europe, the Group operates in the Marche region of Italy, home to its headquarters (in Fabriano, in the province of Ancona, where Elica's history began), its production facilities, its central research and development laboratory and its subsidiary Air Force. It also has a presence in Poland, through Elica Group Polska, based in Jelcz Laskowice, at the Wrocław industrial park, one of the most important in Eastern Europe. It serves the German market directly through Elica GmbH, the Spanish market through a dedicated organization ensuring effective coverage and the French market through its recently opened Elica France location in central Paris.

THE AMERICAS

The Elica Group has a presence in Querétaro, Mexico, through Elicamex, its production and distribution facility for Latin America and North America, with the company Elica Inc. based in Chicago. The Mexican site is part of the strategic move by the Group in recent years to operate even closer to clients



- 1 Production Network
- 2 Direct Presence

- | | | | |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------|
| 1 ITALY
ELICA S.P.A.
Cerreto d'Esi Fabriano
Mergo Castelfidardo

AIRFORCE S.P.A.
Fabriano | 3 GERMANY
ELICA GMBH
Munich | 6 SPAIN
ELICA
Barcelona | 9 JAPAN
ARIAFINA CO. LTD.
Sagamihara-Shi |
| 2 FRANCE
ELICA FRANCE S.A.S.
Paris | 4 POLAND
ELICA GROUP POLSKA SP.
Z.O.O. Jelcz-Laskowice | 7 INDIA
ELICA PN INDIA PRIVATE LTD.
Mumbai/ Pune | 10 MEXICO
ELICAMEX
Querétaro |
| | 5 RUSSIA
ELICA TRADING LLC
Moscow/ St. Petersburg | 8 CHINA
ZHEJIANG ELICA PUTIAN
ELECTRIC CO. LTD.
Shengzhou Shanghai | 11 USA
ELICA INC.
Chicago |

1 Original Equipment Manufacturer

in this market and to take advantage of significant growth opportunities both through the OEM¹ business and through the launch and development of own brands.

ASIA

In Asia, the Elica Group has been present since 2002, the year of the joint venture with Fuji Industrial Co. Ltd., leader in Japan in the production of range hoods and a subsidiary of Elica since 2006. This joint venture led to the creation of Ariaфина, a leading brand in Japan for high-end range hoods. In 2005, Elica opened a showroom on Osaka’s main shopping street.

In May 2010, the Elica Group entered the Indian market by setting up a joint venture with Mr. Pralhad Bhutada, launching therefore Elica PB India Ltd’s operations, based in Pune, manufacturing and selling own brand and third-party brand products and leveraging also the branding and technical knowledge of the Elica Group. Entry into one of Asia’s largest markets, featuring among the world’s highest growth rates, has been a winning decision thanks to CEO Pralhad Bhutada’s stewardship and a distribution and marketing strategy which has delivered.

On September 10, 2018, Elica S.p.A. sold to Whirlpool of India Limited 33% of the share capital of the Indian subsidiary Elica PB India Private Ltd., together with the other Indian minority shareholders disposing of 16%. With completion of the operation, Whirlpool of India Limited acquired in total 49% of the Indian subsidiary Elica S.p.A.. On the basis of the blocking agreement with the Indian shareholders, Elica S.p.A. continues to exercise control over Elica PB India Private Ltd., and fully consolidate the company in its financial statements. Alongside the closing of the agreement and the acquisition of the investment, Whirlpool of India Limited signed an exclusive distribution agreement for a number of its cooking segment products with Elica PB India Private Ltd to speed up the development of its business on the Indian market, leveraging on Elica PB India’s distribution structure which, over recent years, has built a comprehensive network of mono-brand stores and reports annual growth rates at over 30%.

In 2010, Elica entered the Chinese market, the world’s largest range hood market, by acquiring a majority holding in the Chinese company Zhejiang Putian Electric Co. Ltd., which operates under the “Puti” brand, producing and marketing range hoods, gas hobs and kitchenware sterilisers. Putian possesses a high-quality production base with strong potential for development. The production site is located in Shengzhou, a major Chinese industrial district for the production of home appliances. In 2012, Elica sold Fuji Industrial Co. Ltd. a 3.24% interest in Zhejiang Putian Electric Co. Ltd. The deal, which is proof of the strategic role of the direct presence in this area, consolidated and reinforced cooperative relations with the Japanese partner. Following the share capital increase of the Chinese subsidiary, Elica holds 99.17% of the investment.

CSI (COMMONWEALTH OF INDEPENDENT STATES)

In 2012, the Company decided to strengthen its direct presence in this market, in which it has operated through its brands since 1995, acquiring full control of the subsidiary Elica Trading LLC, which markets own brand products, such as those of Elica, Jet Air and Turboair. Thanks to its product warehouses, Elica Trading LLC, incorporated in 2011 and with head offices in St. Petersburg and Moscow, directly serves a dense, locally-based distribution network. Today the organisation can ensure improved efficiency and quality on this market in terms of both the product and service offered to its clients and consumers, thanks to a directly operated technical support network.

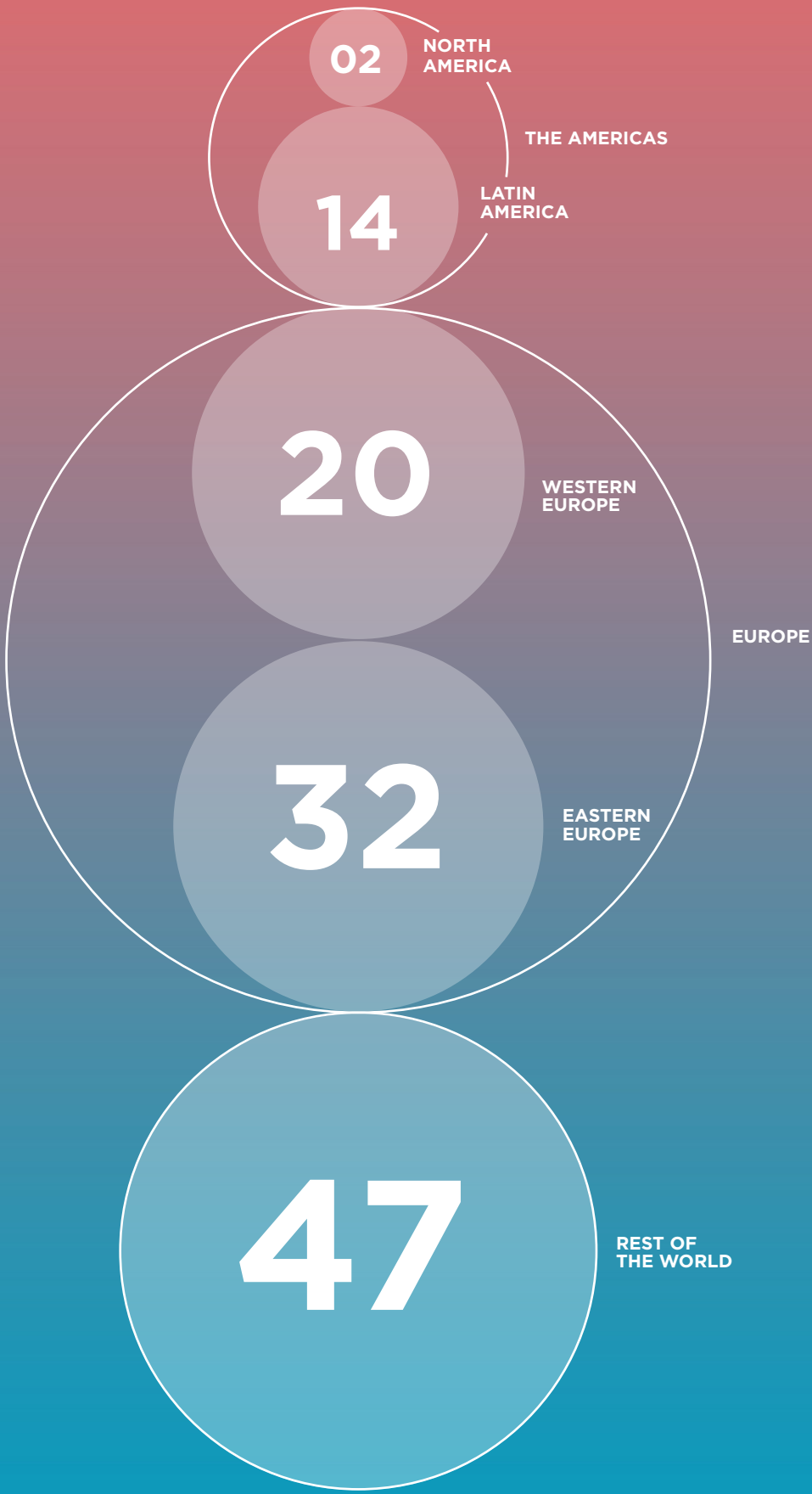
The Group operates in Europe, the Commonwealth of Independent States, Asia and America. In addition to the Italian headquarters, commercial offices are located in Spain, France, Germany, Russia, Japan, India and the United States, and at year-end 2020 it had seven production facilities in Italy, Poland, India, China and Mexico. The Group is present at the global level both directly (through its commercial offices) and indirectly (distribution contracts).

Employees Table
Group companies and number of employees (excluding temporary staff)

Group employees by company	unit	2020	2019
Elica S.p.A.	No.	1,102	1,138
Leonardo Services S.A. de C.V.		769	706
Elicamex S.A. de C.V.		0	0
Elica Inc.		4	5
Elica Group Polska Sp.z o.o		622	600
Air Force S.p.A.		108	109
Ariaфина Co. Ltd		0	0
Elica GmbH		15	14
Elica PB India Private Ltd.		451	462
Zhejiang Elica Putian Electric Co. Ltd		128	157
Elica Trading LLC		28	30
Elica France S.A.S.		15	16
Total		3,242	3,237

Scope: Elica S.p.A., Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Air Force S.p.A., Elica France S.A.S, Elica GmbH and Elica PB India Private Ltd
The number of employees, as detailed in this table and all other tables relating to employees, refers to the figure at December 31, 2020.

Geo-clusters



The countries served at the commercial level are divided into five main geo-clusters for a total of 115 nations. In particular, the Eastern Europe geo-cluster includes the geographical area that extends from the Balkans to the former Soviet Union, including Turkey and the former Soviet Republics. The “Rest of the World” geo-cluster comprises India, China, APAC, Africa and others.

The Group’s revenues are split in 2 main business lines:

- 1. **Cooking** of which:
 - a. production and sale of third-party brand home appliances (accounting for approximately **45%** of Cooking revenues)
 - b. production and sale of own brand home appliances (accounting for approximately **55%** of Cooking revenues)
- 2. **Motors:** production and sale of electric motors, also for internal use (accounting for approximately **13%** of revenues)

The main distribution channels served for the sale of own brand products and their weight as a percentage of net revenue are shown below:

Cluster	Total 2020
Major Retailers	16%
Kitchen manufacturers	47%
Others	3%
Wholesalers	28%
Architecture & interior design studios	6%
Total	100%

Brands and products

RANGE HOODS & COOKING

Elica

The Elica brand was created in 1970 with an ambitious goal: to bring healthy air to kitchens throughout the world. For over 40 years, Elica brand range hoods have satisfied millions of customers across the world with their design, reliability and innovation.

New and original products are constantly being created to add to the wealth of products developed, the fruit of devoted and intense research focused on innovating not only the aesthetic of the models but the entire production process.

Turboair

Sold in Italy and in the markets of the Far East and the CIS (Commonwealth of Independent States), the Turboair brand offers mid-range products known for their quality, originality and care of materials.

Ariafina

The brand, created through a joint venture with Fuji Industrial, produces hoods intended for the top end of the Japanese market, where it has succeeded in making a name for itself. Ariafina products harmoniously marry the best Japanese technology with unmistakable Italian design.

Arietta

This brand, distributed in North America, includes a highly competitive range of products which fully encapsulate the Company's values: reliability, functionality, aesthetics and quality, in keeping with Italian design culture.

Jet Air

This historical brand on the Russian market is particularly appreciated for the capacity of its products to deliver the values of Italian craftsmanship, translating into excellent technical features and high aesthetic quality.

Puti

Acquired as part of the Chinese joint venture, Puti is a leading brand in the sector in China, offering hobs and kitchen sterilisers in addition to range hoods. Puti range hoods cater to the medium and high end of the Chinese market, offering competitive products that are highly functional and technologically advanced, with a European-style attention to design.

ELECTRIC MOTORS

The **FIME** brand represents the Elica Group's Motors unit. Over the years, FIME has developed its presence in electric motors and ventilation systems for home appliances and residential heating and cooling. FIME's biggest clients include major industrial groups in various sectors such as Vaillant, Bosch, Viessmann, Ariston Thermo, BDR Thermea, Riello, Immergas, BSH, Miele, Whirlpool, and Electrolux.

The Company has developed extensive know-how not just in electromechanical design of electric motors, but also in electronic and fluid-dynamic design, which today make it possible for it offer integrated systems. In line with the Elica Group's industrial policy, FIME is also orientated towards production focused on the well-being of the individual and the environment. FIME brand ventilation systems comply with the regulatory requirements concerning sustainability and reduced consumption, in all sectors of application.

Target setting and the management model

The Group's strategic objectives, promoted by Elica's Top Management and approved by the Board of Directors, are formulated in a planning process involving all operating segments, markets, head offices and production facilities.

The Group's strategic plan (Budget, Three-year plan) is monitored by setting and verifying (monthly, quarterly and annually) targets for the dedicated commercial organizations (Markets, OEM and Own Brand Channels and the Motors Division), the Operations area (Manufacturing, Logistics, World Class Manufacturing, Quality and Purchasing), Research and Development and the staff functions (Finance [EHS](#)², Human Resources and IT).

² Environment Health & Safety



Elica’s economic network

WCM Association

In 2009 Elica joined the World Class Manufacturing Association (WCMA), an international non-profit organisation bringing together companies from various sectors involved in the introduction and the development of this production method which targets ongoing and sustainable improvement. WCM is a structured and integrated production system, whose main focus is to create a culture of ongoing improvement through the recognition of waste and losses across the entire value chain of the companies applying it. It is structured in ten technical and ten managerial pillars. WCM prioritises waste and losses through ad hoc tools and methods, with each loss and waste then addressed through specific approaches. Safety, quality and the environment are key concerns, each reflected in a similar number of technical pillars that work to reduce safety risks and environmental impacts, improving the quality of products, workers’ lives and the surrounding environment. The ten technical pillars are flanked by the ten managerial pillars, which focus - among other matters - on developing talent and recognising everyone’s contribution to the improvement of their work. The approach of prioritizing the problems to be tackled in terms of safety, quality and cost, the use of the most appropriate tools and methods, their strict application and the “pace” of expertise development and of the perimeter, have led WCMA enterprises to deliver excellent results, as recognized by other organizations and associations from both the public and private spheres. The objective of the Association is to promote the sharing and application of best production practices among partner companies.

Main activities carried out with Elica

Periodic verification of pre-determined activities and objectives, identification of new auditors.

Confindustria

Confindustria is the main association representing manufacturing and service businesses in Italy. Confindustria’s voluntary members include over 150 thousand small, medium and large companies with a total workforce of 5 million. The association’s mission is to support business’s role in driving Italy’s economic, social and civil growth. To achieve this aim, it designs common strategies, goals and initiatives, in a manner respectful of members’ autonomy and sphere of influence, working together with exponents of the economy and finance, Italian, European and international institutions, government, labour, culture and research, science and technology, politics, information and civil society. Confindustria adds value through its network extending from its Rome headquarters to its Delegation in Brussels (a key point of contact between the entire Italian business community and the European Union) and the 217 member organisations operating in various sectors throughout the territory.

Main activities carried out with Elica

Advisory activity: employment law

ASSONIME

Assonime is an association that represents Italian joint-stock companies. Assonime, founded on November 22, 1910, pursues the mission, as set out in Art. 2 of its charter, of studying and solving problems that directly and indirectly affect the interests and development of the Italian economy. To this end, the association:

- ~ strives for the improvement of industrial, commercial, administrative and tax legislation, with particular regard to company law, including in respect of production activity;
- ~ strives for the cultural elevation of the economic environment and for a deeper understanding, in Italy and abroad, of the Italian legal system and economic situation, including through periodic publications and monographs;
- ~ promotes the protection of the collective interests of its members;
- ~ informs members of legislative and administrative developments and particularly significant international developments in industrial, commercial, administrative and tax matters;
- ~ conducts and promotes - in some cases in coordination with other institutions - studies and publications on economics and the law and oversees the collection of data and information that may be of interest to members;
- ~ provides members with clarification and instructions regarding industrial, commercial, administrative, tax and currency legislation.

Main activities carried out with Elica

Institutional relations and networking activity

The Leonardo committee

The Leonardo Committee was formed in 1993 at the initiative of Confindustria, ICE³ and a group of businessmen and men of culture, including Gianni Agnelli and Sergio Pininfarina, with the aim of promoting and establishing Italian quality throughout the world. It is no coincidence that the name “Leonardo” evokes the magical intersection of art, science and technology: three forms of expression of human ingenuity that reflect Italy’s success at an international level. The Committee brings together over 160 renowned businessmen, artists, scientists and men of culture wanting to join together in furtherance of Italy’s development and originality through high-profile cultural and economic events. In its activity, the Leonardo Committee cooperates with all institutions responsible for promoting Italian companies abroad and their international expansion efforts. Its members also include top government officials such as the Prime Minister, Minister of Foreign Affairs, Minister of Economic Development and Minister for Cultural Heritage and Activities.

AIDAF

AIDAF – the Italian Association of Family-Owned Companies – was founded in 1997 by Alberto Falck along with a group of like-minded business people. Its members now include over 180 family-owned companies, accounting for approximately 14% of Italy’s GDP and employing 600,000. In May 2019, the Chairperson of Elica S.p.A. Francesco Casoli was appointed Chairperson of AIDAF. The Italian Association of Family Businesses (AIDAF) is the only as-

³ Italian Trade Agency. ICE is the Agency for the promotion abroad and international expansion of Italian businesses.



sociation specifically dedicated to matters of interest to small, medium and large family businesses, involving all members of business-owning families. The association is active in three main areas:

- ~ Training and empowerment of members of associated families.
- ~ Institutional projects involving Italian and European politicians aimed at creating and maintaining a legislative and regulatory framework that favours family businesses.
- ~ The exchange of experiences and ideas through the organization of opportunities to meet to facilitate networking between member business-owning families.

AIDAF is the Italian Chapter of [FBN](#)⁴.

Main activities carried out with Elica

Institutional relations and networking activity

ISTAO

The Adriano Olivetti Institute (ISTAO) is one of the longest-running management training schools in Italy. It was founded in 1967 by the economist Giorgio Fuà with the support of the Adriano Olivetti Foundation, the Social Science Research Council and the [CNR](#)⁵.

The Institute has always taken inspiration for the culturally and civically oriented training of its managerial students from the figure of Adriano Olivetti himself, who championed entrepreneurship as a moral and productive duty. The institute's methodology is based on experimentation and experience within a corporate context, in the conviction that the best way to learn is face to face with the operational and professional world. The formula favours learning by producing over traditional note-taking lessons.

Main activities carried out with Elica

Elica is a supporting partner of the Adriano Olivetti Institute with the aim of co-designing training for its own managers and benefiting from an advance selection of Masters candidates from among recent graduates.

ISTUD

The ISTUD (Institute of Management Studies) Foundation was the first independent Business School in Italy.

Since 1970, it has been dedicated to management training and research, creating and organising inter-company and tailor-made training programmes for managers and professionals in all roles and sectors, and post-graduate courses for selected young talents from across Italy.

Main activities carried out with Elica

Elica works with ISTUD to select people trained with innovative methods, a focus on digital technology and close links with national and multinational managers and companies. The partnership also gives Elica managers access to the ISTUD Masters programmes, which are constantly updated and oriented at facing up to emerging challenges and change in the labour market, organizations, business and general society.

⁴ Family Business Network

⁵ National Research Council

The industry network of Elica and the Group

ASCI

The Advertising Standards Council of India (ASCI), of which Elica PB India is a member, was set up in 1985 and is committed to the cause of self-regulation in advertising, guaranteeing the protection of consumer interests. ASCI was established with the support of all four advertising related sectors, i.e. advertisers, advertising agencies, media (including television and press) and others, such as public relations agencies and market research companies.

CII

The Confederation of Indian Industry, to which Elica PB India complies, works to create and support a favourable environment for the development of India, partner industries, government and civil society, through targeted consulting processes.

Elica S.p.A. is a member of the CFI - the “Intelligent Factory” National Technology Cluster, an association of stakeholders (companies, universities, research centres and business associations) involved in the advanced manufacturing sector. The CFI is acknowledged for its role in driving the sustainable economic growth of communities throughout Italy, fostering innovation and specialization in national manufacturing systems.

Its main areas of activity are: automation, industrial efficiency and sustainability, innovation in production processes and the optimal use of human resources in production facilities.

Since April 2019 (and for the next three years), Elica is also represented on the Coordination and Management Body. In addition, Elica S.p.A. also participates in the “Marche Manufacturing Cluster - Industrial Innovation Center” as a member of its Management and Control Board.

Elica S.p.A. is on the Steering Committee of the Industrial Engineering degree courses (Mechanical and Management) of the Polytechnic University of Le Marche. One of the main purposes of the Committee is to foster and promote relations between the university and the manufacturing base, bringing university training courses closer to the needs of the working world and monitoring the adjustment of the curricula offered by the courses to the indications provided by businesses.

It is also a member of APPLiA Italy and Europe - the Home Appliance Manufacturers Association. APPLiA contributes to enhancing the competitiveness and sustainable development of industry manufacturers and aims to ensure access to all the knowledge needed to design innovative, sustainable (i.e., energy-efficient) and high-performance products.

By complying with the Code of Conduct, members ensure that consumers and customers receive data on product performance (as stated in manufacturer’s catalogues and websites) that has been scientifically measured according to a structured testing process in line with European regulations.

Elica S.p.A. è anche membro del *working group* “Cappe” in veste di Capogruppo in Italia e di *Technical Advisor* in Europa.

Elica S.p.A. is also a member of the “Range Hoods” working group as parent company in Italy and Technical Advisor in Europe.

In reference to its Motors unit, Elica S.p.A. is a member of EVIA – European Ventilation Industry Association, an association of manufacturers and stakeholders focusing on the residential and non-residential indoor ventilation industry. At European and domestic level, EVIA promotes the application of energy-efficient ventilation systems which closely consider the environmental, health and comfort aspects that ensure good indoor air quality in facilities and buildings.

Elica is also a member of ASSOTERMICA, the association within Confindustria that represents Italian manufacturers of heating system equipment and components. The association’s main goals are promoting energy efficiency and protecting the environment in accordance with European directives.

Elicamex is a member of AERI (Asociación de Ejecutivos de Relaciones Industriales), whose mission is to update salary surveys, report on developments relating to labour laws, keep abreast of new best practices and form a regional network of local companies.

Air Force is a founder and supporter of the Non-profit association “Made in Fabriano Academy” (based in Fabriano), whose mission is to promote manufacturing companies in Fabriano by supporting their visibility and value.

Outwards-facing initiatives



The main charitable-giving initiatives in which Elica participates are described below.

ERMANNO CASOLI FOUNDATION

The Ermanno Casoli Foundation, established in 2007 in memory of Elica's founder, promotes initiatives in which contemporary art becomes a means of spreading knowledge and methods capable of improving the working environment and triggering processes of innovation, with the goal of supporting relations between art and business.

A pioneer in exploring the potential for dialogue between art and industry, the Foundation has made a name for itself in Italy as an avant-garde promoter of the use of contemporary art in company training, through increasingly structured, specialized activities capable of spurring interaction between these two worlds in furtherance of their respective goals.

The basis of the Foundation's activities is the conviction that contemporary art, in its role of provoking thought, contributes to breaking traditional paradigms of common thinking, allowing individuals who come into contact with it to enter a mental and emotional state of openness to unexpected possibilities.

This makes contemporary art particularly suited to creating open, innovative experiential environments. The Foundation promotes projects in which art and corporate organizations feed into one another, triggering original processes of innovation that stimulate creativity and reinforce teamwork.

The works of art in the Elica Corporate Collection are the product of interaction between employees and internationally renowned artists. This unique, specific collection of works has been featured in the volume *Global Corporate Collections* (2015), dedicated to the world's one hundred most beautiful corporate art collections.

At Elica the Foundation finds fertile ground for experimenting with the processes and outcomes of all its activities, so that they may then be applied in other settings.

The main initiative organised by the FEC in 2020 was "Gentile come un ritratto" ("Fine as a Portrait"), a workshop held in Fabriano in September that grew out of CEO Mauro Sacchetto's desire to create a work of art with strong ties to the company. The Ermanno Casoli Foundation invited Matteo Fato, one of the leading artists of his generation, to create a collective work together with 160 Elica employees.

IRIS GARDEN LEARNING CENTER

Opening in September 2016, Iris Garden is an Italian/English learning centre for children from three to six years of age. A place where various sensibilities, families, educators and Fabriano-area companies come together, Iris Garden is an initiative of high social value with a focus on the youngest members of society. The centre is the brainchild of Francesco Merloni, with support from Ariston Thermo and Elica, and is run by the social cooperative Mosaico.

The initiative is of considerable social value and offers a strategic vision focused on the youngest members of society. The center, whose teaching staff include native speakers of both English and Italian, is a place where children can develop their cognitive abilities and hone the skills required to become bilingual in a setting offering full immersion in the English language.

The Supply chain

The initiative seeks to foster access by children aged three to six to an avant-garde educational institution with deep roots in the community, based on an internationally recognized pedagogical approach developed in Italy (the Reggio Children Approach) and bilingual teaching (in Italian and English), which together facilitate a positive process of growth and learning from an early age.

Elica believes that excellence should not be promoted by focusing on the business environment alone, but also by ensuring excellence in the local communities from which the company springs.

Accordingly, the Group is committed to facilitating the development of tools and actions aimed at achieving wellbeing both in the workplace and in society as a whole.

The Elica group's global logistics organization is responsible for managing the entire sequence of businesses processes, from order receipt to delivery of the product to the customer. It plays a central coordinating role aimed at ensuring that all affected processes are fully aligned with the Group's strategies and promote their standardization and ongoing improvement. The central organisation has departments dedicated to the two main business divisions, Cooking and Motors.

Its main areas of activity are:

- Customer Demand and Finished product inventory management, Customer support for own brand and third-party brand customers;
- Master Planning Schedule for the production facilities and suppliers of both finished products and spare parts;
- Material Management and logistics supplier management in coordination with the Purchasing department for both production and introduction of new products;
- Shipping, Storage and Distribution;
- Processes and ongoing improvement of systems with a focus on Information Technology instruments and global management platforms (SAP, Air SIOP, Air Factory, Alfresco, etc.)

The management of finished product stock and customer service is coordinated by headquarters, that sets the relative levels to ensure service to the end customer and the optimization of production resources.

The coexistence of a B2B and B2C is an important, distinctive characteristic of the Group that also entails the coexistence of two different management models: B2B relates to the direct order by the customer of third-party brand products (make-to-order) and B2C relates to the models for forecasting demand for own brand products (make-to-stock).

In order to serve the B2C segment, our distribution organisation is broken down by region (Italy, Germany, France, Russia, Poland and North America etc.), and there is therefore a dedicated team for each geographical area within the organisation.

Products are distributed both directly by the first-tier warehouses located near the production facilities and by the second-/third-tier warehouses located in the various geographical areas.

The extensive variety and complexity of the product line entails the management of approximately 450 different suppliers based throughout the world. Approximately 40% of current spending on the purchase of materials and components originates in low-cost countries (China, Mexico, etc.), whereas the remaining 60% originates with EMEA suppliers.

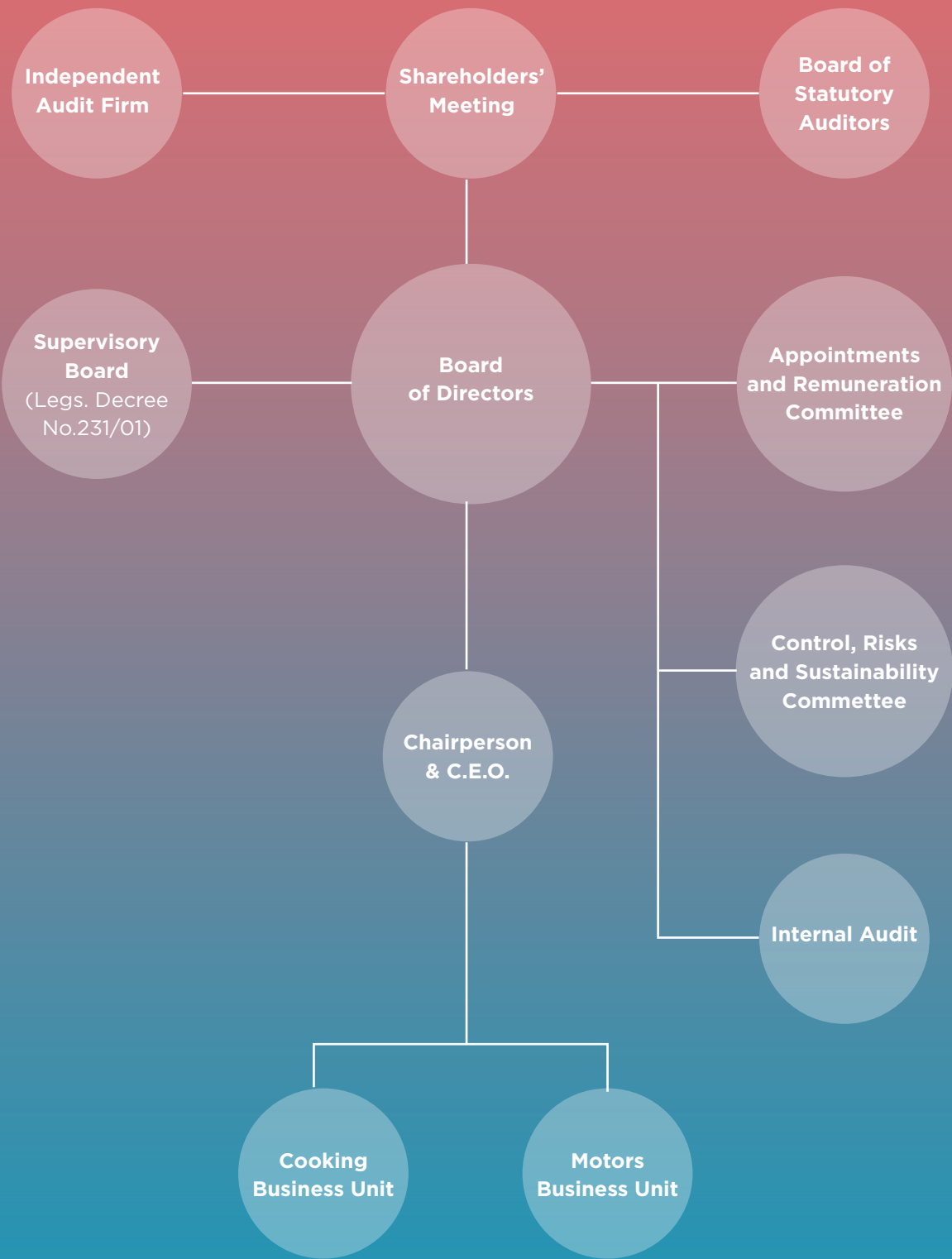
The Motors division produces approximately 27% of products for internal use, meaning they are used in hoods sold by the Group itself (captive production), and 73% for external clients.

The production of motors for non-captive clients is broken down into three main segments:

- Ventilation (25% of units produced)
- Home appliances (40% of units produced)
- Heating (35% of units produced)

For this division, the organization distributes motors to clients throughout the world directly from the tier-one warehouse.

Governance



The Governance System

Elica S.p.A. is a joint-stock company listed on the STAR segment of the Italian Stock Exchange since 2006 which operates in compliance with the By-Laws that govern its activities and operations.

The Casoli family exerts control over Elica S.p.A. indirectly through Fintrack S.p.A., the majority shareholder of FAN S.r.l., in turn majority shareholder of Elica S.p.A.. Francesco Casoli, who holds a majority of the share capital of Fin-track S.p.A., indirectly exercises legal control over the Company, pursuant to Article 93 of the Consolidated Finance Act.

The corporate object of the Company's activities under the By-Laws is: the exercise, on its own behalf and on behalf of third parties, of the industry of construction of electromechanical and mechanical articles, steel production and the production of articles in synthetic resins and similar, the trade, including electronic trade, of the products deriving from the aforementioned activities and processing, even if produced by others; the production and sale of household appliances and components for the electromechanical and mechanical industries; the creation of services and the processing of accounting data on behalf of subsidiaries and associates, including via the use of IT systems, accounting machines and computers of all kinds; the creation of consultancy services within the scope of its own activity, including the activity of product testing.

Elica S.p.A. adopts the Self-Governance Code promoted by Borsa Italiana as its corporate governance model (last version published July 2018) and adopted on October 30, 2020 the Self-Governance Code of January 2020. A traditional administration and control model is followed:

- ~ Company management is exercised by a Board of Directors (BoD, supported by the Internal Board committees: Appointments and Remuneration Committee and Control, Risks and Sustainability Committee)
- ~ The supervisory functions are carried out by a Board of Statutory Auditors.
- ~ The statutory audit and accounting control are carried out by the audit firm appointed by the Shareholders' Meeting.
- ~ A Supervisory Board has been set up in accordance with Legislative Decree No. 231/2001.

Articles 16 and 24 of the By-Laws respectively govern the appointment and replacement of directors and members of the Board of Statutory Auditors, with the application of slate voting. Only shareholders who individually or collectively hold at least 2.5% of the share capital – or a differing minimum percentage provided for or allowed by current regulations – have the right to present slates.

For further details, reference should be made to the By-Laws available on the website <https://elica.com/corporation.it>, Corporate Governance section, on that of Borsa Italiana S.p.A..

Corporate boards



Francesco Casoli
Director & Chairman BoD



Cristina Finocchi Mahne
Non-Executive
Independent Director



Mauro Sacchetto
Director & C.E.O.



Elio Cosimo Catania
Non-Executive
Independent Director



Giovanni Tamburi
Non-Independent
Directr



Barbara Poggiali
Non-Executive
Independent Director



Federica De Medici
Lead independent Director

Composition of the corporate boards
and performance assessment

The Company’s Board of Directors is composed of executive, non-executive directors with adequate skills and professionalism. As per Article 16 of the By-laws, the Company is administered by a Board of Directors made up of a minimum of 5 members to a maximum of 11 members including non-shareholders.

6 Consolidated Finance Act

Currently, the Board of Directors consists of seven members, four of whom are independent as per the Self-Governance Code and the CFA⁶.

With regard to gender balance, the Company has complied with the latest regulatory changes by approving, on October 30, 2020, the amendments to the By-Laws, which reserve two-fifths of the positions on the administrative and control bodies to the under-represented gender.

The average age of the Directors in office at the date of the Report is 60, with 3 Directors in the 48-55 age bracket and 4 in the 57+ age bracket.

The Company’s By-laws provide that the Board of Statutory Auditors consist of three standing auditors and two alternate auditors. The Board of Statutory Auditors of Elica S.p.A. is composed of three members, one of whom is female.

The average age of the Statutory Auditors in office at the date of the Report is 60 years.

For details on the process and the appointment and replacement criteria, on the executive director succession plan and on the experience and expertise of the directors and the members of the Committees, reference should be made to the Corporate Governance and Ownership Structure Report.

The Board Evaluation is a key feedback tool for the Board of Directors to carry out an in-depth evaluation of the performance of the Board itself and of the Board Committees and to improve, where necessary, efficiency and effectiveness.

The self-assessment requested of the Board concerns, in particular, the size, composition and functioning of the body and of its committees. For information on the procedures and outcome of the self-assessment conducted, see the Corporate Governance and Ownership Structure Report.

Remuneration policies

The remuneration of directors and, in particular, those holding executive office, is a key incentive and control mechanism to ensure the integrity and efficacy of the corporate governance mechanisms. These remuneration policies target the achievement of the Group strategy and are an essential tool to align the interests of shareholders with those of management. The remuneration system is in addition part of a wider framework to attract, satisfy and maintain the most suitable personnel to ensure the company’s success.

Development of the individual and equal opportunities, which have always been at the heart of Elica’s culture, are the “ethical” base on which the remuneration systems are built.

With regards to the instruments utilized, the “annual remuneration policy” in the Group remuneration report - to which reference should be made - comprehensively outlines the Remuneration Policy and its implementation at the company with regards to the members of the management bodies and the senior executives.

Elica’s remuneration system, always based on the principles of the Self-Governance Code, is a key instrument to:

- attract, maintain and motivate a community of women and men of excellent professional standing
- recognize the responsibilities undertaken by its managers and award the achievement of results
- align the actions of management with the interests of shareholders
- promote the creation of value over the medium/long-term
- ensure application of the principles of developing the individual.

With regards to senior executives, this goal is achieved also through linking a significant part of remuneration to the reaching of the pre-set performance objectives, established through “management by objectives” (MBO) and long-term incentive (LTI) plans.

For the other executives, as well as for many professionals, variable remuneration is based on “Management by Objectives” plans, which, linked to the performance management (PM⁷) system and the evaluation of managerial skills enabling the achievement of objectives, incentivize the contribution of everyone regarding not only quantitative but also quality performance indicators.

Fixed remuneration is generally defined according to the content of the positions and a market benchmark for each role, weighted according to professional expertise and seniority, where applicable.

In Italy, the national collective bargaining contract for the metalwork and plant installation industry, or that for Industry Executives for executive roles, is applied to both Elica and Air Force.

⁷ The PM (Performance Management) process is the Elica Group’s main People Development and assessment process.

Performance Indicators

Ratio between higher compensation and total median compensation

Ratio	unit	2020	2019
Italy	No.	68.95	64.67
France		3.53	4.16
Germany		2.47	2.53
The Americas		21.37	40.15
Poland		8.86	9.85
Russia		19.83	14.81
China		35.24	35.46
India		87.67	92.69

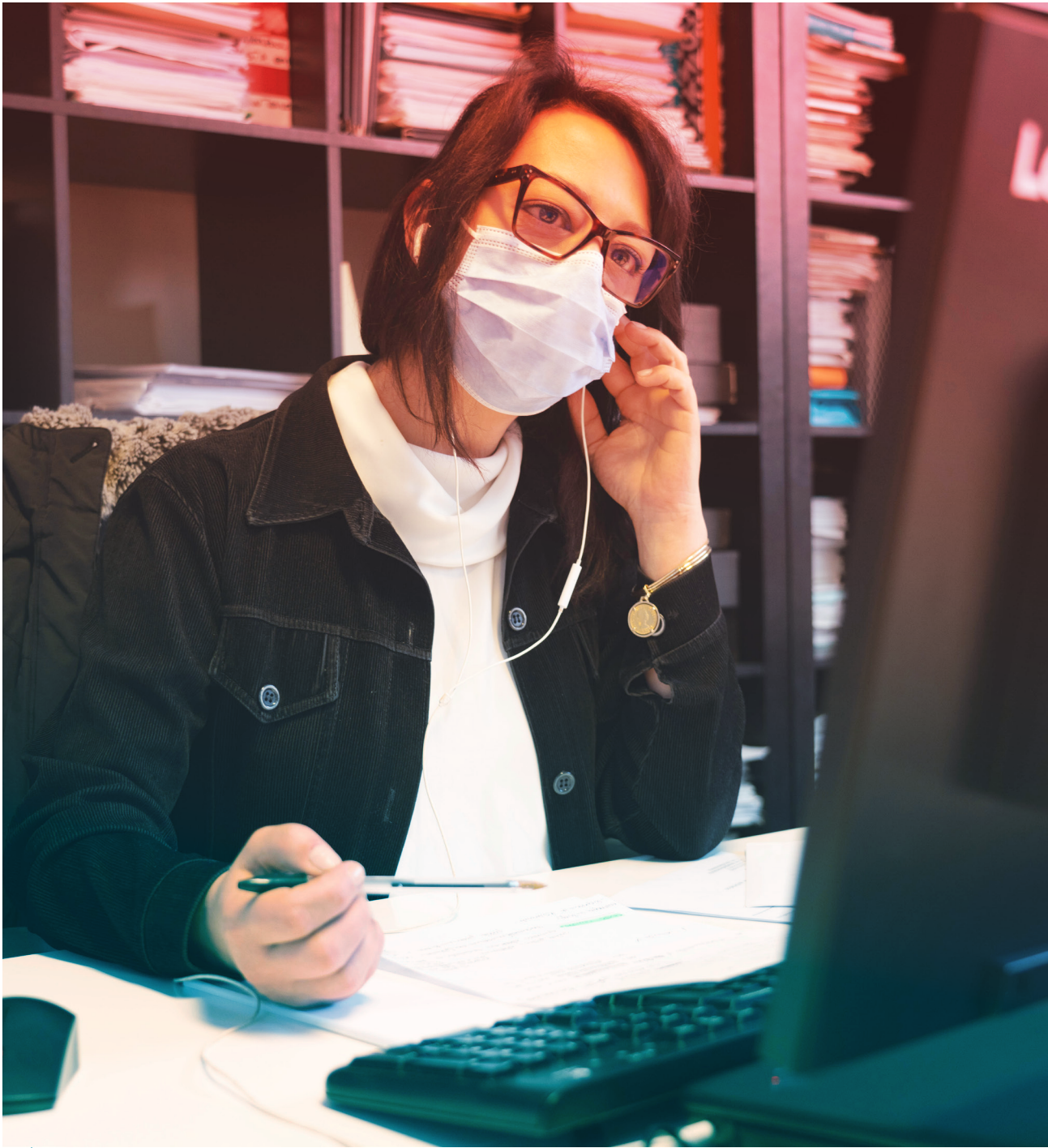
Scope: Elica S.p.A., Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica France S.A.S, Elica GmbH, Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Air Force S.p.A. Elica PB India Private Ltd.,

Definition of the Group’s Strategies, Objectives and Values: the actions of the Board of Directors

The role of the Elica Board of Directors is crucial in identifying and pursuing the company’s strategic objectives. The By-Laws effectively grants it the widest powers for the management of the Company: it may carry out all acts and operations that it considers necessary to achieve the company object, except for those attributed by law to the Shareholders’ Meeting or arising from specific authorizations required by the By-Laws.

The following matters are within the exclusive competence of the Board of Directors:

1. merger and spin-off resolutions in the cases established by Articles 2505 and 2505-bis, of the Civil Code;
2. the opening, transfer and closing of secondary offices;
3. the indication of which Directors may represent the company;
4. the issue of non-convertible bonds within the limits set out in Article 2412 of the Civil Code and convertible within the limits set by Article 2420-ter of the Civil Code;
5. the reduction of the share capital in the case of return of shares by shareholders;
6. updating the company by-laws and the shareholder meeting regulation in accordance with law;
7. the transfer of the registered office to another municipality in the national territory;
8. the reduction of the share capital where losses are greater than one-third of the share capital and the Company has issued shares without nominal value.



- Based on the powers conferred, the Board of Directors:
- examine and approve the strategic, industrial and financial plans of the Company and of the Group, periodically monitoring their implementation; establish the corporate governance of the Company and the structure of the Group;
 - define the nature and level of risk compatible with the strategic objectives of the company, including in their assessments all risks considered significant with regard to the sustainability of the medium/long-term operations;
 - evaluate the adequacy of the organizational, administration and accounting system of the Company and of its subsidiaries having strategic importance, which has been implemented by the executive directors with particular reference to the internal control and risk management system;
 - evaluate the general operational performance, taking into account, in particular, the information received from executives, as well as periodically comparing the results with the budgets. In particular, the Board evaluates the general operational performance, on the occasion of the approval of the quarterly and half-yearly reports;
 - consider operations of the Company and its subsidiaries, when such operations have a significant strategic, economic, equity or financial importance for the Company or when the Executive Directors consider the involvement of the Board appropriate, although not relating to significant operations. The Board motions of the Issuer concerning subsidiary operations are justified also by the need to expressly authorise significant operations or certain decisions which need to be approved, according to regulations or the by-laws, by the shareholders of such companies.
 - Following the entry into force of Consob Regulation No. 17221/10, the Board identified specific criteria for the identification of significant transactions, in accordance with the provisions of attachment 3 of the regulation. In addition, the Board undertakes all decisions not specifically attributed to the Executive Directors. The decisions, which due to their subject or amount are not within the remit of the executive directors, are those which, indirectly, the Board has considered of particular strategic, economic, equity or financial significance.
 - Carry out, at least once a year, an evaluation on the functioning of the Board and of its Committees, and also in relation to its size and composition, taking account also of the professional qualifications, experience - also of a managerial nature - and the gender balance of its members, in addition to their years of service.

Conflict of interest control policies

Elica adopts principles of conduct and control which seek to avoid possible conflicts of interest. The By-Laws establish that the executive bodies report on at least a quarterly basis to the Board of Directors and the Board of Statutory Auditors on the exercise of their powers and in particular on operations in which they have an interest, on their own behalf and on behalf of third parties.

The composition of the Board of Directors ensures the neutrality of decisions with a majority of independent directors (four of seven at December 31, 2020).

In addition to the statutory requirements, the Company adopts prevention and control policies in this regard, including through the implementation of the 231 Model and the Company's Code of Ethics. The Company also encourages the development of a corporate culture that centres around the principles of transparency, ethics, fairness and the respect of applicable rules. The recipients of the 231 Model shall adopt appropriate behaviour to avoid conflicts of interests. Alongside the 231 Model, which is regularly updated, the Company has adopted a Related Parties Transactions Policy, in addition to an Anti-Corruption Policy, which outline principles to prevent possible conflict of interests and regulate them where necessary.

Effectiveness of the Risk Management model

Governance and risk management processes are the responsibility of the Internal Control and Risk Management System ("ICRMS"). The System is a set of guidelines, rules and organisational structures designed to safeguard stakeholders by facilitating the identification, measurement, management and monitoring of significant risks.

The control carried out through the ICRMS concerns the operational processes implemented by Management and the processes for identifying and managing operational, financial and compliance risks.

The ICRMS works on three levels:

- **first level:** controls built into operational processes carried out by Management;
- **second level:** operational, financial and compliance risk monitoring and management controls etc. Carried out through the coordination of the Risk & Compliance Director, the Financial Reporting Officer (as per Law 262/05), the individual managers of the company, and other control and monitoring figures (e.g. Health and Safety, Quality and Legal Officers);
- **third level:** independent and objective assurance carried out by the Internal Audit service on the adequacy and effective operation of first and second control levels and of the risk management methods.

Internal Audit therefore complement and monitor that carried out by the ICRMS. Since October 2019, the Internal Audit function has been carried out by an internal manager reporting directly to the Board of Directors, who plays a key role in defining and assessing the internal control system and the risk prevention and management policy.

The purpose of this policy is to consistently adopt an effective global model for identifying relevant risks, using methods of mapping and prior assessment of potential negative impacts on the business and interested parties, identifying the control measures currently in place or to be introduced to mitigate the risk. The current mapping of risks can be traced to five CLUSTERS, as represented in the following table:

Cluster	Description
Strategic	Risks that could threaten the competitive position and the achievement of the Group's strategic objectives
Financial	Risks that may threaten the Group's financial equilibrium and business performance
Governance & Compliance	Risks that identify dangers arising from non-compliance with laws, internal regulations and/or contractual obligations of the Group that may cause damage, even to a serious extent, to its reputation
Operating	Risks inherent in the Group's operations that may arise from human error, inefficient internal systems and processes, unlawful conduct, interruption of products and services or accidents/incidents that may cause harm to people or the environment
Pure (or insurable)	Risks associated with external events such as natural disasters, fire, terrorism, robbery etc.

The current risk mapping, updated annually, is the result of analyses contained in the "Risk Profile" document, an analysis of relevant risks, and the "Context Identification" document, an integral part of Elica S.p.A.'s Quality, Environment and Safety Management System.

For further details on the efficacy of the Risk Management Model, reference should be made to the Corporate Governance and Ownership Structure Report.

ELICA'S SUSTAINABILITY FOOTPRINT

A man with a beard, wearing a white button-down shirt, is shown from the chest up. He is looking down at two hands that are being poured with water. The water is being poured from the left hand into the right hand, creating a splash. The background is a gradient of blue and green, with a faint image of the man's face and shirt.

OUR APPROACH TO SOCIAL
RESPONSIBILITY AS A KEY
TO UNDERSTANDING
COMPANY **PERFORMANCE**



In order to provide a clear, complete account of the social and environmental value created by the Group and how its actions seek to monitor and manage its sustainability footprint as effectively as possible, it will firstly be necessary to clarify what is meant by “sustainability footprint”.

The “**sustainability footprint**” is a way of analyzing the management system for an organization’s activity that can be used to determine its **economic, environmental and social impacts** based on specific indicators.

Properly measuring the nature of the effects and context for the organization’s activities is essential to an increasingly thorough analysis and increasingly informed management of such a strategic aspect of the Elica Group.

With regards to that outlined above, the Group’s activities are undertaken in full compliance with the Code of Ethics (approved by the Board of Directors most recently on March 24, 2017) which, through all of the indications contained therein, acts as a reference for:

- the running of an ethical business;
- continued compliance with the various applicable regulations;
- the undertaking of all activities according to moral and ethical principles;
- consistently keeping in mind the moral and social responsibility that the Group has to its Stakeholders.

Despite the fact that in 2020 the Group’s activities - and therefore its strategic choices - have been impacted by the global COVID-19 pandemic, the “Sustainability On Air” project was drawn up and approved by the Board of Directors of Elica S.p.A. on October 30, 2020, whose main objective is to increasingly integrate sustainability strategies - maximising their value into business development plans. A medium-term period (three years) to continue to generate benefits for the environmental and social issues affecting the communities in which the Group operates, through an innovative strategy to continue to “do things well” and to “do them differently”, thereby sharpening the benefits and mitigating the negative impacts - while always meeting the needs and expectations of its stakeholders.

The centrality of the individual and of the social and environmental habitat in which the individual lives is thus key to the development of the strategies implemented by the Group, which as part of its continuing focus on excellence seeks to optimize and pursue sustainable growth to the fullest possible extent, in the view that such growth is strategic to the creation of long-term social and economic value.

The direction traced by our footprints

- Year-in year-out measurements and analyses of sustainability performances give us a greater awareness of the direction we are tracing with our sustainable footprints. The effective implementation of qualitative and quantitative management improvements and of socio-environmental impact and risk reductions demonstrates to the whole group and its stakeholders the direction we are taking, of which some examples are given below.
- In 2020, the parent Elica S.p.A. assessed the adequacy of its stakeholder mapping in relation to their role. The mapping is the result of discussions with senior management (by way of interviews or dedicated meetings) that began in 2018, after which it was also possible to determine the factors that could have a positive or negative impact on the Group's business. During the mapping process, account was also taken of the risks and opportunities associated with the Group's ability to meet the needs and expectations of its stakeholders, highlighting the various methods of communication and dialogue, so as to make them increasingly suitable - not only in the short term but also in the medium and long term. The results of the assessment of the adequacy of the mapping were reported in the general review in October of the summary document "Identification of the Context" (a document that is an integral part of Elica S.p.A.'s Quality, Environment and Safety Management System).
- During the reporting cycle of the 2020 financial year, Elica Group carried out a new Materiality Analysis, in order to review the external and internal relevance of ethical and environmental issues, and thus gain a fuller and clearer picture of material economic, environmental and social impacts.
- The group's capacity and commitment to generating innovation has a significant strategic value, both in economic and social terms. The activity is managed centrally by the parent company through a dedicated role, the Advanced Engineering and Innovation Manager, who oversees a team of 6 to 10 people.
- Work began in 2020 to revisit the process by which a project of technological innovation is managed. This led to the creation of the NTI (New Technology Introduction) for the structured participation of all business functions to bring innovation to the market according to the most suitable timeframes and means.
- The ongoing application of the system to make packaging environmentally sustainable earned Elica SpA 2020 "Conai Award" related to the annual tender for the reduction of the environmental impact of packaging.
- The ongoing monitoring of all process and other activities, the involvement of people who make a contribution every day, the collection of data and reports from the internal reporting system and auditing activities with the overall coordination of the Corporate EHS function have brought about a clear reduction in risk levels, improving their assessment on the basis of a continuous improvement approach. In completion of the process initiated in 2019, which resulted in the awarding of the ISO 45001:2018 Certificate for the Motors Business Unit plant, in November 2020 the certification was also obtained for all the Cooking Business Unit sites at Fabriano, Mergo and Cerreto d'Esi.

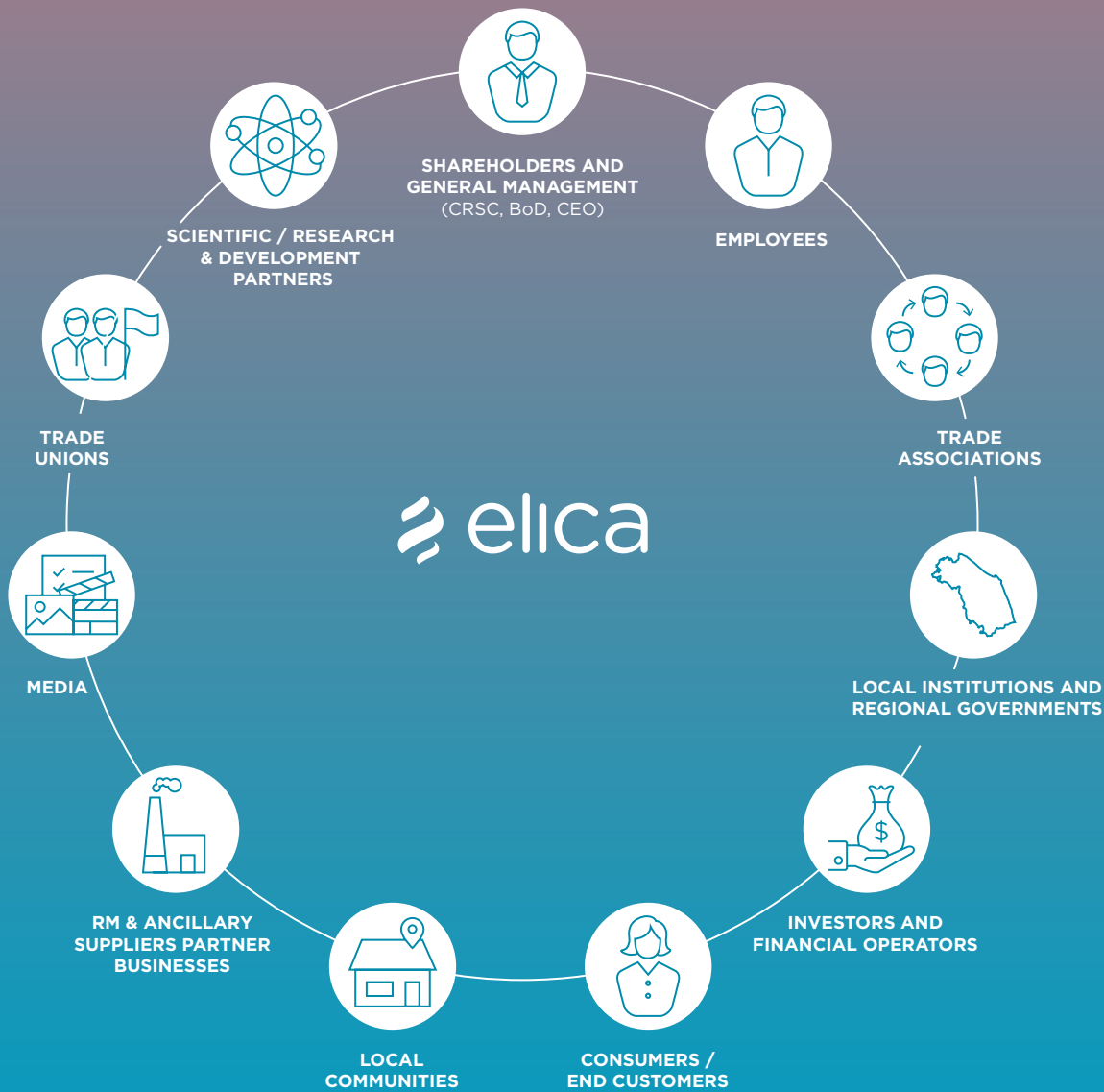
Who are our Stakeholders?

The Group operates in a multinational setting and its products, services and local activities are capable of influencing various entities that in turn – through their roles, activities and expectations – may directly or indirectly influence the Group's performance and have a significant impact on the organization's decisions.

Periodic stakeholder mapping is the result of a multi-disciplinary approach that involves the contribution of all top management (as outlined in the previous paragraph).

By way of ongoing dialogue, dedicated meetings in conjunction with corporate or industry events, the cooperation of dedicated collaborators, press releases, surveys, etc., the Group continuously reinforces its commitment to improvement and to confirming and extending the approaches that prove to be the most encouraging over time.

The table below summarises the Group's main stakeholders:



The following table presents the main methods of communication, listening and involvement that Elica undertakes with its stakeholders, taking into account their expectations to be met:

2020 stakeholders	Communication, listening & engagement channels	Expectations and interests of stakeholders with regard to Elica
Shareholders and General Management (CRSC, BoD, CEO)	CEO: Business Review, Shareholders: Road show, Shareholders' meeting, Reporting BoD: board meetings CRSC: committee meetings	Shareholders: Business Continuity and Performance. Return on investment, CEO, BoD and CRSC: Business Continuity and Performance, Business sustainability strategies over M/L term, company fair value recognition.
Employees	Availability of organisational charts and job descriptions, job postings, Management Operative System (MOS), "State of the art of our people" report, Non-Financial Report, Personal Behaviour Review, Vittoria RMS portal	Long-term development of job role, clarity of procedures to be executed, adequate training, availability of adequate resources, occupational well-being-health & safety, suitable workloads, skills consistent with role, clarity of roles and objectives, professional growth
Trade associations	Direct contacts, Press release	Accurate information, expertise and professionalism, reliability on sensitive data.
Local Institutions and regional governments	Press Release, publication of corporate governance report, NFR, reporting and implementation of requirements, local institutional channels	Availability and competence of the company personnel/process managers involved in the activity under review. Communication transparency. Compliance with Applicable Laws
Investors and financial operators	Consolidated Financial Statements, Road show, Shareholders' Meeting, Press Release, Reporting	Transparency, timeliness and parity of information, stock trends
Consumers - End customers	Direct contacts (ad hoc communications from the key account), industry events, Showtrailer	Business continuity, environmental reputation, performance excellence, innovative, reliable and safe products, on-time delivery, effective and efficient service.
Local communities	Press releases, communication system during/post event, operating recovery procedures	Environmental prevention and respect, containment of environmental impacts, protection of the surrounding area, improvement or maintenance of social/economic/environmental conditions.
RM & ancillary suppliers Partner Businesses	Research centres/Universities: Joint development of protocols/projects, direct communications Suppliers: direct contacts, reports	New opportunities and business continuity, business profitability, punctuality of payments

2020 stakeholders	Communication, listening & engagement channels	Expectations and interests of stakeholders with regard to Elica
Media	Direct contacts, Press releases, Publications, Communication system during/post event,	Transparency and accuracy of information. Develop an ongoing, trusting relationship. Company reputation
Trade unions	Direct channels, sharing three-year plans	Protection of workers, attention to listening, active participation in improving safety conditions in the workplace
Scientific/Research & Development partners	Research centres/Universities: Joint development of protocols/projects, direct communications	Collaboration stability, company reputation Identification of technology trends for new product development, product performance and reliability
Supervisory Board	Direct contacts, presentations, minutes	Legislative compliance
Other company functions (Business Unit General Managers and Area Managers)	Rolling Business Plan, Business Review, Management Review, dedicated meetings	Adequacy of management resources, sustainability of business and company reputation, staff engagement, clarity and appropriateness of roles, process performance
Global Community	Press releases, communication system during/post event, operating recovery procedures	Preservation of natural resources, environmental and social sustainability
National and international standardisation bodies	Direct contacts, consultations, on-site inspections/audits, Non-Financial Report, reporting, and implementation of requirements	Compliance with regulations, Introduction of Management Systems and fulfilment of requirements related to the standards to which they refer
External audit bodies	Management review, periodic on-site reviews and audits, implementation of internal improvement actions, reporting and implementation of requirements.	Availability and competence of the company personnel/process managers involved in the activity under review. Communication transparency. Compliance of Management Systems to applicable rules.
Banks and other lenders	Negotiations, bid gathering, reports and press releases	Group financial solidity Business continuity over the M/L term, stability of the business relationship

THE BOARD OF DIRECTORS

The Group is managed, according to the traditional governance system, by a Board of Directors with a central role in identifying and achieving the company's objectives.

The Board of Directors, made up of 7 members whose mandate will expire when the 2020 financial statements are approved, is made up as follows:

- ~ Francesco Casoli: Chairman
- ~ Mauro Sacchetto: Chief Executive Officer
- ~ Barbara Poggiali: Independent Director
- ~ Elio Cosimo Catania: Independent Director
- ~ Cristina Finocchi Mahne: Independent Director
- ~ Federica De Medici: Independent Director
- ~ Giovanni Tamburi: **Non-independent Director**⁸

⁸ Davide Croff was an independent director until February 11, 2020

For further information on the experiences and competences of the directors and members of the committees, please refer to the Report on Corporate Governance and Ownership Structures and to the paragraph regarding GRI102-22 and GRI102-28 of this document.

RELATIONS WITH THE INVESTORS

Elica Group is aware of the importance of correct information as indispensable for building a relationship of trust with the financial community.

The Investor Relations department and top management maintain an ongoing dialogue with investors and financial analysts in compliance with the criteria of transparency, timeliness and parity.

Despite the challenges arising from the global spread of the COVID-19 health emergency, financial communications and interaction with investors and analysts continued normally in 2020. More specifically, interactions with the financial community involved the organization of quarterly conference calls for the presentation of financial results, as well as participation in numerous virtual meetings. In particular, the Group participated in the Star Conference (held in May and October 2020) and in Consumer Day (in September 2020), virtual events which were organized by Borsa Italiana, as well as in the Virtual Roadshows organized by Intermonte SIM and Intesa Sanpaolo IMI in November and December 2020, respectively. Therefore, opportunities for communication and interaction with the markets were no fewer than in 2019, and actually increased, thereby ensuring constant updates for the financial community in this period of great uncertainty.

The website also remains a key tool for providing timely information. Indeed, the Group's website is promptly updated to coincide with the presentation of results and other market communications.

Stock coverage was guaranteed during the year, as it was in 2019, by three primary brokers. The Elica Group closed 2020 with a market capitalization of approximately Euro 193.7 million (average market capitalization in December), up from 2019's Euro 191.8 million.

MEDIA

The Group's Financial Media Relations department guarantees external communications with national, local and international media and the correct disclosure of corporate messages to the relevant public, thus protecting the reputation of Elica Group's various activities. The department also monitors off-line and on-line traditional media in order to intercept any information of interest to the Group.

The Group's financial communications are managed by controlling and monitoring all communication processes contemplated by the Italian Consolidated Finance Law and by the communications and transparency best practices adopted by other listed companies.

In particular, the financial communications carried out by the Group are subdivided in:

- ~ Mandatory communications: the disclosure of periodic and price-sensitive financial data to stakeholders and the general public as required by law and relevant authorities (e.g., the Italian Companies and Exchange Commission, Consob);
- ~ Business communications: promoting the company's core activities, including opportunities to enhance the visibility and reputation of the Group, such as interviews with top management published via major media outlets.

In 2020, financial communication activities also included the management and issue of press releases to coincide with the publication of periodic data, such as quarterly, half-yearly and yearly financial statements, price-sensitive business, governance and shareholder communications, and business press interviews and article contributions.



Putting Sustainability into practice at Elica



⁹ This expression refers to the GRI standards marked with number 102.

ASSESSMENT OF EXTERNAL RELEVANCE

VALUTAZIONE DELLA RILEVANZA INTERNA

The Materiality Analysis has guided the Elica Group since its initial report in the choice of topics to be covered, so as to give full and clear representation of the extent of the financial, environmental and social impacts of the Group’s activities. Again in reporting on the year ending December 31, 2020, materiality is the key to understanding the sustainability of our Group.

The workgroup, created at the corporate level, has internally identified the tools, sources and criteria for assessing a very wide range of topics, which are measured according to various metrics.

All the topics on which to report were identified in a balanced matter through a combined assessment of:

- evaluation of external relevance of the theme,
- evaluation of internal relevance of the theme.

(All information of a **general nature⁹** regarding the Group – assumed to be highly relevant to stakeholders in the interest of a complete, clear picture of the overall organizational structure of the Elica Group, from which the topics subject to reporting arise organically – have been excluded from the periodic materiality analysis process.)

In order to identify the topics that may influence stakeholders’ decisions regarding the Elica Group, the frequency of the indirect expressions of interest by the stakeholders in sustainability topics was measured using 3 main tools:

1. analysis of external press releases;
2. benchmarking: analysis of a panel of peers deemed representative, including key clients and competitors;
3. surveys of organisations responsible for sustainable reporting or stakeholder monitoring with a focus on the needs identified in the sector concerned.

A team representing all company departments at the corporate level collectively assessed, in various meetings, all relevant topics in the light of the impacts of the Group’s activities and all topics identified through the external priority analysis, assigning them an internal relevance score, with each topic either linked to a reporting standard, where possible, or analysed to identify its core for reporting purposes, where no specific GRI standard was applicable.

On conclusion of the meetings, the Elica Group’s Materiality Matrix for 2020 took shape, comprising 16 GRI topics and 4 “custom” topics (a relevant topic or impact that was not adequately represented in the GRI Standards), relating to high priority topics, whether internal or external, and topics with at least medium priority for both analysis guidelines and as represented by the matrix in the following table:

EXTERNAL RELEVANCE

High	GRI 419 GRI 201 GRI 207	GRI 302 GRI 305 GRI 405 GRI 306 GRI 307 GRI 308	GRI 403 GRI 205 GRI 404 GRI 416 GRI 401 INNOVATION
Medium	GRI 202 GRI 301 GRI 303 GRI 412 DIGITIZATION ELECTR. WASTE BRAND MGMT	GRI 204 GRI 406 ECO DESIGN GRI 206 GRI 414	GRI 417 GRI 418
Low	GRI 203 GRI 304 GRI 407 GRI 411 GRI 409 GRI 415 PRODUCT END-LIFE TRANSPORT EFFICIENCY COMMERCIAL PARTNERS CARBON NEUTRAL MOB. SENSIBILITY & EDU	GRI 402 GRI 408 GRI 410 GRI 413 RELIABILITY & LONGEVITY BUSINESS INTEGRITY INSPIRING CAPACITY NEW TECH INVESTMENTS LIFESTYLE QUALITY	FINANCIAL DATA AFTERSALES SERVICE
Frequency Index = RI	Low	Medium	High

INTERNAL RELEVANCE

The 2020 Matrix was reviewed and approved by the Board of Directors on October 30, 2020, following review by the Control, Risks and Sustainability Committee at its meeting held on October 22, 2020.

The following is a list of the topics found to be material in the materiality analysis process, together with the relevant GRI standard, where applicable, according to which they have been reported. An appropriate reporting scope was then set out for each topic, as specifically described for each indicator reported on below.

Material Topic	Number of the GRI Standard	Title of the GRI Standard
Supplier management	GRI 204	Procurement practices
Fight against corruption	GRI 205	Anti-corruption
Respect for the competitive system	GRI 206	Anti-competitive behaviour
Tax	GRI 207	Tax
Energy consumption	GRI 302	Energy
Emissions into the atmosphere	GRI 305	Emissions
Waste	GRI 306	Effluents and waste
Compliance with environmental laws	GRI 307	Environmental compliance
Group employees	GRI 401	Employment
Workplace health and safety	GRI 403	Occupational Health&Safety
Training	GRI 404	Training and Education
Diversity and Equal Opportunities	GRI 405	Diversity and Equal opportunities
Fight against discrimination	GRI 406	Non-discrimination
Consumer Health and Safety	GRI 416	Customer Health&Safety
Correctness of the information provided to the consumer	GRI 417	Marketing and labeling
Consumer privacy protection	GRI 418	Customer privacy
Application of socio-economic regulation	GRI 419	Socio-economic compliance
Innovation	NON GRI	Innovation
Product design (eco-friendly)	NON GRI	Eco Design
Economic and financial performance	NON GRI	Financial Highlights
After sales costumer care	NON GRI	After Sales Service

Note: "NO GRI" means that the indicator has been created by the Group in order to represent a topic or material impact that was not found to be adequately represented in the GRI Standards Considering the importance of tax for the Group's stakeholders, and in the interests of transparency, it has been decided to voluntarily report on this topic following a materiality analysis.

Reporting Changes

All changes relating to the GRI Disclosures presented in the following table are the product of the application of the materiality analysis process carried out in 2020. The numbering of the data pages for which the restatement is performed refer to the 2019 NFR.

The following table presents the topics which, as a result of the findings of the 2020 materiality analysis and the assessments made by the team, are not reported:

Material Topic	Number of the GRI Standard	Toitle of the GRI Standard
Direct economic value generated and distributed	GRI 201	Economic performance
Use of raw materials and of materials	GRI 301	Materials
Water consumption	GRI 303	Water
Environmental check on the supply chain	GRI 308	Supplier environmental assessment
Checks on application of Code of Ethics by the supply chain	GRI 414	Supplier social assessment
Digitization of products	NON GRI	Digitization

GRI 301, 303, and the custom topic Digitization are not reported as they are not material. As regards material topics that are not reported, however, it should be noted that:

- ~ as in previous years, GRI 201 has not been reported since the information pertaining to it is published in the Consolidated Financial Statements contained within the 2020 Annual Report, to which reference should be made;
- ~ considering the conditions that arose in 2020 and given the non-exhaustive, non-representative nature of the data available, it was not deemed appropriate to report GRI 308 and GRI 414. The Company remains fully committed to closely monitoring its suppliers' compliance with environmental and social standards, and as such a new method of gathering data on these topics was approved during the year. This will improve the quality and volume of information available in 2021.

GRI 405-1 Diversity (pg.130)

In the table “Employees (headcount) by function and gender” (**pg. 130**), the figure for male production workers decreased from 1,991 to 1,990 due to a decrease in employees in the 30-50 age range, which changed from 626 to 625. In the same table, the figure for female production workers increased from 1,246 to 1,247 due to a change in employees in the over-50 age range, which increased from 233 to 234.

In the table “Employees (headcount) by level and gender” (**pg. 131**), the figure for “blue-collar workers between 30 and 50 years of age” decreased from 1,045 to 1,044, due to the movement in the “male blue-collar” figure, which decreased from 577 to 576, whereas “blue-collar workers over 50 years of age” increased from 492 to 493 due to the movement in the “female blue-collar” figure, which increased from 233 to 234.

In the “Employees (headcount) table by gender and contract type” (**pg. 132**), the figure for “male” employees on “permanent contracts” in Italy decreased from 763 to 762, while “female” employees on “permanent contracts” increased from 463 to 464. The total “male” figure decreased from 1,991 to 1,990, while the total “female” figure increased from 1,246 to 1,247.

In the “Employees (headcount) table by type of employment (full-time or part-time) (**pg. 132**), the figure for “male” employees working “full-time” decreased from 1,989 to 1,988, while “female” employees working “part-time” increased from 34 to 35. The total “male” figure decreased from 1,991 to 1,990, while the total “female” figure increased from 1,246 to 1,247.

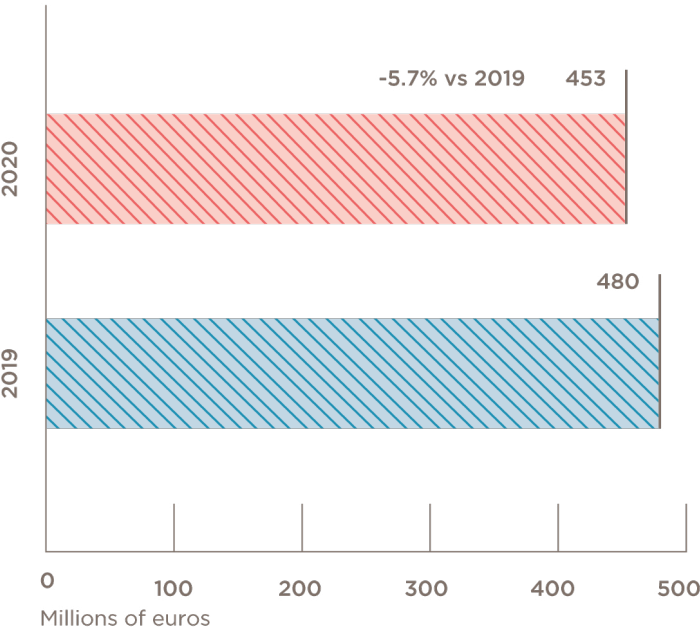
THE SUSTAINABILITY FOOTPRINT IN THE ECONOMIC ARENA



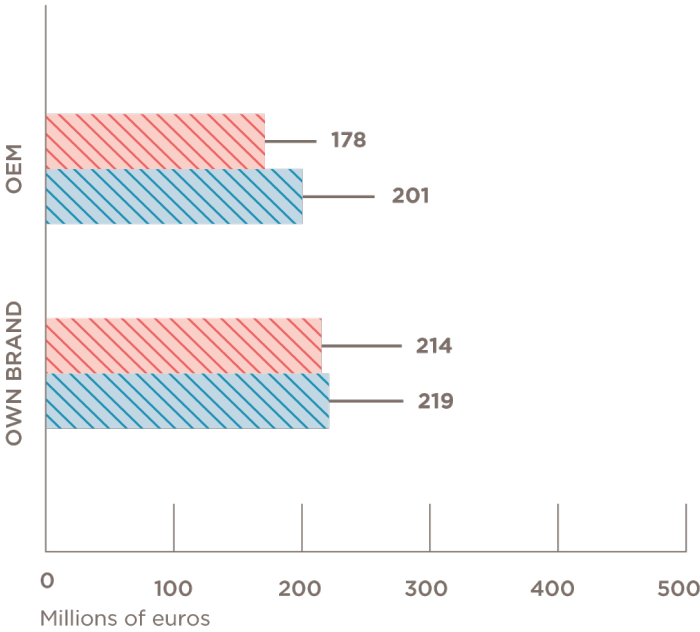
OPERATING AND FINANCIAL
SOLIDITY AS A KEY TO THE
GENERATION OF SHARED
VALUE

The Group's economic "weight"

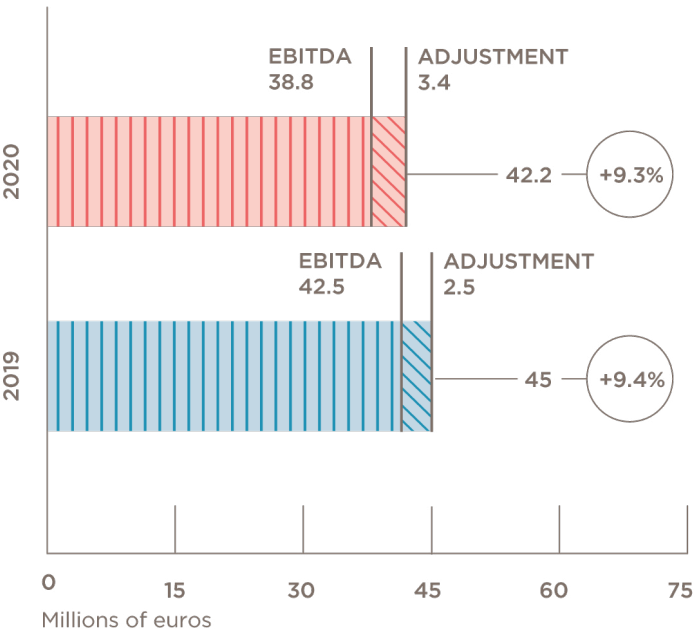
Consolidated net revenue



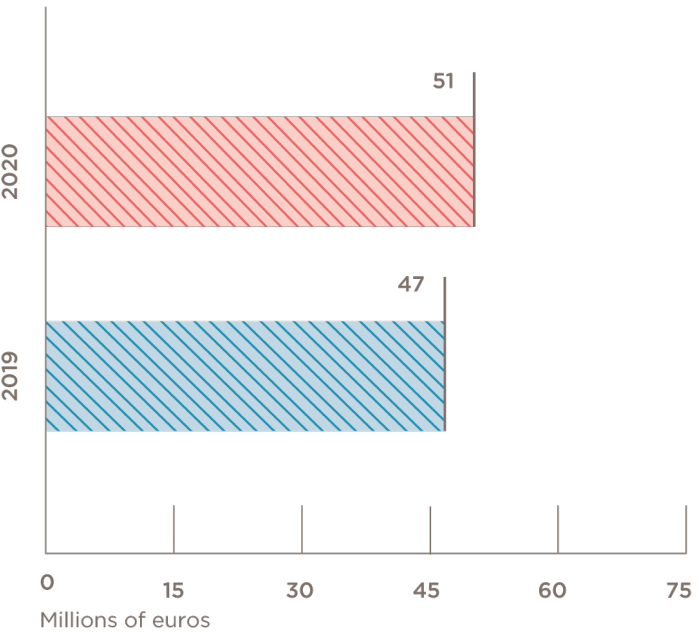
Breakdown net cooking revenue by business model



Margin: ADJUSTED EBITDA



Net Financial Position



In 2020, the Elica Group attained consolidated revenue of Euro 453 million, down 5.7% from the Euro 480 million of 2019. This reduction in revenue is mainly attributable to COVID-19, which affected sales from the second quarter of the year (-39.8%). The third and fourth quarters of 2020 saw a significant acceleration, increasing by 6.4% and 15.8%, respectively, compared to the same periods of 2019, driven particularly by growth in the EMEA market.

The Cooking segment overall declined 6.6% (-5.1% at like-for-like exchange rates). Revenue on own-brand products decreased by 2.1% (-0.4% at like-for-like exchange rates), but was supported by growth in range hoods on 2019 (+17.6%), which also made a positive contribution to the Group's overall margins.

The EMEA market (i.e., Europe, Middle East and Africa) posted growth of 0.62% in own-brand product revenue, whereas the Asian market was more heavily penalized by the COVID-19 health emergency (-10.54%, -7.6% at like-for-like exchange rates). The growth in revenue for the third and fourth quarters and the company's cost-containment efforts allowed for margins to remain in line with the previous year (+9.3% vs. 9.4%), while limiting the impact of reduced revenues to EBITDA.

During this particularly challenging year due to the COVID-19 pandemic, one of the results most reflective of the validity of the strategies pursued in 2020 was the increasing financial solidity of the Group. Within this difficult general economic landscape, the company showed an ability to generate cash in line with the previous year (with net financial position remaining essentially stable vs. Y-1), mainly by rationalizing overall investments, while maintaining the level of investment in product design and investment.



Group fiscal compliance

An organisation's tax approach defines how the organisation balances tax compliance with its business activities and the ethical, social and sustainable development expectations of its stakeholders.

The Company's tax compliance and approach has always been guided by transparency and legality. During the year, transactions between subsidiaries took place. All transactions were conducted on an arm's length basis in the ordinary course of business.

With regards to transfer prices - applied to transactions between Elica S.p.A. and Elica Group Polska and Elicamex - specific Ruling agreements were signed with the National Tax Authorities.

Country by country reporting

Entity	Country	Revenue Third parties	Revenue Group	Profit before taxes	Income taxes paid	Income taxes as per Income Statement	Number of employees (excluding temporary staff)
Elica S.p.A.	Italy	266,296	73,502	(5,882)		2,707	1,102
Airforce	Italy	25,544	390	764		(212)	108
EGP	Poland	2,816	96,797	1,778	72	(54)	622
Elica France	France	18,136	29	185	40	(73)	15
Elica GMBH	Germany	8,087	48	(314)	-	0	28
Elica LLC	Russia	10,955	62	528	51	(127)	15
Europe	Europe	331,834	170,829	(2,941)	164	2,241	1,890
Putian	China	3,814	6,512	(5,064)	-	-	128
Ariafina	Japan	25,309	20	5,071	1,832	(1,717)	-
Elica India	India	31,827	109	7,092	2,159	(1,577)	451
Asia	Asia	60,950	6,641	7,098	3,990	(3,294)	579
ElicaMex	Mexico	59,504	56	4,282	607	(1,226)	-
Leonardo	Mexico	-	9,962	483	221	(311)	769
Elica Inc	Mexico	-	887	34	18	(22)	4
The Americas	The Americas	59,504	10,905	4,799	846	(1,559)	773

Figures are expressed in thousands of euros

Supporting continuous innovation

¹⁰ Elica Propulsion Laboratory

The technological innovation activity that Elica carries out at the service of the entire Group seeks to continuously generate a set of solutions (components, modules and techniques) validated from a performance and safety point of view, to be used for the generation of new and competitive products/services.

The [EPL¹⁰](#) Research & Innovation team was added, both physically and hierarchically, to EPL with the goal of accelerating the design-implementation-testing phase of each individual technical solution. Direct access to EPL's equipment is a plus for optimising continuous innovation.

The EPL Research & Innovation team also includes the Cooking Technologies area. Its scope of action has therefore been extended to include everything within Elica's core business.

The new model to introduce technological solutions has been called NTI (New Technology Introduction) and incorporates and completes the model developed to date - the [ETRL¹¹](#).

The main focus of investigation of the ETRL (Elica Technology Readiness Level) is the product macro-functionality: powering (performance and noise), filtering, user experience, lighting, sensors. For each of them, the aim is to improve or generate new features while always having the consumer as the central consideration.

Research and innovation are incorporated into the processes of the R&D area of the business management system [MOS¹²](#); various types of monitoring tools are applied and all information is recorded.

The ETRL is divided into four phases of progress and oversight:

- ~ **Orientation Phase:** potential technologies and product architectures are identified through the pre-selection and positioning of the available technologies in what are known as the Innovation roadmaps;
- ~ **Technology Feasibility:** the appropriate technology is selected and the product layout is studied through preliminary tests in a laboratory environment;
- ~ **Technology Validation:** a preliminary functional prototype is created with a detailed product architecture layout, primarily tested in a laboratory environment;
- ~ **Prototype Validation:** a complete functional prototype is created, meaning that a detailed prototype designed is created and requirements are identified through testing in real conditions (as well as in the laboratory).

NTI introduces two additional phases, one prior to the Orientation phase and one following Prototype Validation, as follows:

- ~ **Specification Definition:** the minimum specifications (performance, timing, cost) needed before beginning the next phase are defined and discussed together with marketing;
- ~ **Delivery:** the component/module validated by way of the ETRL moves to the next phase (engineering and production) by providing all documentation (designs, wiring diagrams, golden samples, etc.).

¹¹ Elica Technology Readiness Level

¹² Management Operation System



During their time in the system, all projects may be halted at any phase of development if performance is not consistent with objectives, the cost of the final product or of development is too high or it does not meet usability, safety and aesthetic requirements.

13 Computer-Aided Design

14 Data, document and product development process management software

- Progress through the various phases is monitored using the following tools:
- ~ **Document management system:** through the use of CAD¹³ and Windchill PDM Link¹⁴ technical documents, used to store the three-dimensional models deriving from projects in their partial or definitive forms.
 - ~ **Laboratory test system** (Elica Propulsion Laboratory), where all tests generated during the prototyping and testing phases are stored.

The total number of innovative projects developed increased due to the team’s inclusion of cooking-related expertise, although the number of projects entering production naturally declined as a result of the pandemic that began in March 2020, contributing to the cancelation of Milan’s FTK2020, the biannual industry event that is one of the most strategically important of its kind at which to present new, highly innovative products.

Performance Indicators
Total number of innovation projects effectively implemented into the business and implementation index

	unit	2020	2019
Innovation projects introduced in business	No.	8	9
Innovation projects developed		59	49
Number of persons employed in the project		9	10
Percent effective innovation implementation index		14%	18%

Scope: Elica S.p.A. for the entire Group because the activity is performed for the benefit of all subsidiaries.

Level of creation of patents for technical or technological solutions invented by the organization

	unit	2020	2019
New patent applications filed	No.	8	12
Number of overall active documents (granted and subject to evaluation)		288	207
Percent of existing patents generated during the reporting year		2.78%	5.80%

Scope: Elica S.p.A. for the entire Group because the activity is performed for the benefit of all subsidiaries.

Supporting After-Sales Services quality

Elica Group considers it a priority to maintain the high quality of its offering of products and related services, in response to the evolving needs of consumers and in line with the highest standards on the market. This priority is an integral part of maintaining loyalty and protecting the company’s image and reputation, in accordance with the Group’s Code of Conduct. In this regard, the renewed commitment to a structured and geographically distributed organisation was behind the need to review the entire Customer Support process and all related aspects. After all, “**Love customers, and serve them with passion**” is first among the company’s values.

The need for an After-Sales process is thus synonymous with “Customer Orientation”, going far beyond mere legal obligations. For this reason, a more structured After-Sales organization came into play in 2019 with a new team capable of responding quicker and more decisively in resolving customer issues.

The contact centre network, outsourced from our Service Providers or directly implemented in Italy and Spain, employs a dedicated Customer Relationship Management system to manage support requests from end-consumers and to provide product information and continuous support, in order to constantly improve the customer journey.

The Technical Support Service is offered by Service Providers throughout Europe and support centres directly managed by Elica After-Sales (approximately 80 centres in Spain in 2019, and 180 in Italy from this year). The After-Sales department constantly monitors and promotes the service quality of technical support teams and contact centres through regular inspections and dedicated training for Service Provider and Support Centre specialist operators, with traditional courses, on-line training and qualification tests. Special training courses are also organized for the launch of new products. During 2020, around 200 technicians operating on the main markets were trained. Additionally, the After-Sales department provides approximately 8 to 10 training courses per year to call centre operators strictly dedicated to Elica, in order to focus attention on a variety of issues (e.g. updating of the functions of the SAAM++¹⁵ management system, installation methods, solutions to technical issues, call avoidance). Each technical training session features a formal test and evaluation.

The performance of our Service Providers is constant monitored using multiple KPIs relating to the management of issues, including in particular:

- ~ **Service Level:** time (in work days) between the customer’s first call and the final resolution of the issue.
- ~ **Speed of Service:** Time (in work days) between the first call and the first appointment arranged with the customer.
- ~ **Right First Time:** percentage of technical issues resolved on the first visit to the customer.

In 2020, the Elica Service also received an excellent award from the German Institute for Quality and Finance (ITQF), which conducts market surveys to analyse the financial and qualitative aspects of companies engaged in various sectors.

15 Specialist after-sales service management software

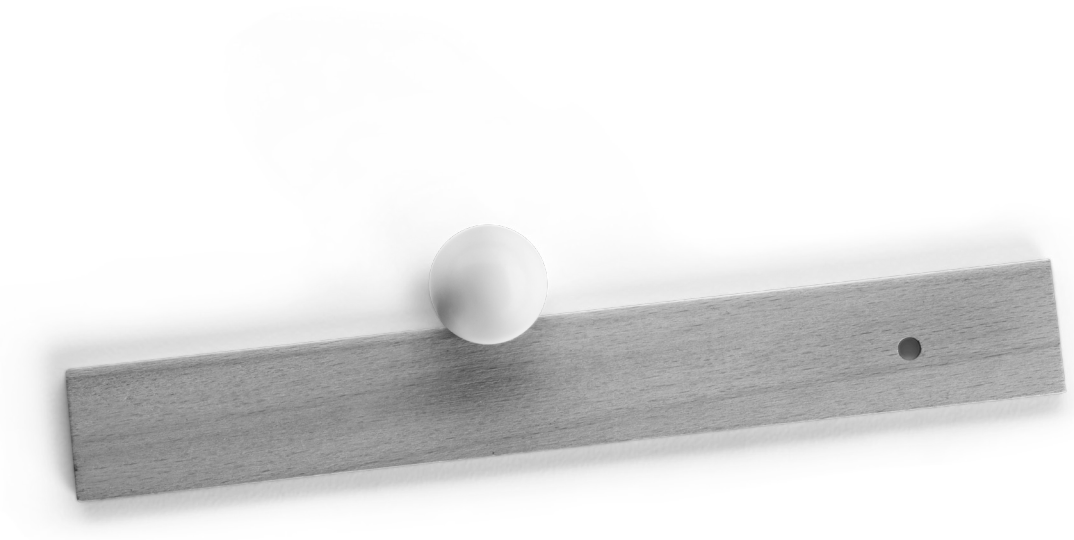
16 Service Experience Score

For each of the 152 markets analysed, an [SES¹⁶](#) score was calculated on the average service level.
The Elica Service placed among the top 5. This is the best performance by a Service in their first year of activity.

Performance Indicators

Indicators	unit	2020	2019
Service Level: Days between the customer's 1st call and issue resolution	work days	13.2	10.6
Speed of Service: Days between the customer's 1st call and 1st customer appointment	work days	10.2	5.6
Right First Time: % of interventions resolved on the first appointment	%	75%	66%

Scope: Elica SpA for items produced by Elica SpA, Elica Group Polska, sold in the EMEA market.



Supplier management

For the manufacturing of its products, Elica relies on suppliers of goods operating in a range of segments, principally for the procurement of metal, plastic and electronic components, glass and packaging, in addition to service suppliers. Most suppliers are multinational groups, primarily based in EMEA, Mexico and China.

Elica Group total purchases in 2020 totalled Euro 260 million, of which 64.5% purchases from local suppliers, due to the increasingly international scope of procurement.

The percentage of expenditure from local suppliers increased in Mexico and China, and fell slightly in Italy and Poland, essentially due to variability in the mix of volumes and production.

17 Restriction of Hazardous Substances Directive
18 Registration, Evaluation, Authorization and Restriction of Chemical

All the Elica Group's suppliers are compliant with the [RoHS II¹⁷](#) and [REACH¹⁸](#) regulations governing the presence of substances deemed hazardous to health in goods purchased.

Although the Elica Group largely serves multinational corporations, the global scale of which does not allow for social discrimination, by requesting compliance with its Code of Conduct and 231 Model, the Elica Group demands of its main suppliers a firm commitment to respecting human rights.

Performance Indicators

Suppliers	unit	2020	2019
Procurement budget spent with local suppliers	€	168,272,206	226,273,058
Total procurement budget		260,813,786	323,755,709
% spent on local suppliers	%	64.5%	69.9%

Fight against Corruption



Italy has a medium-high risk of exposure to corruption, particularly in the area of public tenders. In order to prevent and contain events that may represent a risk for the commission of corruption offences, Elica has approved a Code of Ethics contained in the 231 Organisational Model (in compliance with Legislative Decree No. 231 of June 8, 2001). All forms of corruption, without exception, are prohibited by the Company and its subsidiaries, which have fully implemented the Code of Ethics with adjustments, in some cases, to the local situation. The Organization and Management Model adopted by Elica is based on the following principles:

- ~ Identification of company processes and mapping of company risk activities;
- ~ Establishment of a Supervisory Board;
- ~ Monitoring of corporate conduct and of documentation for every significant transaction;
- ~ Adoption of a disciplinary system for sanctioning any failure to comply with the prescriptions and procedures of the Organizational and Management Model;
- ~ the circulation at all company levels of the established conduct rules and procedures.

Compliance with the Code of Conduct, which is based on the fundamental principles of legality, honesty, fairness, integrity, confidentiality and transparency, is critical for the prevention of corruption. Just as important are the essential duties of workers and civil, criminal, administrative and contractual legislation. The Code is available on the corporate website:

<https://elica.com/corporation/it/corporate-governance/area-231>.

The Italian subsidiary Air Force SpA has mapped potential situations that might lead to the offences, including corruption, covered by the model.

The subsidiary in Mexico, a country with a high risk of corruption, is aligned with the Group's principles and operates in accordance with the Code of Ethics. It then obtained CTPAT¹⁹ certification and is working toward OEA certification (Operadores Económicos Autorizados), whose goal is to strengthen supply chain security, identify security gaps and implement specific security measures and best practices.

Generally speaking, there are then efforts within the Group to mitigate this risk, such as implementing specific induction and training programs. Operational, financial and compliance-related audits are also conducted. For each potential irregularity, legal and other consultants are called upon for ongoing support in order to ensure compliance with applicable laws and regulations.

Elica has, in addition, prepared a specific policy, also shared with the various subsidiaries, which expressly states that the purpose of the document is to set out the rules for preventing and combating corruption, with the ultimate goal of ensuring that all employees and associates are aware of the rules to be followed and the behaviour to be adopted to avoid involvement in cases of corruption. For tenders, the Policy specifies that the Group's relations with representatives of the Public Administration (P.A.), in all possible forms, must be based on strict compliance with the Anti-Corruption Regulations and may not in any way compromise the integrity and reputation of the Group.

¹⁹ Customs Trade Partnership Against Terrorism

Generally, specific control standards are set with regard to the following categories of activities at risk of commission of acts of corruption:

- ~ relations with the Public Administration (in all possible configurations);
- ~ gifts, gratuities and hosting and entertainment expenses;
- ~ facilitating payments;
- ~ relations with political and trade union organisations;
- ~ award of consultancy, specialist and professional contracts;
- ~ award of works and goods and services contracts;
- ~ acquisition of investments in other companies and Joint Ventures (M&A²⁰);
- ~ recruitment and hiring of Personnel;
- ~ non-profit initiatives and sponsorships;
- ~ accounting records.

For Policy purposes, all Group companies are required to abide by the following principles in the organisation of personnel and the definition of company processes:

- ~ *segregation of duties*: the person responsible for an operating activity is different from the person who controls the activity concerned (and/or from the person who authorizes it, where applicable), particularly in issuing orders and executing payments;
- ~ formalization and definition of signing authority;
- ~ impartiality and absence of conflicts of interest: those subject to the policy must act with professionalism, transparency and impartiality, in accordance with anti-corruption legislation, and must report all situations that may give rise to a conflict of interest;
- ~ traceability: all activities performed and the relevant controls must be traced and verifiable after the fact;
- ~ *know your partner*: all company departments responsible for a given process must:
 1. implement, within their process of competency, methods of monitoring the reliability and reputation of those who come into contact with the Company,
 2. include specific contractual clauses requiring third parties to comply with the principles laid down in the Code of Ethics, including the adoption of behaviour aimed at preventing corruption,
 3. ensure that services rendered by third parties under contracts with the Company are genuine and determine that the consideration to be paid is fair.

In addition to the adoption of the dedicated Policy, various processes have been implemented to prevent and mitigate issues of corruption, including limitation of the use of cash, monitoring of the selection of suppliers and indirect purchases, even if not regulated by specific procedures, policies to regulate the receipt of gifts, benefits and invitations from third parties, and control of employee recruiting and rewarding, transfer pricing and sponsorship deals that Elica SpA usually does not stipulate.

The control of the Group by bodies independent from management is an additional measure for the prevention of offences. Elica S.p.A.'s internal auditing activities serve as a further means of control.

Lastly, the Whistleblower Protection Procedure forms part of the aforementioned prevention system: the employees of both Elica SpA and Air Force have several channels, including a dedicated e-mail address, to report any offence. In Poland and Italy, in addition to a dedicated e-mail address, a multi-purpose box has been made available for making suggestions to improve process and for reporting any irregularities, anonymously or otherwise.

As for 2020, no episodes of corruption were detected.

Performance Indicators
Processes and Group companies subject to corruption risk assessment

Processes	unit	2020	2019
Total number of processes assessed*	No.	5	5
Total number of processes**		11	11
Percentage of processes assessed	%	45%	45%

Group Companies	unit	2020	2019
Total number of Group companies assessed*	No.	5	5
Total number of Group companies		11	11
Percentage of Group companies assessed	%	45%	45%

Scope: Elica S.p.A., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S., Elicamex S.a.d. C.V, Leonardo Services S.a. de C.V., Elica Inc., Elica Trading LLC, Air Force S.p.A., Elica PB India Private Ltd., Elica Group Polska Sp.z o.o, Elica GmbH.
* The companies who have adopted the 231 Model and/or who undertake audits - even qualitatively - on the matter, are considered as assessed, while the companies which have anti-corruption similar or equivalent policies are not considered as assessed.
**At least one process for each Group company was identified which directly or indirectly seeks to prevent the risk of corruption.

The commitment to prevent anti-competitive behaviour

Communications and training on anti-corruption policies and procedures

	unit	2020	2019
Employees to whom anti-corruption policies and procedures have been circulated	No.	2,846	2,311
% Employees to whom anti-corruption policies and procedures have been circulated	%	87.9%	71.4%
Employees who have received anti-corruption training hours	No.	1,146	872
% Employees who have received anti-corruption training hours	%	35.4%	26.9%
Anti-corruption training hours by professional	No.	1,305	1,399

Scope: entire Group
All activities other than and/or in addition to mere dissemination of the policy have been considered as training. In order to quantify the figure, when training hours could not be determined, one-half/one hour of training was considered for each employee. Since classification by category is not uniform it cannot be applied and has not been reported.

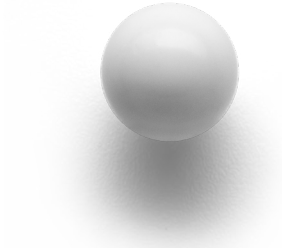
Incidents of declared corruption

	unit	2020	2019
Total number of assessed incidents	No.	0	0

Scope: Elica S.p.A., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S., Elicamex S.a.d. C.V, Leonardo Services S.a. de C.V., Elica Inc., Elica Trading LLC, Air Force S.p.A., Elica PB India Private Ltd., Elica Group Polska Sp.z o.o, Elica GmbH.

Freedom of economic initiative gives companies ample room for action in carrying out their activities. However, they must also take account of the need to ensure correctness and fairness in competition, which, in accordance with applicable legislation, cannot exceed certain, predetermined boundaries of lawfulness. Articles 2598 et seq. of the Italian Civil Code, which concern the sanctioning of unfair competition, are to be interpreted in this regard.

The value of free competition according to the principles of correctness, fairness and transparency in dealing with all operators on the market is outlined in the Group's Code of Ethics. The Organization and Management Model (231 Model), as well as the Code of Conduct that forms part of it, prevents the risk of unfair competition by promoting fair and transparent conduct. Although Elica does not have a specific policy dedicated to the subject, in drafting other policies and defining commercial relations with its main customers, it adopts clauses to prevent occurrences of unfair competition, does not compare its products or prices with those of its competitors, and avoids relationships of any kind with competitors, except with OEM customers. The commercial policy is oriented to avoiding agreements or situations of risk. Based on the information available to the organisation, there is no evidence of anti-competitive conduct.



THE SUSTAINABILITY FOOTPRINT IN THE ENVIRONMENTAL ARENA



**PROTECTING THE
ENVIRONMENT** THROUGH
DESIGN AND TECHNOLOGY



²¹ International standard indicating requirements for an effective environmental management system

Our Group has long been committed to viewing the environment as an important – and indeed essential – resource to safeguard and preserve. Elica SpA was one of the first Italian companies to be [ISO 14001²¹](#) certified. At present, all the Elica Group's production facilities associated with significant environmental risks relating to transformation and production activities – with the exception of the Air Force facility – have adopted 14001:2015 compliant Environmental Management Systems.

The planet we live on and impact is a finite resource, and we have an obligation to deliver it to future generations in conditions that will not compromise their well-being.

The Group's business processes have been designed and organized and are conducted with utmost respect for the environment, with a view to implementing strategies that minimize the risk of environmental damage through the progressive reduction of impacts generated by its business activities.

The significant environmental impacts relate to the processes of transformation, distribution and use of the Group's products. The data and information presented refer to various reporting scopes depending on the indicator being analysed.

Every Group process that generates an environmental impact is conducted in full compliance with applicable laws and regulations, as well as with other environmental provisions, prescriptions, norms and standards contractually or voluntarily signed.

Every year, the Group sets goals for the achievement of ever greater sustainability in relevant business processes, so as to protect the natural environment of its production sites and promote optimal relations with local communities.

In view of these goals, in addition to ensuring that its certified Environmental Management System is constantly implemented, it circulates and facilitates the understanding by its management of the procedures and contents of the Code of Ethics drafted in accordance with Legislative Decree 231/2001 and the Group's Policies and Procedures.

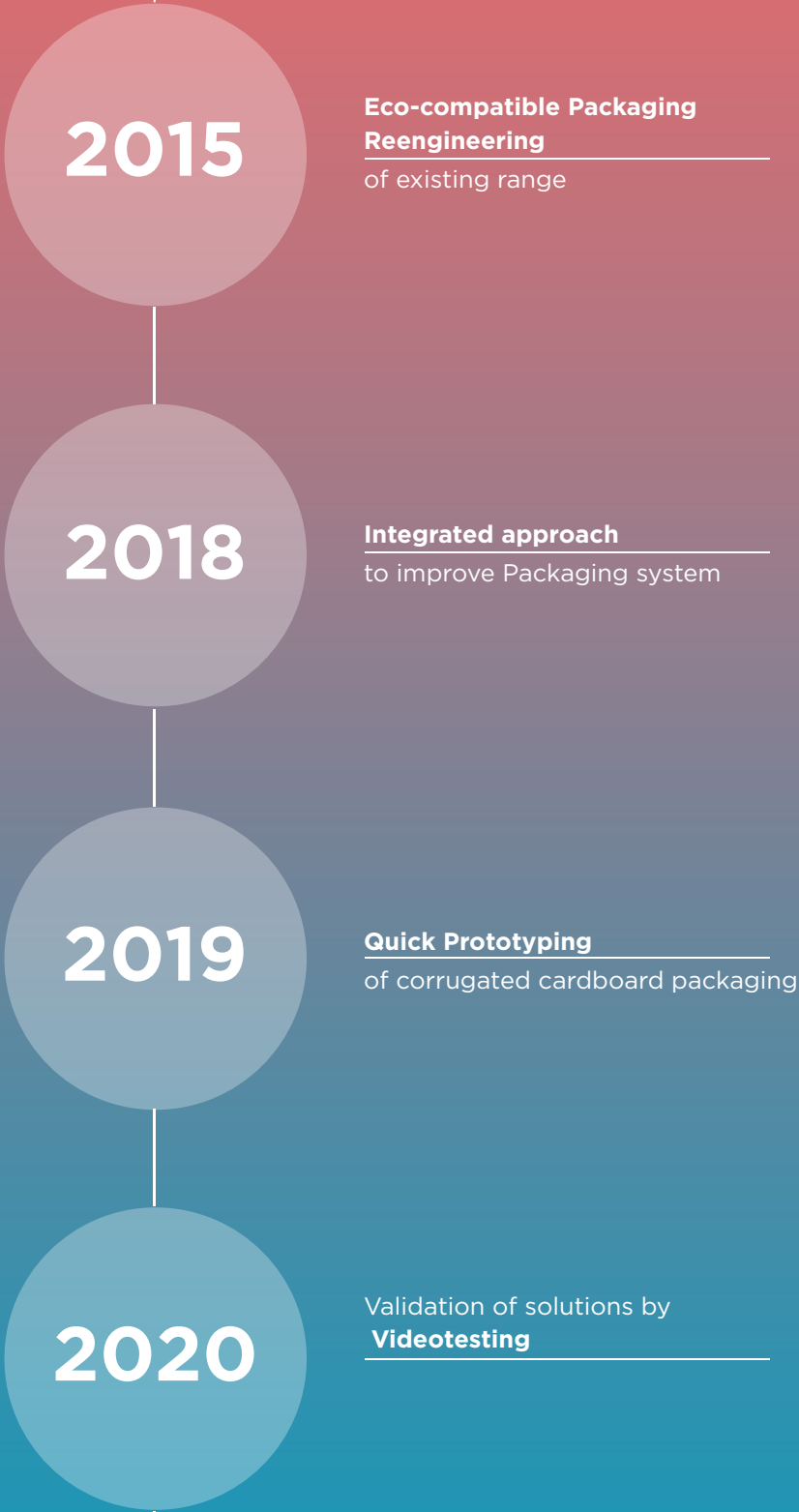
The environmental management systems at the certified sites provide for the rolling out of improvement plans which, on the basis of assessments of the environmental aspects and impacts associated with the processes and activities carried out, focus on the objectives of reducing waste or inefficiencies which, for the environmental topics, translate into a more responsible use of resources employed in a more significant manner in the transformation processes.

The Group is constantly committed to ensuring compliance with environmental regulations, whether they are in force at local, national or international level or are part of the supply contracts with customers. This is primarily, but not exclusively, to minimise the risk of administrative and/or criminal sanctions for its directors and to protect its reputation.

To support systems and make them effective, the Group is committed to raising the level of awareness and competence of those who, through their work activities, can make real a difference regarding specific environmental aspects.

Again in 2020, in confirmation of the efficacy of the environmental management systems, there were no cases of non-compliance, fines or proceedings against the Elica Group with regards to environmental laws and/or regulations.

The Milestones
Development of Elica Packaging's Eco-compatible design system.



Eco-compatible design

Design has always been one of Elica Group's most distinctive features and strategic processes.

Bringing an environmentally sustainable approach to this pervasive element in all our products, especially those intended for end-consumers, was a natural choice.

Fruit of this constant commitment is the continuing development of Elica's Eco-friendly Packaging Design System.

In those years in which environmental sustainability topics were considered less relevant, Elica's product packaging design strategy was based on a substantially reactive approach that, against outside requests (mainly from customers), triggered an analysis of the feasibility/advisability of redesigning existing packaging to better meet the needs indicated by the client.

The Packaging Design System developed over the years includes a series of environmental guidelines for approaching environmentally-friendly design from a product and process standpoint by applying the 7 design for Environment criteria set out below.

Criterion		Parameters
	Raw material saving	Containment of raw materials used in packaging and consequent reduction of weight against similar product and performance
	Reuse	Concerns reusing the packaging several times, for the same use for which it was conceived
	Use of recycled material	Substitution of a portion or the totality of virgin raw material with recycled material to contribute to a reduction in the use of natural resources
	Logistics optimisation	All innovative actions that improve the operations of storage, the optimisation of loads on pallets and transport and improve the relationship between primary, secondary and tertiary packaging
	Facilitating recycling activities	All innovations to simplify the recovery and packaging recycling phases, such as the production of single material packaging
	Packaging system facilitations	Achieved by integrating multiple functions in a single packaging component, eliminating elements and thus simplifying the system
	Energy saving / CO ₂ reduction	Concerning the upstream and downstream phases of the production line, thanks to the use of new production processes, the use of recycled materials and the reduction of energy consumption on the supply chain. This is also achieved by reducing the means used for the distribution of the product from the production point to the point of sale, the use of renewable energy and the reduced use of raw materials.

The strategic Packaging Design approach aimed at assessing the overall “process” impact is guiding Elica towards a redesign of the packaging for the existing range, starting with the most relevant SKUs in terms of volumes.

The mechanisms and guidelines related to the integrated and Design-For-Environment (DFE) approach generated in recent years to support the re-engineering of existing packaging have made it possible to assess the environmental validity of new projects launched in late 2019 and early 2020, setting environmental sustainability as one of the significant parameters to be used when validating packaging solutions. In order to support the process and make it even more robust right from the initial stages of development, in addition to the existing [trial-and-error approach](#)²² (with the use of the [DFM](#)²³ and [FEA](#)²⁴ approaches to assess robustness virtually), immediate stress testing was implemented in 2020 using a video camera inside the packaging during the testing phase.

²² The trial-and-error approach is a heuristic methodology aimed at identifying a solution to a problem by making an attempt at a solution and then checking whether that attempt has produced the desired effect.

²³ Design For Manufacturing

²⁴ Finite Element Analysis

Performance Indicators

Packaging re-engineering projects concluded during the year

	unit	2020	2019
Number of packaging re-engineering projects	No.	1	-

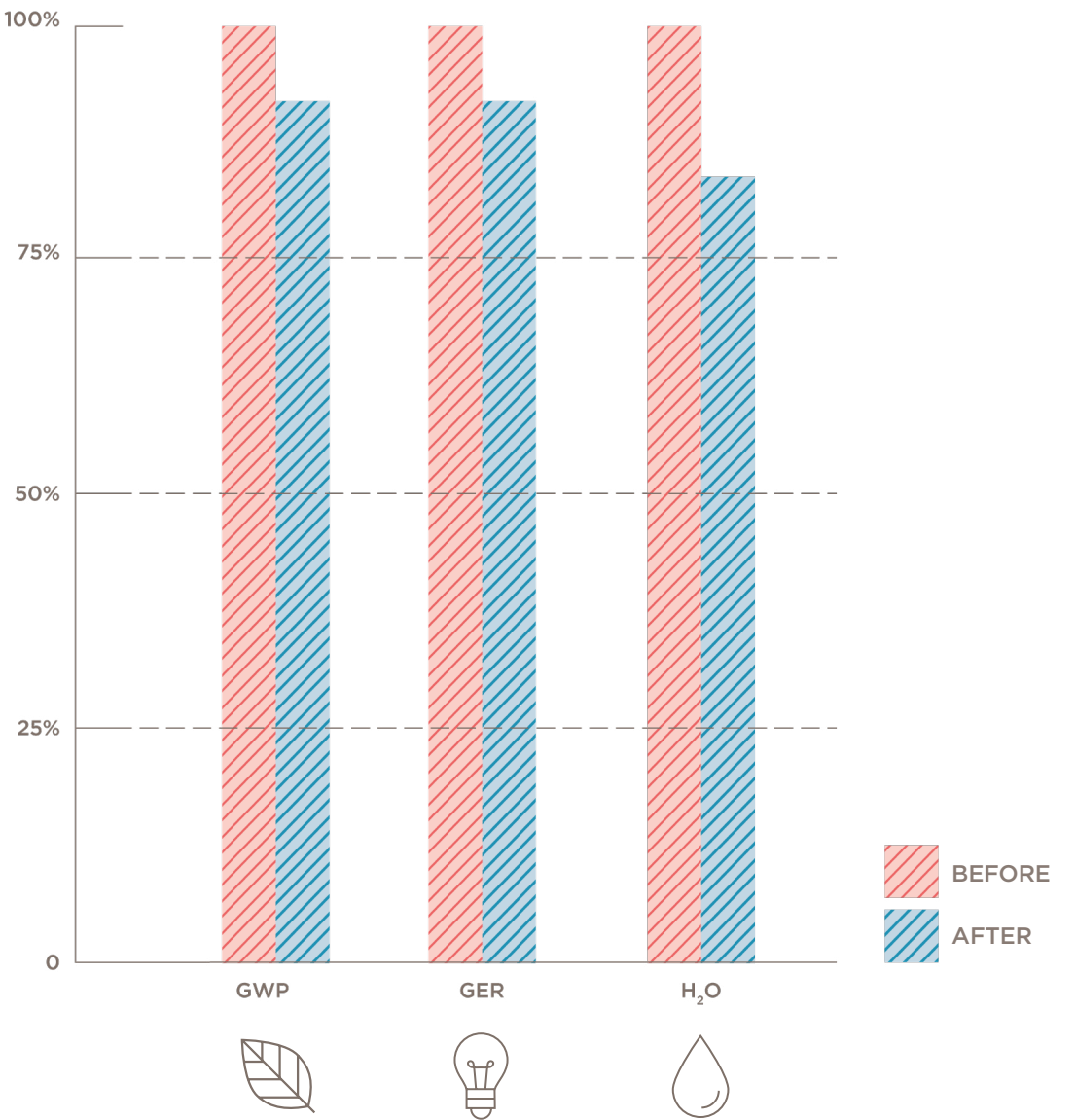
Scope: Elica S.p.A.

Total reduction in the weight of packaging reaching the market by re-engineering solutions affecting products developed during the year

Product family	unit	2020
Range hoods	tons	19.6

Scope: Elica S.p.A.

As mentioned previously, the benefits from the re-engineering solutions resulted in the receipt of the Conai Award for the savings within the project in terms of reduced global warming potential (GWP), lower gross energy requirement (GER) to produce packaging, and less water consumed during the production of packaging (see table below).



Energy consumption and emissions



The consumption of energy carriers during transformation phases are constantly monitored in order to analyse trends and benchmark specific efficiency improvement projects.

From this perspective, thorough monitoring of the main indicators relating to the use of energy resources makes it possible to measure the resulting levels of the indirect emissions generated.

Energy consumption decreased compared to 2019 due to the combined effect of fewer hours worked (as a result of the shutdowns required during the first few months of the COVID-19 emergency) and the knock-on effect of a number of energy-efficiency projects executed in the second half of 2019 (particularly at the Mergo site). The sites in Italy and Poland (where energy consumption is more significant) all reached their savings targets in terms of normalized consumption (kwh/machine hour) of -2% and -4% compared to 2019 figures. The higher consumption of Natural Gas is linked in part to the greater use of the Mergo paint plant (which, however, records better KPI figures than in 2019) and the die-casting plant (Castelfidardo).

At the Italian production sites of Castelfidardo and Cerreto d'Esi, three photovoltaic plants are operational, which in 2020 produced a total of 1,239,891 kWh of renewable electricity (equal to about 4,460 GJ), of which about 74% was self-consumed by the Italian sites (7.4% of the total energy used).

These plants therefore contributed to reducing indirect CO₂ emissions by more than 650 tons equivalent from the emissions of about 360 vehicles in the Italian fleet.

The constant reduction of the environmental impact of the energy consumption of Elica's products in use – in particular those for which an energy labelling obligation exists – is a goal that Elica pursues both during the new product design phase and for the re-engineering of existing products. By deploying the competencies and assets of its EPL Laboratory, the organization can measure in advance the impact of each finished product placed on the market and then study and implement all technical improvement solutions that may reduce its energy consumption. In order to monitor this activity, products marketed by Elica SpA and Elica Group Polska are monitored in terms of average consumption, which again fell (by 18.3%) in comparison with 2019 (-43.9% on the 2014 baseline), and in terms of energy efficiency, which improved by 3.3% in 2020.

Another aspect of environmental protection is the efficient management of business trips.

Elica S.p.A. therefore adopts a business trip policy which encourages employees to consider video and teleconferencing as an alternative to travel, thereby containing as much as possible consumption and indirect emissions and also delivering cost savings. 2020 was heavily influenced by the global pandemic, which resulted in a sharp reduction in business travel.

Performance indicators

Fuel consumption in countries with production activities (offices and sites)

Consumption of fuels from non-renewable sources	unit	2020	2019
Natural gas	Mc	2,478,827	2,297,991
Diesel	Litres	2,670	7,403
Petrol		0	0
LPG		32,538	37,652
Natural gas	GJ	89,362	82,843
Diesel		96	266
Petrol		0	0
LPG		773	894
Total		90,231	84,004

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India
Note: consumption has been calculated using data collected from suppliers, invoices and consumption monitoring software.

Consumption of fuels from renewable sources	unit	2020	2019
Bioethanol	Litres	800	820
Biodiesel		0	0
Bioethanol	GJ	17	17
Biodiesel		0	0
Total		17	17

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India
Note: consumption has been calculated using data collected from suppliers, invoices and consumption monitoring software.

CO₂ emissions from fuel consumption in countries with production activities (offices and sites)

Emissions from consumption of fuels from non-renewable sources	unit	2020	2019
Natural gas	tCO ₂ e	5,073	4,703
Diesel		7	20
Benzina		0	0
LPG		50	57
Total		5,130	4,780

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India
Note: emissions have been calculated using the emission conversion factors published in the “DEFRA conversion factors” and “Terna international comparisons”.

Emissions from consumption of fuels from renewable sources	unit	2020	2019
Bioethanol	tCO ₂ e	0.007	0.007
Biodiesel		0	0
Total		0.007	0.007

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India
Note: emissions have been calculated using the emission conversion factors published in the “DEFRA conversion factors” and “Terna international comparisons”.

Energy consumption in countries with production activities (offices and sites)

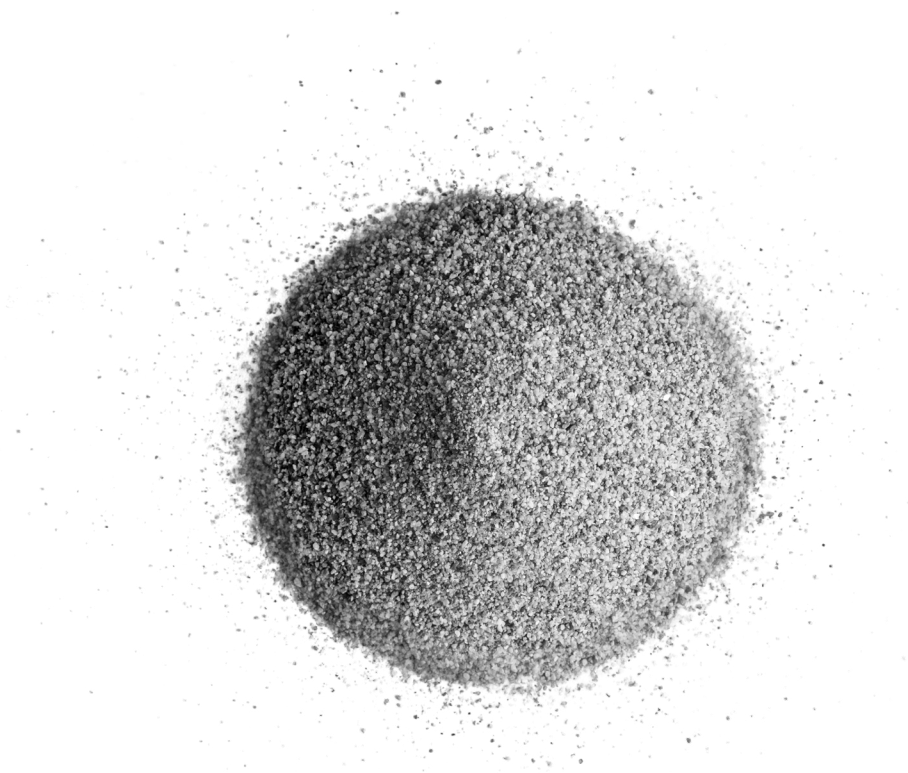
Energy consumption	unit	2020	2019
Electricity	kWh	24,286,221	25,819,555
From non-renewable sources		22,492,110	23,803,443
From renewable sources		922,616	953,314
District heating		871,495	1,062,798
Total		24,286,221	25,819,555

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India.
Note: consumption has been calculated using data collected from suppliers, invoices and consumption monitoring software, 2018 data on district heating, used only at the Elica Group Polska site, has not been reported since it is incomplete or relies on estimates not considered sufficiently reliable.

CO₂ emissions from energy consumption in countries with production activities (offices and sites)

Emissions from non-renewable sources	unit	2020	2019
Electricity	tCO ₂ e	11,283.25	11,943.18
District Heating		163.37	199.23
Total		11,446.62	12,142.41

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India.
Note: emissions have been calculated using the emission conversion factors specific to each country in which Group companies are based, published in the “DEFRA conversion factors” and “Terna international comparisons”, 2018 data on district heating, used only at the Elica Group Polska site, has not been reported since it is incomplete or relies on estimates not considered sufficiently reliable.



Business trips and atmospheric CO₂ emissions

Number of flights and km travelled	unit	2020	2019
Flights	No.	615	1,858
Air km travelled	Km	1,697,898	6,313,141

Scope: Elica S.p.A., Elica Group Polska Sp.z o.o., Leonardo Services S.a. de C.V., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Air Force S.p.A, Elica Trading LLC
Note: distances have been calculated on the basis of routes taken by employees estimated via the website http://www.worldatlas.com/travelaids/flight_distance.htm.

Fuel consumed during motor vehicle commutes	unit	2020	2019
Diesel	Litres	237,061	349,040
Petrol		46,974	58,179
Total		284,034	407,219

Scope: Elica S.p.A., Elica Group Polska Sp.z o.o., Leonardo Services S.a. de C.V., Zhejiang Elica Putian Electric Co. Ltd e Elica France S.A.S. Elica GmbH, Air Force S.p.A, Elica Trading LLC, Elica PB India Private Limited
Note: distances travelled have been calculated on the basis of the fuel expense sheets.

Emissions from vehicle and airline business journeys	unit	2020	2019
Car	tCO ₂ e	736.52	1,072.27
Diesel		637.17	938.15
Petrol		99.35	134.12
Air		427.09	1,541.81
Total		1,163.61	2,614.07

Car emissions scope: (Diesel and Petrol): Elica S.p.A., Elica Group Polska Sp.z o.o., Leonardo Services S.a. de C.V., Zhejiang Elica Putian Electric Co. Ltd e Elica France S.A.S. Elica GmbH, Air Force S.p.A, Elica Trading LLC, Elica PB India Private Limited
Air emissions scope: Elica S.p.A., Elica Group Polska Sp.z o.o., Leonardo Services S.a. de C.V., Zhejiang Elica Putian Electric Co. Ltd e Elica France S.A.S. Elica GmbH, Air Force S.p.A, Elica Trading LLC,
Note: emissions have been calculated using the emission conversion factors published in 2018 by the Department for Environment Food & Rural Affairs English.

Waste management

Elica pays great attention to the issue of waste. The recording of site process and activity generated waste types and quantities, with classification and accounting through specific indicators in accordance with local legislation, allows the Group to constantly monitor volumes and to identify alternative solutions for reducing quantities. The personnel of the local EHS functions based at the various production facilities are tasked with monitoring document deadlines and requirements relating to waste management. Particular attention has been devoted to identifying, disposing of and storing waste, as well as to all practices relating to the transport and disposal of hazardous and non-hazardous waste. In all processes and activities that produce waste, Elica is committed to management methods that envisage reusable containers for the movement of production materials on-site or between different sites, in order to reduce, wherever possible, secondary and tertiary packaging waste. Over 99.7% of the waste generated in 2020 is not hazardous. The percentages of waste recovered/recycled (95%) to waste disposal (5%) remained stable.

Performance Indicators
Hazardous waste

Hazardous waste produced by disposal method	unit	2020	2019
Recycling	t	29	37
Recovery, including energy recovered		7	19
Landfill		12	22
Total		48	78

Non-hazardous waste produced by disposal method	unit	2020	2019
Reuse	t	54	58
Recycling		13,952	13,330
Landfill		721	647
Total		14,727	14,035

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India
Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India
Note: consumption has been calculated from invoices and company monitoring software.

THE SUSTAINABILITY FOOTPRINT IN THE SOCIAL ARENA



PERSONNEL AS THE
PILLAR OF EVERY
INDUSTRIAL PROJECT
AND COMPANY **GROWTH**

Supporting our associates

²⁵ Excluding temporary workers

At December 31, 2020, Elica Group personnel numbered 3,242²⁵, of which 39% women – with 71% involved in productive activities and 29% involved in support roles; open-ended contracts at the end of the year numbered 2,830 and fixed-term contracts 412. During the year, 859 people were hired, with an outgoing personnel turnover rate of 26.3% (comparison of the number of departures against the total number of employees), against an incoming turnover rate of 26.5%.

The countries with the most critical turnovers are Mexico and Poland; however, the former improved in 2020 compared to 2019, while the latter remained stable. Such turnovers are mainly determined by blue-collar dynamics, strongly influenced by extremely low unemployment rates, as well as high industrialization and economic growth in areas where the group's facilities are located.

The main risks of a non-virtuous turnover management are loss of corporate know-how and labour cost increases for the replacement of resources leaving group companies, as well as the increase in training costs for incoming employees. At the same time, the loss of expert personnel can affect the efficiency of production and administrative processes.

The management of employees in 2020 was heavily impacted by the global COVID-19 pandemic. The need to safeguard the health of its employees, in addition to business continuity has led Elica to adopt a series of safety measures in line with local government regulations (e.g. recourse to lay-off schemes in the countries where it operates, provision of personal protective equipment), alongside organisational and technological solutions that guarantee the continuity of operations and professional relations, while at the same time investing in a sense of belonging and inclusion (e.g. remote working, visual indications at Elica's offices, use of spaces to guarantee distance). All of the group's premises have provided office sanitisation and staff entrance body temperature measurements. In order to reinforce the personal and professional commitment that employees have shown towards the company during these exceptional times, senior management waived their bonuses for 2020, while the remainder of those with variable components of remuneration received 50% of the nominal value of their bonuses.

During the lockdown of March-April 2020, Elica SpA took various actions in support of employees so as to engage them in coming up with new ways of working together again.

This is how Radio Elica was born; with the goal of keeping people close in a period of significant social distancing by bringing information, news and moments of entertainment, while also giving a voice to workers with a bi-weekly schedule.

A COVID-19 insurance policy was also immediately established for all employees, and a flu-vaccine campaign offered vaccinations for all employees and their families free of charge.

In accordance with local legislation, Elica Russia provided COVID-19 testing every two weeks, which involved no less than 90% of all employees.

The corporate integration events that have taken place in recent years (e.g. Family day in Poland) have not been confirmed as a result of the global pandemic situation.

At **Elica SpA**, due to COVID-19 restrictions, the eighth edition of the We Are programme, for children aged 12 to 16 of company employees, could not be held. This successful programme combines an English language course, recognized by the British Council, with fun extra-curricular activities, such as climbing, archery, fencing, quad biking, and more.

Despite this year of global pandemic, the following main activities were able to be implemented by group companies to improve personnel and work-place conditions.

In the belief that stable employment relationships over time are essential to supporting employee growth and development, Airforce has introduced training plans and incentive systems to help reach goals in order to create a positive climate and limit the risk of high levels of turnover.

Elica Americas has enhanced its transport service for employees. In 2019, the company also implemented a system to monitor turnover weekly.

Elica Group Polska planned for 2020 periodic salary reviews, the maintenance of health insurance, the provision of transportation services for employees and improved company canteen services, increasing the credit available to employees.

Elica Putian for this year has planned measures to engender the loyalty of key employees through loyalty bonuses and dedicated career development plans.

Elica PB India has carried out analyses of employees’ salaries and leaves of absence. The company has also implemented a strategy to attract more talent that in 2019.

Performance Indicators
Employees by gender, role and level (excluding temporary workers)

Employees (headcount) by function and gender	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Employees engaged in production activities	No.	1,172	896	2,068	1,187	888	2,075
below 30 years of age		320	193	513	292	180	472
between 30 and 50 years of age		613	483	1096	625	474	1099
over 50 years of age		239	220	459	270	234	504
Employees engaged in support activities		809	365	1,174	803	359	1,162
below 30 years of age		192	105	297	215	117	332
between 30 and 50 years of age		468	218	686	459	203	662
over 50 years of age		149	42	191	129	39	168
Total		1,981	1,261	3,242	1,990	1,247	3,237

Employees (headcount) by level and gender	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Executives	No.	26	2	28	32	0	32
below 30 years of age		0	0	0	0	0	0
between 30 and 50 years of age		17	1	18	22	0	22
over 50 years of age		9	1	10	10	0	10
Managers		123	25	148	142	24	166
below 30 years of age		5	1	6	6	3	9
between 30 and 50 years of age		89	20	109	106	17	123
over 50 years of age		29	4	33	30	4	34
White-collar		687	336	1,023	721	345	1,066
below 30 years of age		211	104	315	241	118	359
between 30 and 50 years of age		376	199	575	380	192	572
over 50 years of age		100	33	133	100	35	135
Blue-collar		1,145	898	2,043	1,095	878	1,973
below 30 years of age		292	191	483	260	176	436
between 30 and 50 years of age		605	483	1,088	576	468	1,044
over 50 years of age		248	224	472	259	234	493
Total		1,981	1,261	3,242	1,990	1,247	3,237

Scope: Elica S.p.A., Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Air Force S.p.A., Elica France S.A.S, Elica GmbH, Elica PB India Private Ltd

Employees by gender and contract type (excluding temporary workers)

Employees (headcount)	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Temporary employees	No.	235	177	412	273	160	433
Italy		8	8	16	8	13	21
France		0	1	1	0	1	1
Germany		0	1	1	0	1	1
Poland		99	98	197	91	86	177
Russia		0	0	0	0	0	0
The Americas		53	25	78	58	22	80
India		37	22	59	47	15	62
China		38	22	60	69	22	91
Japan		0	0	0	0	0	0

Employees (headcount)	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Permanent employees	No.	1,746	1,084	2,830	1,717	1,087	2,804
Italy		732	462	1,194	762	464	1,226
France		8	6	14	8	7	15
Germany		9	5	14	8	5	13
Poland		143	282	425	137	286	423
Russia		11	17	28	10	20	30
The Americas		441	254	695	400	231	631
India		357	35	392	357	43	400
China		45	23	68	35	31	66
Japan		0	0	0	0	0	0
Total		1,981	1,261	3,242	1,990	1,247	3,237

Source: Company payrolls

Employees (headcount)	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Full-time employees	No.	1,980	1,231	3,211	1,988	1,212	3,200
Part-time employees		1	30	31	2	35	37
Total		1,981	1,261	3,242	1,990	1,247	3,237

Scope: Elica S.p.A., Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Air Force S.p.A., Elica PB India Private Ltd., Elica France S.A.S.

New hires (excluding temporary workers)

New hires	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Italy	No.	16	11	27	23	19	42
below 30 years of age		7	6	13	10	11	21
between 30 and 50 years of age		7	3	10	12	8	20
over 50 years of age		2	2	4	1	0	1
France		1	1	2	2	4	6
below 30 years of age		0	1	1	0	0	0
between 30 and 50 years of age		1	0	1	1	4	5
over 50 years of age		0	0	0	1	0	1
Germany		1	1	2	1	2	3
below 30 years of age		0	0	0	0	1	1
between 30 and 50 years of age		0	1	1	0	1	1
over 50 years of age		1	0	1	1	0	1
Poland		111	111	222	97	88	185
below 30 years of age		53	51	104	52	40	92
between 30 and 50 years of age		49	42	91	41	40	81
over 50 years of age		9	18	27	4	8	12
Russia		1	1	2	0	1	1
below 30 years of age		1	0	1	0	1	1
between 30 and 50 years of age		0	1	1	0	0	0
over 50 years of age		0	0	0	0	0	0
The Americas		272	179	451	307	161	468
below 30 years of age		197	133	330	191	121	312
between 30 and 50 years of age		73	46	119	113	40	153
over 50 years of age		2	0	2	3	0	3
India		68	28	96	140	46	186
below 30 years of age		23	17	40	96	34	130
between 30 and 50 years of age		45	11	56	43	12	55
over 50 years of age		0	0	0	1	0	1
China		37	20	57	48	23	71
below 30 years of age		10	5	15	17	7	24
between 30 and 50 years of age		26	14	40	29	14	43
over 50 years of age		1	1	2	2	2	4
Japan		0	0	0	0	0	0
below 30 years of age		0	0	0	0	0	0
between 30 and 50 years of age		0	0	0	0	0	0
over 50 years of age		0	0	0	0	0	0
Total		507	352	859	618	344	962
below 30 years of age		291	313	504	366	215	581
between 30 and 50 years of age		201	118	319	239	119	358
over 50 years of age		15	21	36	13	10	23

Number of employees leaving the Group (excluding temporary workers)

	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Italy	No,	46	18	64	40	21	61
below 30 years of age		2	4	6	6	2	8
between 30 and 50 years of age		23	5	28	19	8	27
over 50 years of age		21	9	30	15	11	26
France		1	2	3	0	1	1
below 30 years of age		0	0	0	0	0	0
between 30 and 50 years of age		1	2	3	0	1	1
over 50 years of age		0	0	0	0	0	0
Germany		0	1	1	1	2	3
below 30 years of age		0	0	0	0	0	0
between 30 and 50 years of age		0	1	1	1	2	3
over 50 years of age		0	0	0	0	0	0
Poland		99	101	200	97	108	205
below 30 years of age		38	36	74	40	37	77
between 30 and 50 years of age		49	42	91	45	52	97
over 50 years of age		12	23	35	12	19	31
Russia		0	4	4	0	3	3
below 30 years of age		0	1	1	0	1	1
between 30 and 50 years of age		0	3	3	0	2	2
over 50 years of age		0	0	0	0	0	0
The Americas		236	153	389	427	231	658
below 30 years of age		150	105	255	275	143	418
between 30 and 50 years of age		85	44	129	143	84	227
over 50 years of age		1	4	5	9	4	13
India		78	29	107	71	24	95
below 30 years of age		40	20	60	38	17	55
between 30 and 50 years of age		35	9	44	31	7	38
over 50 years of age		3	0	3	2	0	2
China		58	28	86	55	27	82
below 30 years of age		12	7	19	16	8	24
between 30 and 50 years of age		41	20	61	37	17	54
over 50 years of age		5	1	6	2	2	4
Japan		0	0	0	0	0	0
below 30 years of age		0	0	0	0	0	0
between 30 and 50 years of age		0	0	0	0	0	0
over 50 years of age		0	0	0	0	0	0
Total		518	336	854	691	417	1,108
below 30 years of age		242	173	415	375	208	583
between 30 and 50 years of age		234	126	360	276	173	449
over 50 years of age		42	37	79	40	36	76

Incoming turnover rate (excluding temporary staff)

Incoming turnover rate	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Italy	%	0.49%	0.34%	0.83%	0.71%	0.59%	1.30%
France		0.03%	0.03%	0.06%	0.06%	0.12%	0.19%
Germany		0.03%	0.03%	0.06%	0.03%	0.06%	0.09%
Poland		3.42%	3.42%	6.85%	3.00%	2.72%	5.72%
Russia		0.03%	0.03%	0.06%	0.00%	0.03%	0.03%
The Americas		8.39%	5.52%	13.91%	9.48%	4.97%	14.46%
India		2.10%	0.86%	2.96%	4.32%	1.42%	5.75%
China		1.14%	0.62%	1.76%	1.48%	0.71%	2.19%
Japan		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		15.64%	10.86%	26.50%	19.09%	10.63%	29.72%

Scope: Elica S.p.A., Elicamex S.a.d. C.V, Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Elica PB India Private Ltd., Elica France S.A.S.

Outgoing turnover rate (excluding temporary staff)

Outgoing turnover rate	unit	2020			2019		
		Male	Female	Total	Male	Female	Total
Italy	%	1.42%	0.56%	1.97%	1.24%	0.65%	1.88%
France		0.03%	0.06%	0.09%	0.00%	0.03%	0.03%
Germany		0.00%	0.03%	0.03%	0.03%	0.06%	0.09%
Poland		3.05%	3.12%	6.17%	3.00%	3.34%	6.33%
Russia		0.00%	0.12%	0.12%	0.00%	0.09%	0.09%
The Americas		7.28%	4.72%	12.00%	13.19%	7.14%	20.33%
India		2.41%	0.89%	3.30%	2.19%	0.74%	2.93%
China		1.79%	0.86%	2.65%	1.70%	0.83%	2.53%
Japan		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		15.98%	10.36%	26.34%	21.35%	12.88%	34.23%

Scope: Elica S.p.A., Elicamex S.a.d. C.V, Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Elica PB India Private Ltd., Elica France S.A.S.

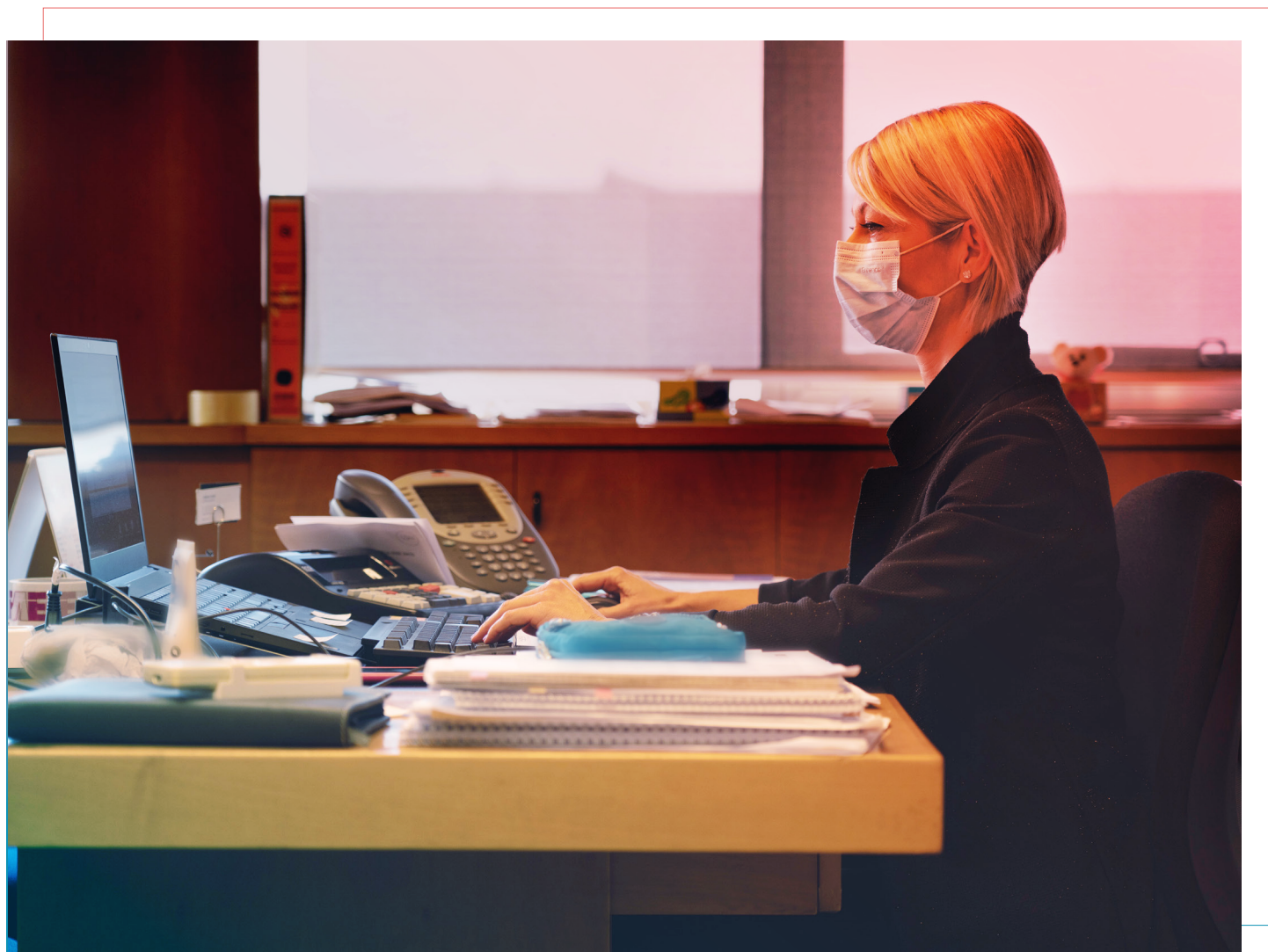
Group Socio-economic Compliance

Elica Group is committed to full compliance with the laws and regulations of the countries in which it operates. In addition to the implementation of the Organization and Management Model (231 Model) and the Code of Conduct adopted by the entire group, relating to risks of corruption, money laundering, workplace discrimination, and so on, local companies undertake to comply with the following specific local laws:

- ~ The Mexican subsidiary is required to comply with the recently introduced NOM 035 legislation on the prevention of workplace psychological risks. Furthermore, the company has implemented the new economic and labour law requirements (Government - Economic Indicators).
- ~ The Polish subsidiary is required to comply with the local labour code (Kodeks Pracy), which envisages additional days off for the care of children. In addition, the company is committed to compliance with legislation on employee remuneration and social contributions. The Polish company is periodically audited by the National Labour Inspectorate ([PIP²⁶](#)).

²⁶ Państwowa Inspekcja Pracy

In 2020, the number and amount of fines for non-compliance with economic and social legislation and regulations was negligible.



Equal opportunities and the fight against discrimination

The Group's Code of Ethics - which must be complied with by all subsidiaries - sets out Elica's commitment to human rights in its business activities, specifically relating to fundamental human rights issues such as the non-exploitation of minors, the non-use of forced labour, harassment in the workplace etc. All company employees, as well as any other party carrying out business in its name or on its behalf, regardless of the scope of their work, are bound by this code of ethics for these and for other issues.

Furthermore, certain contractual agreements with customers envisage Elica's adherence to principles contained in their Codes of Conduct and compatible with its own Code of Conduct. Consistent with these codes and internal policies, Elica had no instances of discrimination throughout the whole of 2020. Human Resources Management at Elica has always been compliant with employee diversity and equal opportunity guarantees, with a zero-tolerance policy on discrimination.

Concrete testament to this commitment are the accolades and accreditations both the Parent Group and the individual subsidiary companies have achieved over the years (e.g. "Top Employers" certification and the "Great Place to Work" Award). The Organization and Management Model (Model 231) envisages various methods for employees to report any episodes of discrimination. In addition, Group companies since 2019, and again in 2020, have launched local initiatives to support the fight against discrimination (e.g. In Poland: Anti-discrimination statement signed by Polish management, setting up of a hotline for reporting discriminatory acts, improvement regarding accessibility to consultation of the code of ethics).

Confirmation of Elica's commitment to non-discrimination is its personnel selection process that objectively assesses candidate skills without regard to strictly personal characteristics. An approach aimed at an objective assessment of a candidate's skills is particularly important in countries with potentially higher risks of discrimination. Indeed, a specific internal policy is implemented to regulate the entire recruiting process. Likewise, the same principles are applied in staff appraisal, reward and training processes.

Training

The Group's companies draft their own bespoke training plans for managerial and operation personnel based on their individual requirements and development goals, prioritizing their designated business goals. An internal EHS Department Team provide the support for mandatory health and safety training.

Feedback from participants through questionnaire reviews of the programmes' contents, as well as of the training staff, completes the training process.

Although this year the pandemic has led to an abrupt stop, Elica has invested in remote training (linguistic and technical). Compared with the previous year, however, approx. 8,000 fewer hours of training were provided, primarily relating to the training of operators at production plant. In line with HR strategy, training focused on language, computer and technical skills.

Since 2019, a new Talent Acquisition strategy has been active, designed in part to attract graduates through a special training scheme entitled the "Upside Down Programme".

This six-month internship programme involves managerial training organized in collaboration with some of the most prestigious Italian and European business schools.

The second year of the Talent Acquisition Strategy envisages a week of behavioural training entirely in English entitled "International Week" and focusing on the three Elica behavioural clusters. The initiative, first introduced in 2019, was delayed until 2021 due to the global pandemic.

The training management model adopted by Elica SpA is that of continuous learning.

Human resources are incorporated and supported by growth and consolidation goals and are a valuable asset the company is committed to developing through specialist training and involvement in team building activities, with particular attention paid to safety and soft skills.

The Group has set itself the goal of training excellence. Finally, its choice of qualified teachers is underpinned by verifying qualifications and accreditations. The training programmes are furthermore based on mapped needs, in line with projected needs and levels of priority. During 2020, training actions focused on two areas of intervention: corporate culture and individual technical skills development.

While respecting priority and urgency criteria, the goal is to guarantee training for as many employees as possible. As far as mandatory training is concerned, an e-learning platform guaranteeing safety and privacy training for all new recruits has been in operation since 2019. The training plans are presented following budget estimates at the end of the year.

Each corporate area assesses and communicates its training needs to the HR²⁷ Department, which draws up an annual training plan allocating financial resources for each individual action (e.g. technical, linguistic, managerial).

Following assessment by the HR department, financing is allocated to the actions from either internal budgets or inter-professional funds.

Within the organization, a dedicated team is responsible for identifying needs and planning and delivering training, action-by-action recorded monitoring and periodic controls.

²⁷ Human Resources

The company is committed to preventing inadequate technical and mandatory training from heightening the risk of accidents, culpable injuries and production slowdowns and stoppages.

All investments in managerial training are aimed at developing skills for the optimal coverage of roles and succession planning. In addition, the company invests in certain high potential resources, with dedicated personalised general management programs in collaboration with leading business schools.

In Elica, we want to develop a pleasant, stimulating environment that encourages employees to develop and learn new skills.

The Group's training and development plans aim to transmit satisfaction while stimulating employees not only to improve in what they do, but also to rise to new challenges.

Under the company's firm commitment to personnel development, training thus becomes an essential tool in motivating staff and making them feel valued and focused on the roles they play within the organization.

In Poland, a specific procedure regulates the training process, from budgetary planning through to the monitoring and evaluation of courses, with a special focus placed on the most critical positions within the organization. Furthermore, a standard induction course is given to all new recruits. Finally, particular attention is paid to language training.

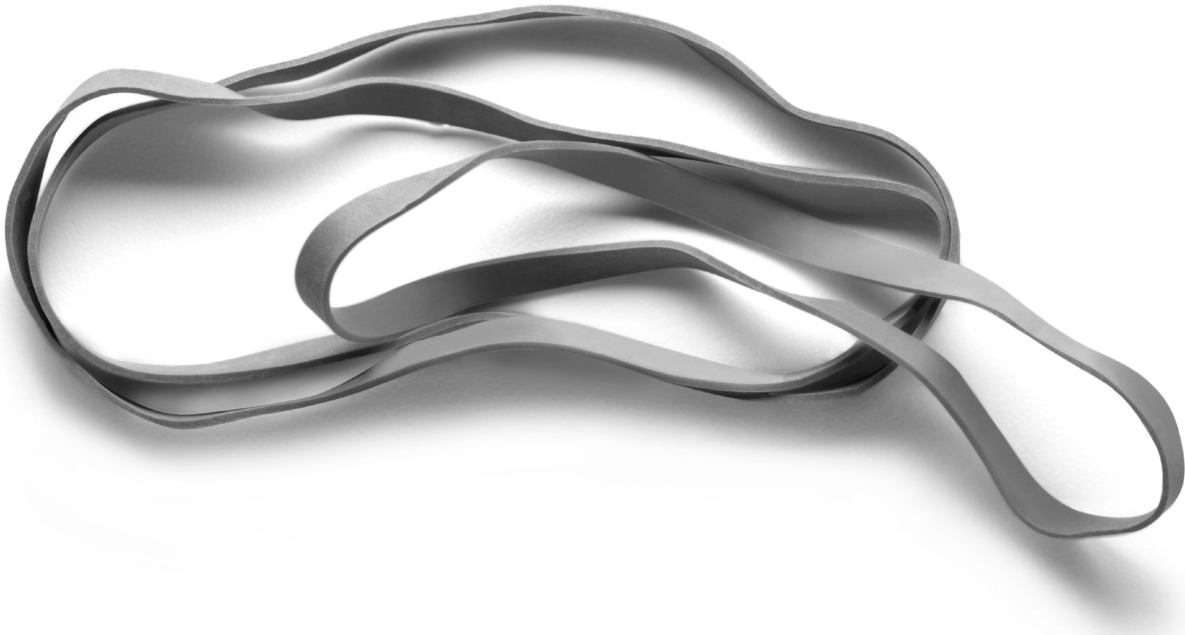
Performance indicators

Training hours and employees involved (excluding temporary workers)

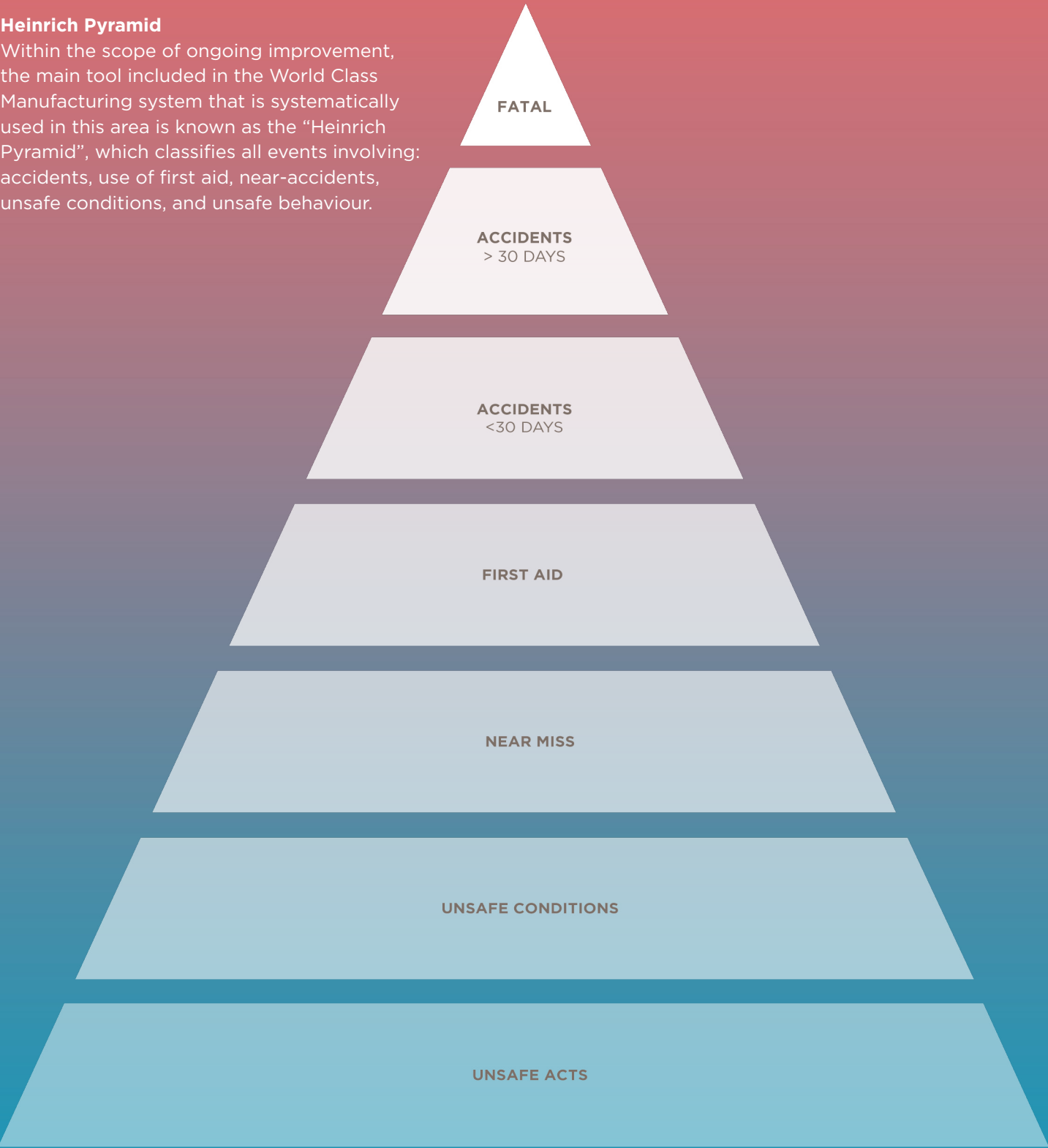
Training hours by gender and level		unit		2020			2019		
		Male	Female	Total	Male	Female	Total		
Executives	Hours	203.0	9.0	212.0	303.0	0	303.0		
Managers		1,419.5	489.3	1,908.8	2,845.5	1,060.0	3,905.5		
White-collar		8,467.0	3,521.5	11,988.5	13,533.5	6,450.3	19,983.8		
Blue-collar		13,368.5	8,440.5	21,809	11,283.1	7,995.8	19,278.8		
Total		23,458	12,460.3	35,918.3	27,965.1	15,506.1	43,471.1		

Average training hours by gender and personnel category		unit		2020			2019		
		Male	Female	Total	Male	Female	Total		
Average training hours provided to executives	Hours	7.8	4.5	7.6	9.5	0	9.5		
Average training hours provided to managers	/No.	11.4	20.4	12.9	20.0	44.2	23.5		
Average training hours provided to white-collar		12.3	10.5	11.7	18.8	18.7	18.7		
Average training hours provided to blue-collar		11.7	9.4	10.7	10.3	9.1	9.8		

Scope: Elica S.p.A., Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica France S.A.S, Elica GmbH, Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Air Force S.p.A. Elica PB India Private Ltd.



Heinrich Pyramid
Within the scope of ongoing improvement, the main tool included in the World Class Manufacturing system that is systematically used in this area is known as the “Heinrich Pyramid”, which classifies all events involving: accidents, use of first aid, near-accidents, unsafe conditions, and unsafe behaviour.



Health and safety

The Group, in accordance with its Quality, Environment and Safety Policy and its Code of Ethics, work on an ongoing basis to ensure that its employees, collaborators and the people who work for it have a fair, safe and non-discriminatory workplace. In this regard, it acts within the local and international regulatory framework for each of the Group’s sites, based on the Universal Declaration of Human Rights and the conventions of the International Labour Organisation (ILO).

The Policy adopted by Elica to manage workplace health and safety aspects is summarised in a key principle: “SAFETY FIRST”. Working in safe and healthy places is a goal that must be pursued with the maximum commitment of all and that is achieved through the adoption of safe and correct behaviour in the performance of their work, but also by consistently creating the most appropriate conditions for this to happen. This principle is also one of the pillars of Elica’s “Quality, Environment and Safety Policy”.

To minimize risk factors and therefore the likelihood of accidents and occupational illnesses, a range of preventative programmes were introduced to make improvements in the workplace, through the active and systematic involvement of all employees.

In order to guarantee the highest standards of health and safety for its personnel, Elica has adopted a structured approach towards this objective, especially in the workplace, also in consideration of the challenges and specific issues deriving from the Company’s geographical diversification. In compliance with local legislative requirements, in assessing risks Elica takes into consideration all the company processes introduced to its production plant, as well as the personnel and operators of contractors who have access to the various sites and facilities.

At all sites, risk assessments have been conducted in collaboration with the units identified within the company’s security organization, engaging the worker safety representatives and the workers themselves through meetings and interviews in the workplace.

These assessments are revised in conjunction with changes in production processes or in the organization of work of relevance to health and safety in the workplace in relation to the degree of evolution in technique, in prevention, or in protection, or following significant accidents, or when the results of health and safety monitoring point to such a need.

In any event, the risk assessment process and the risk assessment document are subject to analysis in conjunction with the annual meetings that are held at each site, during which the benefits of implementing current measures are assessed and areas of potential improvement are planned.

The significant risks inherent in production processes are mainly associated with manual processes in mechanical work and assembly, or concerning the operation or use of machine tools and transport equipment.

In order to limit significant risks, adequate technical, organizational and procedural measures are implemented, and an ongoing focus is placed on research and the proper provision, to all personnel involved, of the most effective personal protective equipment.

These events are collected through the filling out of special forms by all personnel appropriately involved, which during 2020 produced 8,298 reports.

²⁸ The reference set consists solely of Elica S.p.A., Elica Group Polska, and Elicamex.

²⁹ List of safety activities with progress monitoring according to the Deming Cycle ("Plan-Do-Check-Act"), with the assignment of timings and responsibilities.

THE PATH TO ISO 45001:2018 CERTIFICATION

COVID-19

All the events registered on the Heinrich Pyramid are analysed to identify the root cause of each event and to develop appropriate corrective and/or preventive actions that local Health & Safety teams must then implement at sites.

The presence at the corporate level of an EHS department provides a governance structure to overview and centrally [coordinate](#)²⁸ health and safety aspects. This tool facilitates the constant monitoring of performance indices, such as the Frequency Index, Severity Index and Number of Accidents, at Monthly EHS Staff meetings, allowing improvement projects to be evaluated by using tools such as [Kaizen Safety Journaling](#)²⁹.

One of the main results, obtained in 2020 for the Elica Group, was achievement of the certification in terms of the "ISO 45001-2018 occupational health and safety management system" in the Cooking Business Unit at the Italian plant of Mergo - Cerreto d'Esi - Fabriano Headquarters. It is an international standard in line with the ongoing globalization process and the latest management goals aimed at guaranteeing the well-being of personnel transversally across all levels of the company.

This process, which began in 2019 with the certification obtained at the first Elica site of the Castelfidardo Motors Business Unit, is intended to represent a fundamental step to provide a methodology and standards for managing risks related to the health and safety of workers. During 2020, 5 internal auditors have also been trained and qualified and will be a further essential support for the maintenance of the system with a view to continuous improvement. In 2021, the foundations will be laid for extending this system certification to overseas locations as well.

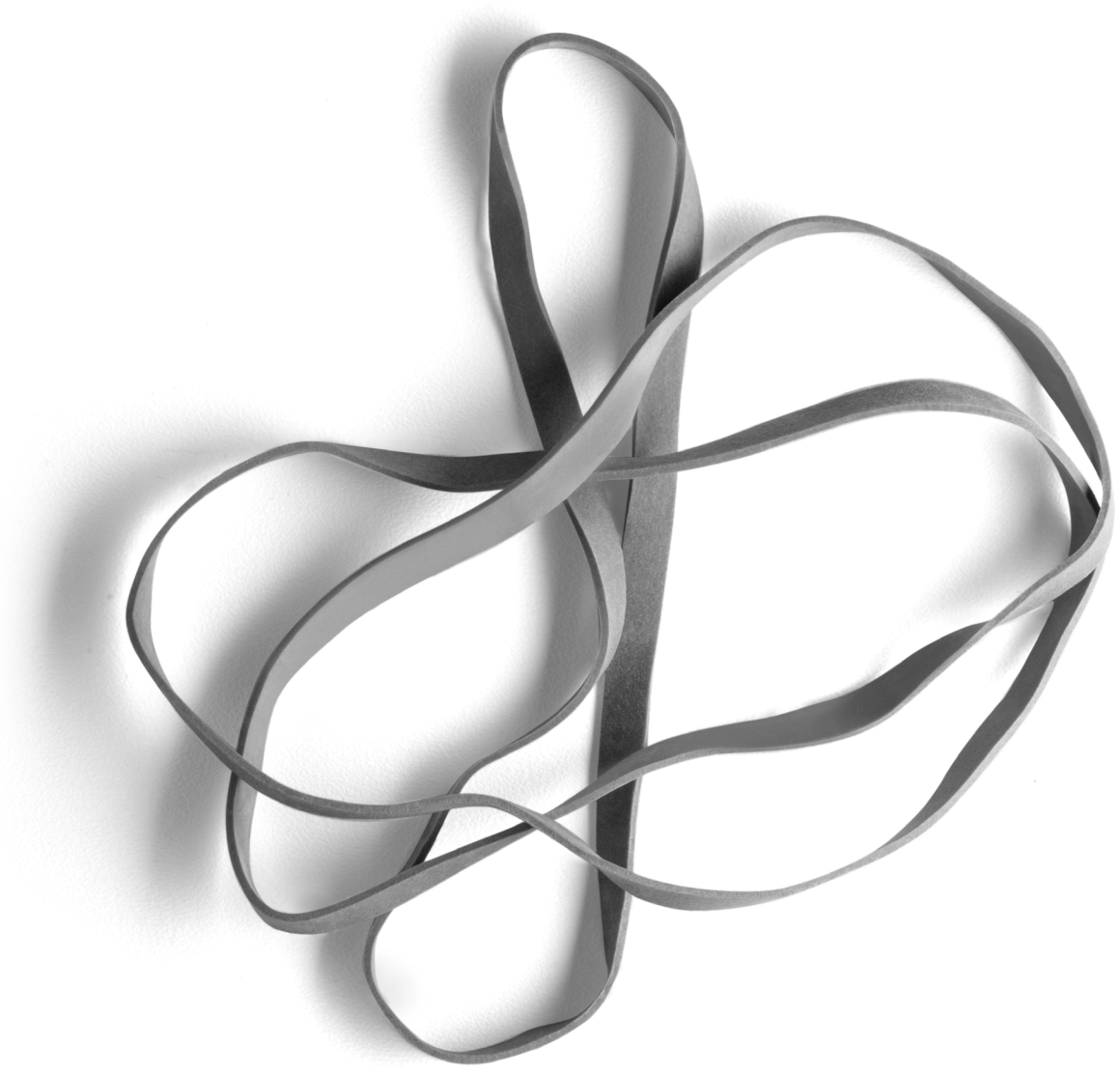
For Elica, the health and safety of workers is an absolute priority. For this reason, it has promptly introduced specific safety measures at its sites and workplaces to reduce contagion, with the intention of allowing workers to continue working in total safety. For these purposes, information has been prepared at various points to raise staff awareness of COVID-19 and specific protocols have been implemented for bio-risk assessment. All the measures adopted have been implemented by analysing the risk scenario identified by Elica, which has been shared with the local health structures and the internal medical service.

As part of the prevention of COVID-19, targeted screenings were performed to search for possible positives cases within the work areas. During 2020, 560 tests were carried out at various Group companies using a molecular naso-pharyngeal swab.

In addition, a non-compulsory internal flu vaccination campaign was carried out using a quadrivalent vaccine administered to 330 employees at the Italian sites.

ACCIDENT INDICATORS

Significant events in 2020 concerned hands and fingers getting cut or crushed. These accidents were caused by a lack of attention or the lack of adequate procedures for occasional, non-routine operations. The number of workplace accidents decreased **from 12 to 11 (-8%)**, with a significant reduction **(from 6 accidents to 1)** at sites equipped with **ISO 45001:2018** compliant Management Systems. This validates the strategy previously outlined to extend certifications in the near future also to non-Italian Group sites.



Employee* workplace accidents - Elica Group

				2020			2019		
unit				Male	Female	Total	Male	Female	Total
Number of deaths	Elica S.p.A.	ISO 45001	No.	0	0	0	0	0	0
	Air Force			0	0	0	0	0	0
	Mexico			0	0	0	0	0	0
	Poland			0	0	0	0	0	0
	China			0	0	0	0	0	0
	India	ISO 45001		0	0	0	0	0	0
	Total			0	0	0	0	0	0
Number of workplace accidents with serious consequences **	Elica S.p.A.	ISO 45001		1	0	1	0	0	0
	Air Force			0	0	0	0	0	0
	Mexico			2	0	2	0	0	0
	Poland			0	0	0	0	0	0
	China			0	0	0	0	0	0
	India	ISO 45001		0	0	0	0	0	0
	Total			3	0	3	0	0	0
Number of recordable workplace injuries	Elica S.p.A.	ISO 45001		1	0	1	4	2	6
	Air Force			2	0	2	1	0	1
	Mexico			4	2	6	3	1	4
	Poland			1	1	2	0	0	0
	China			0	0	0	1	0	1
	India	ISO 45001		0	0	0	0	0	0
	Total			8	3	11	9	3	12
“On-commute” injuries***	Elica S.p.A.	ISO 45001		0	0	0	na	na	na
	Air Force			0	0	0	na	na	na
	Mexico			5	4	9	na	na	na
	Poland			1	2	3	na	na	na
	China			0	0	0	na	na	na
	India	ISO 45001		0	0	0	na	na	na
	Total			6	6	12	na	na	na
Total number of accidents	Elica S.p.A.	ISO 45001		1	0	1	4	2	6
	Air Force			2	0	2	1	0	1
	Mexico			9	6	15	3	1	4
	Poland			2	3	5	0	0	0
	China			0	0	0	1	0	1
	India	ISO 45001		0	0	0	0	0	0
	Total			14	9	23	9	3	12
Hours worked	Elica S.p.A.	ISO 45001		985,172	553,746	1,538,918	1,120,779	606,416	1,727,195
	Air Force			91,383	61,965	153,348	104,900	70,438	175,338
	Mexico			1,033,024	382,077	1,415,101	856,326	856,326	1,712,652
	Poland			639,881	920,804	1,560,685	626,499	962,858	1,589,357
	China			140,088	68,800	208,888	152,921	76,460	229,381
	India	ISO 45001		1,005,784	116,021	1,121,805	805,056	92,380	897,436
	Total			3,895,332	2,103,413	5,998,745	3,666,481	2,664,878	6,331,359

Workplace* employee accident rate Elica Group ****

			2020			2019		
			Male	Female	Total	Male	Female	Total
Death rate	Elica S.p.A.	ISO 45001	-	-	-	-	-	-
	Air Force		-	-	-	-	-	-
	Mexico		-	-	-	-	-	-
	Poland		-	-	-	-	-	-
	China		-	-	-	-	-	-
	India	ISO 45001	-	-	-	-	-	-
	Total		-	-	-	-	-	-
Rate of workplace accidents with serious consequences	Elica S.p.A.	ISO 45001	1.015	-	0.650	-	-	-
	Air Force		-	-	-	-	-	-
	Mexico		1.936	-	1.413	-	-	-
	Poland		-	-	-	-	-	-
	China		-	-	-	-	-	-
	India	ISO 45001	-	-	-	-	-	-
	Total		0.770	-	0.500	-	-	-
Rate of recordable workplace injury	Elica S.p.A.	ISO 45001	1.015	-	0.650	3.569	3.297	3.474
	Air Force		21.886	-	13.042	9.533	-	5.703
	Mexico		3.872	5.235	4.240	3.503	1.168	2.336
	Poland		1.563	1.086	1.281	-	-	-
	China		-	-	-	6.539	-	4.360
	India	ISO 45001	-	-	-	-	-	-
	Total		2.054	1.426	1.834	2.455	1.126	1.895
Total workplace accident rate	Elica S.p.A.	ISO 45001	1.015	-	0.650	3.569	3.298	3.474
	Air Force		21.886	-	13.042	9.533	-	5.703
	Mexico		8.712	15.704	10.600	3.503	1.168	2.336
	Poland		3.126	3.258	3.204	-	-	-
	China		-	-	-	6.539	-	4.360
	India	ISO 45001	-	-	-	-	-	-
	Total		3.594	4.279	3.834	2.455	1.126	1.895

**The calculations of the accident indicators shown in the tables are based solely on accidents involving employees. Scope: Countries with production sites: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India*
In the 2019 Non-Financial Report, accident figures were reported in accordance with GRI 403-2 Occupational Health and Safety 2016
*** Workplace accident with serious consequences= A workplace accident that results in death or an injury from which the worker cannot recover, does not recover, or is not realistically expected to recover fully by returning to pre-accident health within 6 months.*
**** “On-commute” accidents refer to Elicamex and Elica Group Polska, where transportation is arranged by the company.*
***** Rates of death, accidents with serious consequences, and recordable accidents are calculated as: number of events/hours worked*1,000,000*
The tables present the facilities with a certified Management System in accordance with the UNI EN ISO 45001:2018 standard



Near misses recorded

Near misses recorded	2020	2019
Italy	143	na
Poland	18	na
Mexico	15	na
China	-	na
India	-	na
Total	176	na

Scope: Countries with production sites: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India

Relations with trade unions

Industrial and trade union relations are coordinated centrally but managed locally and conducted according to applicable legislation and existing frame-works in the individual countries. The issues that may arise depend on specif-ic challenges that emerge from time to time in the different countries. The main themes dealt with in collaboration with the trade unions include:

- ~ The signing on April 21, 2020 of a “safety protocol for the management of health emergencies at Elica Group sites in Italy”, which implemented the measures required by the national Prime Ministerial decrees on health and safety to combat SARS-CoV-2. The prevention measures contained in this protocol, as well as the further specific procedures issued by the company in this regard, are marked by the fact that - in addition to the minimum level of prevention established by law - they introduce the adoption of additional solutions, with the goal of further raising the safety levels of employees. With particular reference to Italy, the safety committees set up in the plant continued to meet throughout 2020, with the task of monito-ring the correct implementation of the content of the protocol and supple-menting it where necessary;
- ~ The above measures, initially introduced in Italy, have been extended to the entire Group, both at an industrial and administrative level;
- ~ Moreover, specific agreements were reached with the trade unions to en-sure the sharing of the best tools available, for the management of person-nel during the lockdown period.

Performance indicators

Collective bargaining agreements

Employees covered by collective bargaining agreements	unit	2020	2019
Employees covered by collective bargaining agreements	No.	2,048	2,042
Total employees		3,242	3,237
Percentage	%	63%	63%

Scope: Elica S.p.A., Elicamex S.a.d. C.V, Elica Group Polska Sp.z o.o, Leonardo Services S.a. de C.V., Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Elica PB India Private Ltd., Elica France S.A.S

Supporting our Clients and Quality

³⁰ International standard indicating requirement for an effective quality management system.

³¹ UL is the certification body, or National Competent Body, for the USA. For further details, refer to the website www.ul.com or www.italy.ul.com.

³² UNI EN ISO/IEC 17025 Certificate by Accredia (www.accredia.it), certified CTFst3 and CTDP compliant by UL International and certified WMT compliant by CQC.

³³ The Customer Testing Facilities (CTF) programme was established by the Institute of Electrical and Electronics Engineers to enable use of the manufacturer's in-house laboratory for testing and CB certification purposes (see note 39). CTF Stage 3 level is the highest level possible for a company laboratory, accepted by all states worldwide (in accordance with European and IEC standards).

³⁴ CB is the certificate issued by UL as evidence of the Safety of products in conformity with European IEC standards, valid in all non-European countries, except the USA and Canada.

³⁵ DEMKO is the certificate and marking issued by UL as evidence of the safety of products in conformity with European standards (EN).

³⁶ UL's Customer Test Data Program is the equivalent of CTF Stage 3, but for the markets of the USA & Canada (therefore in accordance with UL standards).

³⁷ The cULus certificate is issued by UL as evidence of the Safety of products in conformity with US standards (established by UL) extended to Canadian standards, for the markets of the USA and Canada.

³⁸ WMT is the Witness Manufacturer Testing Programme of CQC (see note 44), the highest level of accreditation granted by CQC to laboratories not under their direct control, of which EPL is currently the only one located outside of China.

³⁹ CQC is the certification body, or National Competent Body, for China. For further information, please see www.cqc.com.cn/www/english (<http://www.cqc.com.cn/www/english>).

⁴⁰ ILAC-MRA Accredia accreditation, the Italian Accreditation Body is the only national organisation authorised by the State to carry out accreditation activities. Accredia is the only National accreditation body authorised by the Italian government to certify that certification and inspection bodies, as well as testing, calibration and food safety laboratories, have the necessary expertise to adequately evaluate the conformity of products, processes and systems to reference standards. International agreements attest to the validity and credibility of accreditation as an effective tool in the qualification of Conformity Assessment Operators for European and global marketplaces, ensuring recognition of the equivalence of accreditation activities carried out under all signatory members within the accreditation system administered by IAF-ILAC internationally and by EA at the regional (European) level.

All Group companies with production sites (except Air Force) implement management systems certified to standard [ISO 9001:2015](#)³⁰.

In the case of finished products (hoods, ranges, fragrance dispensers and home air quality monitoring systems), Elica's policy is essentially to bring to market products that are fully compliant with all applicable local and international legislation.

Each year the Group certifies all new products brought to market and re-certifies all products that have seen changes in materials and/or components to ensure that they comply with health and safety standards and with all Regulations, Directives and Rules applicable in the countries of sale.

At all of the Group's production sites, both finished products and motors are 100% tested in terms of safety and functionality with the use of suitable testing stations.

For more than ten years there has been extensive collaboration with [UL](#)³¹, a US organization that certifies products for safety and electromagnetic compatibility and a global leader in the appliance certification for the EU, US and Canadian markets.

Elica constantly focuses on product safety, certification and innovation, particularly through the activities of its EPL Laboratory, which is [internationally certified](#)³² for the testing of safety, electromagnetic compatibility, energy consumption, performance, acoustics and the reliability of finished products, in addition to materials and components.

It has been certified [CTF Stage 3](#)³³ by UL for the issuance of [CB](#)³⁴ and [DEMKO](#)³⁵ certificates, [CTDP](#)³⁶ by UL for the issuance of UL and [cULus](#)³⁷ certificates, [WMT](#)³⁸ by [CQC](#)³⁹ for the issuance of the CCC mark and Chinese Energy Label (the only laboratory in the world outside of China). The Laboratory is also certified by [Accredia](#)⁴⁰ and is therefore part of the mutually recognised internationally ILAC-MRA test laboratories for Safety, Performance and Electromagnetic and Acoustics Compatibility of finished products and Components certification (issued by the Italian Government and recognised worldwide).

This policy also covers the finished products of the Chinese and Indian subsidiaries sold within the European Union.

Elica has begun to develop a new process of testing finished products that, by involving employees with roles external to production, aims to simulate customer experience. The objective of this process is to reveal eventual defects or malfunctioning prior to market release and reduce the rate of latent defects, above all in terms of safety, but also in terms of reliability of products over time.

The Elica Propulsion Laboratory's Mission

- verifying the safety, reliability, energy efficiency, performance and electromagnetic compatibility of finished products and components;
- enabling access to global markets;
- supporting research and innovation.

Based on the standard procedures used to design its platforms and study product manufacturing feasibility, the Group also conducts analyses of re-

sidual product risks with the aid of EPL and external certification bodies (e.g. UL, VDE etc). On the basis of the findings, the potential residual risks are:

- ~ electrical;
- ~ mechanical;
- ~ thermal;
- ~ chemical.

Some of them may be associated with possible risks of fire or electromagnetic disturbances.

As a result of the aforementioned monitoring and certification system, the number of episodes of non-conformity is modest in extent. If loss claims filed with insurers are taken as the basis for evaluation, in 2020 4 cases are to be counted.

Performance indicators

Percentage of categories of products and services for which health and safety impacts on consumers are assessed (e.g., product testing).

Products/Services	unit	2020	2019
Products analysed for risks relating to consumer health and safety	No.	3,458	2,771
Products in portfolio (number of SKUs)		9,342	8,771
Products previously analysed for risks relating to health and safety (before the reporting year)		5,884	6,000
Percent of products analysed for health and safety risk during the year	%	37%	32%
Percent of products analysed for health and safety (total)		100%	100%

Scope: Elica S.p.A., Elicamex, Elica Group Polska Sp.z o.o, Air Force S.p.A., Zhejiang Elica Putian Electric Co. Ltd, Elica PB India Private Ltd., Ariafina Co. Ltd.

Episodes of non-compliance relating to the impacts on health and safety of products and services

Non-Conformity	unit	2020	2019
Incidents of non-compliance concerning the health and safety impacts of products and services	No.	4	4
Cases of non-compliance with the self-governance codes		-	N/A
Total		4	4

Scope: Elica S.p.A., Elica Group Polska Sp.z o.o., Elicamex S.a.d. C.V, Elica Inc., Zhejiang Elica Putian Electric Co.Ltd, Elica Trading LLC, Air Force S.p.A., Elica France S.A.S, Elica GmbH, Elica PB India Private Ltd,Ariafina

We protect Clients by providing accurate information



COOKING DIVISION

For finished products in the cooking area (range hoods and induction ranges) and for kitchen hoods, the Elica Group provides consumers with a set of information aimed at protecting their main rights (health, safety, quality of products and services and adequate information). This information is provided in the form of labels affixed directly to the product or packaging and documentation accompanying the product, enabling safe use of the products and services and providing information about the contents and, in particular, about the substances that could generate a social impact, how to dispose of the product and the related environmental and social impacts and the product's energy consumption (Energy Label, Product Sheet and Ecodesign). The origins of product components are not disclosed to consumers but is available from the company as it is included in specific certifications (appendix 1 to the CB test report on Safety certification).

Product managers determine the documents and labels that are to accompany products. The company's Windchill PDM Link system is used to begin the process of designing the documentation and labelling.

In the cases of Elica SpA, Elica Group Polska Sp.z o.o, Elica GmbH, Elica Trading LLC and Elica France S.A.S., all documentation (e.g., installation, use and maintenance manuals) and labels affixed to products and packaging are prepared by the technical services and EPL (e.g.: Energy Label).

All products are validated by the EPL laboratory. They are also certified by a third-party organization, even when marketed solely in the EU, where the EC self-certification would be sufficient. This procedure also applies to the finished products of the Chinese subsidiary sold within the European Union.

In the case of Elicamex S.a.d. C.V, the accredited local internal laboratory validates and provides the documentation for the client, in concert with local certification, with support and coordination from EPL Italy.

In the case of Zhejiang Elica Putian Electric Co. Ltd, products intended for the Chinese market and for the markets of South-East Asia are CCC certified by external laboratories.

In the case of Elica PB India Private Ltd. and Ariaфина Co. Ltd, product documentation and labels comply with local legislation.

MOTORS DIVISION

The Fime - Elica Motors unit operates according to a business-to-business model, meaning that the products it supplies are assembled by its clients into their products (such as boilers, water heaters, ovens, refrigerators and cooking hoods) to then in turn be brought to market for end consumers.

Accordingly, the unit designs, sells and produces based on the information requested by the client on the agreed technical specifications and, where applicable, the contract signed. This information may be included in the product label or provided in separate technical documentation: designs, certificates of approval by third parties relating to product safety, preferred origin of the product, quality specifications, logistical specifications and/or specifications of another kind.

On the basis of the agreed specifications for each order, the set of direct or indirect information required for the project is entered into the Windchill PDMLink management system and the Product Development Procedure is applied to ensure that the information is verified and available.

We protect our Clients’ Privacy

The Project Manager is then responsible for initiating the preparation of the documents and labels of a technical nature that are to be provided with the product and for monitoring and coordinating project progress until each project is concluded.

Performance indicators
Product and service information and labelling requirements

Item	Description	Cooking	Motors
Requirements for company disclosure and product labelling and services policies	Origin of components	Yes	Yes
	Content, and in particular substances that could generate an environmental or social impact	Yes	Yes
	Safe use of products and services	Yes	Yes
	Product disposal methods and the related environmental and social impacts	Yes	Yes
	Energy label; Product Sheet and Ecodesign	Yes	No

Region	Failure rate	unit	2020	2019
Finished products*	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures**	%	62.3%	61.5%
Electric motors	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures	%	100%	100%

(*) Scope of finished products: Elica brand hoods, range hoods and induction ranges. It is assumed that what applies to these product categories for the Elica brand may be extended to all Elica Group induction ranges, range hoods and cooking hoods marketed by: Elica Spa, Elica Group Polska Sp.z o.o, Elica Gmbh, Elica Trading LLC, Elica France S.A.S. The analysis also applies to the finished products of the Chinese subsidiary sold in the European Union (both own brands and third-party brands). The “Fragrance diffuser” product type is not included in the indicator, because it is subject solely to safety and not to energy label and eco-design.
(**)The ratio of the net sales generated by the finished products analysed (see the field “(*) Scope of finished products”) and the Elica Group’s net sales for the following categories of finished products: hoods, range hoods and induction ranges).

Regarding privacy, consumer-related risks are currently relatively contained. The most significant residual risks relate to computer hacking and other fraudulent and illegal activities carried out via the web and aimed at stealing personal data.

Elica, in compliance with applicable legislation, and, in particular, with EU Regulation 679/2016 (“GDPR”) and Legislative Decree 101/2018, is completing an alignment project involving subsidiaries with sites within the European Union. In particular, Elica has adopted specific group policies to:

- ~ Dictate general principles for the protection of personal data (the “General Privacy Policy”);
- ~ Describe all technical, digital and IT measures adopted by the Data Controller for the protection of personal data (“Security Measures for the Protection of Personal Data”);
- ~ Regulate employee use of company devices such as personal computers, tablets, mobile phones, etc. (“Use of IT Tools”);
- ~ Regulate the procedure to be applied in all ordinary activities and special projects to guarantee observance of the fundamental principles for the protection of personal data (“Privacy by Default and by Design”).

Elica S.p.A. and its subsidiaries with sites within the European Union also implement procedures to:

- ~ Regulate the management of requests to exercise the data subjects rights referred to in Article 15 et seq. of the EU Regulation (“Data Access”);
- ~ Establish rules, times, activities and roles for managing data breaches (“Data Breach Procedure”).

The activities within the subsidiaries are supported by local specialist consultants, and, in the case of Elica SpA and Elica GmbH, by a dedicated Data Privacy Officer.

In addition, a new training session has been re-proposed to the users, highlighting the aspects related to the national standard implementing the GDPR, with a focus on the changes introduced compared to the old Privacy Code (Legislative Decree 196/2003) by Legislative Decree 101/2018, as well as a training session on cyber security awareness, on the [Mimecast platform](#)⁴¹.

Specialist training was also provided in both Elica SpA and Air Force. Training will also be carried out in the subsidiaries to ensure constant alignment. All other Group companies, though unaffected by the European legislation, are, in any case, required to compliance with the principles concerning privacy contained in the Group’s Code of Conduct and applicable local legislation.

Due in part to the actions taken and safeguards put into place, the Group did not identify any data breaches in 2020. In particular, no complaints were received for actual or potential personal data violations in relation to questions, requests, disputes initiated by third parties or non-disclosures by the company.

A new Privacy Assessment conducted by a Company specialising in privacy and cybersecurity was initiated in the final months of 2020.

41 An international company specialising in cloud-based email management for Microsoft Exchange and Microsoft Office 365

GRI Standard	Disclosure	Paragraph at page	Omissions
General Disclosures			
GRI 102: General Disclosures 2016	Name of the organization	102-1	17
	Activities, brands, products, and services	102-2	17
	Location of headquarters	102-3	17
	Location of operations	102-4	19
	Ownership and legal form	102-5	37
	Markets served	102-6	22
	Scale of the organization	102-7	17
	Information on employees and other workers	102-8	21
	Supply chain	102-9	34
	External initiatives	102-12	33
	Membership of associations	102-13	26
	Statement from senior decision-maker	102-14	9
	Key impacts, risks, and opportunities	102-15	44-45
	Values, principles, standards, and norms of behavior	102-16	15
	Governance structure	102-18	36
	Composition of the highest governance body and its committees	102-22	39
	Nominating and selecting the highest governance body	102-24	39
	Conflicts of interest	102-25	44
	Role of highest governance body in setting purpose, values, and strategy	102-26	41
	Evaluating the highest governance body's performance	102-28	39
	Effectiveness of risk management processes	102-30	44
	Highest governance body's role in sustainability reporting	102-32	39
	Remuneration policies	102-35	40
	Process for determining remuneration	102-36	40
	Annual total compensation ratio	102-38	41
	List of stakeholder groups	102-40	51
	Collective bargaining agreements	102-41	117
	Identifying and selecting stakeholders	102-42	51
	Entities included in the consolidated financial statements	102-45	11
	Defining report content and topic Boundaries	102-46	57
	List of material topics	102-47	59
	Changes in reporting	102-49	60
	Reporting period	102-50	10
	Date of most recent report	102-51	10
	Reporting cycle	102-52	10-57
	Contact point for questions regarding the report	102-53	11
	Claims of reporting in accordance with the GRI Standards	102-54	10
	GRI content index	102-55	124

GRI Standard	Disclosure	Paragraph at page	Omissions
Economic Performance			
GRI 201 Economic Performance 2016	The management approach and its components	103-2	60
	Key impacts, risks, and opportunities	102-15	60
	Direct economic value generated and distributed	201-4	60
Procurement practices			
GRI 204 Procurement practices 2016	The management approach and its components	103-2	73
	Key impacts, risks, and opportunities	102-15	73
	Proportion of spending on local suppliers	204-1	73
Anti-corruption			
GRI 205 Anti-corruption 2016	The management approach and its components	103-2	75
	Key impacts, risks, and opportunities	102-15	75
	Operations assessed for risks related to corruption	205-1	77
	Communication and training about anti-corruption policies and procedures	205-2	77
	Confirmed incidents of corruption and actions taken	205-3	77
Anti-competitive Behavior			
GRI 206 Anti-competitive Behavior 2016	The management approach and its components	103-2	79
	Key impacts, risks, and opportunities	102-15	79
	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1	79
Tax			
GRI 207 Tax 2019	The management approach and its components	103-2	67
	Key impacts, risks, and opportunities	102-15	67
	Country by country reporting	207-4	67
Energy			
GRI 302 Energy 2016	The management approach and its components	103-2	89
	Key impacts, risks, and opportunities	102-15	89
	Energy consumption within the organization	302-1	90
	Energy consumption outside of the organization	302-2	91
Emissions			
GRI 305 Emissions 2016	The management approach and its components	103-2	89
	Key impacts, risks, and opportunities	102-15	89
	Direct (Scope 1) GHG emissions	305-1	91
	Energy indirect (Scope 2) GHG emissions	305-2	91
	Other indirect (Scope 3) GHG emissions	305-3	92
Effluents and Waste			
GRI 306 Effluents and Waste 2016	The management approach and its components	103-2	93
	Key impacts, risks, and opportunities	102-15	93
	Waste by type and disposal method	306-2	93
Environmental Compliance			
GRI 307 Environmental Compliance 2016	The management approach and its components	103-2	83
	Key impacts, risks, and opportunities	102-15	83
	Non-compliance with environmental laws and regulations	307-1	83

GRI Standard	Disclosure	Paragraph at page	Omissions
Supplier environmental assessment			
GRI 308 Supplier environmental assessment 2016	The management approach and its components	103-2	60
	Key impacts, risks, and opportunities	102-15	60
	New suppliers that were screened using environmental criteria	308-1	60
Employment			
GRI 401 Employment 2016	The management approach and its components	103-2	97
	Key impacts, risks, and opportunities	102-15	97
	New employee hires and employee turnover	401-1	101
Occupational Health and Safety			
GRI 403 Occupational Health and Safety 2018	The management approach and its components	103-2	111
	Key impacts, risks, and opportunities	102-15	111
	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	403-9	114
Training and Education			
GRI 404 Training and Education 2016	The management approach and its components	103-2	107
	Key impacts, risks, and opportunities	102-15	107
	Average hours of training per year per employee	404-1	109
Diversity and Equal Opportunity			
GRI 405 Diversity and Equal Opportunity 2016	The management approach and its components	103-2	97-106
	Key impacts, risks, and opportunities	102-15	97-106
	Diversity of governance bodies and employees	405-1	39-97-99
Non-discrimination			
GRI 406 Non-discrimination 2016	The management approach and its components	103-2	97-106
	Key impacts, risks, and opportunities	102-15	97-106
	Incidents of discrimination and corrective actions taken	406-1	106
Supplier Social Assessment			
GRI 414 Supplier Social Assessment 2016	The management approach and its components	103-2	60
	Key impacts, risks, and opportunities	102-15	60
	New suppliers that were screened using social criteria	414-1	60
Consumer Health and Safety			
GRI 416 Customer Health and Safety 2016	The management approach and its components	103-2	118
	Key impacts, risks, and opportunities	102-15	118
	Assessment of the health and safety impacts of product and service categories	416-1	119
	Incidents of non-compliance concerning the health and safety impacts of products and services	416-2	119
Marketing and Labeling			
GRI 417 Marketing and Labeling 2016	The management approach and its components	103-2	121
	Key impacts, risks, and opportunities	102-15	121
	Requirements for product and service information and labeling	417-1	122

GRI Standard	Disclosure	Paragraph at page	Omissions
Consumer Privacy			
GRI 418 Customer Privacy 2016	The management approach and its components	103-2	123
	Key impacts, risks, and opportunities	102-15	123
	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	123
Socioeconomic compliance			
GRI 419 Socioeconomic compliance 2016	The management approach and its components	103-2	105
	Key impacts, risks, and opportunities	102-15	105
	Non-compliance with laws and regulations in the social and economic area	419-1	105
Economic and financial performance of the Group			
NO GRI	The management approach and its components	103-2	65
	Key impacts, risks, and opportunities	102-15	65
	Financial Highlight of the Group	n.a.	64
Product design (eco-friendly)			
NO GRI	The management approach and its components	103-2	85
	Key impacts, risks, and opportunities	102-15	85
	Packaging reengineering projects concluded	n.a.	86
	Reduction in annual indirect CO ₂ equivalent amounts	n.a.	86
Innovation			
NO GRI	The management approach and its components	103-2	69
	Key impacts, risks, and opportunities	102-15	69
	Patents	n.a.	70
	Innovation flow effective implementation index	n.a.	70
After Sales Service			
NO GRI	The management approach and its components	103-2	71
	Key impacts, risks, and opportunities	102-15	71
	Service Level: Days between 1st customer call and closure of the action	n.a.	72
	Speed of Service: Days between 1st customer call and date of 1st appointment with the customer	n.a.	72
	Right First Time: % of actions closed on 1st appointment	n.a.	72

ELICA'S FOOTPRINTS

FOR MANY YEARS, ELICA HAS BELIEVED IN THE VALUE OF **RELATIONSHIPS** FORMED IN THE WORKPLACE. IN A WORLD SO FULL OF LIMITATIONS, THE IDEA OF **COLLABORATION** HAS BECOME A FUNDAMENTAL VALUE, ABOVE ALL FOR THOSE WHO, LIKE US, HAVE **ALWAYS** SOUGHT TO PROMOTE IT.



Independent auditors
limited assurance report



Independent auditors’ report on the consolidated non financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors
of ELICA S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the “decree”) and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2020 consolidated non-financial statement of the Elica Group (the “group”) prepared in accordance with article 4 of the decree and approved by the board of directors on 16 March 2021 (the “NFS”).

**RESPONSIBILITIES OF THE
DIRECTORS AND BOARD
OF STATUTORY AUDITORS
 (“COLLEGIO SINDACALE”)
OF ELICA S.P.A. (THE “PARENT”)
FOR THE NFS**

**AUDITORS’ INDEPENDENCE
AND QUALITY CONTROL**

AUDITORS’ RESPONSIBILITY

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and [the “Global Reporting Initiative Sustainability Reporting Standards” issued by GRI - Global Reporting Initiative (the “GRI Standards”) which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group’s business and characteristics, to the extent necessary to enable an understanding of the group’s business, performance, results and the impacts it generates.

The directors’ responsibility also includes the design of an internal model for the management and organisation of the group’s activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group’s policies and the identification and management of the risks generated or borne.

The Collegio Sindacale is responsible for overseeing, within the terms established by the Italian law, compliance with the decree’s provisions.

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by “International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000 revised”), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent’s personnel responsible for the preparation of the information presented in the NFS, documentary analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - ~ the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - ~ the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - ~ the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).
5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS. Specifically, we held interviews and discussions with the parent's management personnel and personnel of Airforce S.p.A.. We also performed limited procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS. Furthermore, with respect to significant information, considering the group's business and characteristics:
 - ~ at group and subsidiaries level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
 - ~ we visited Elica S.p.A. and Airforce S.p.A., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2020 consolidated non-financial statement of the Elica Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Ancona, 25 March 2021

KPMG S.p.A.

(signed on the original)



Gianluca Geminiani
Director of Audit

CONCEPT DESIGN
& ART DIRECTION
Tonidigrigio

COORDINATION
QHSE Management
System Coordinator



