




**NFR 2021**  
*COOK RESPONSIBLY*  
**A SUSTAINABLE RECIPE**





# *Menu*

IDENTITY  
IS OUR  
SIGNATURE DISH

ELICA'S  
SUSTAINABLE  
RECIPE

THE ECONOMICALLY  
SUSTAINABLE  
RECIPE

THE ENVIRONMENTALLY  
SUSTAINABLE  
RECIPE

THE SOCIALLY  
SUSTAINABLE  
RECIPE

## 2021 CONSOLIDATED NON-FINANCIAL REPORT



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# 2021 CONSOLIDATED NON-FINANCIAL REPORT





## AN INVITATION TO OUR GUESTS: OUR STAKEHOLDERS

Dear Stakeholders,

Despite the challenging landscape of 2021, which saw the continuation 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.

The product innovation, unique designs, and commercial strength that have always set us apart enabled us to react and consolidate our competitive positioning, while continuing to pursue our path of growth and development, particularly in relation to our own-brand products.

In July, the Elica Group's Motors Business Unit FIME increased its presence in the electric motors market by acquiring E.M.C. and CPS, European leaders in the design and manufacture of electric motors, ventilation systems for domestic range hoods, pellet stove extractor fans and motors for medical applications. In doing so it further strengthened its position as a leader in the motors sector and accelerated its energy saving and energy transition activities.

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" in 2017. Our objective remains that of measuring and understanding performance in the area of sustainability, while continuing to invest in a culture of sustainability and maintaining constant, ongoing dialogue with stakeholders.

For us, 2021 was also a breakthrough year: constructive discussions with trade unions began in late March and some months later brought a positive conclusion to the dispute regarding the business plan, which had provided for a reorganisation of the Italy Cooking business area. In signing the agreement, Elica demonstrated that it is possible to find a sustainable balance between the Company's need for competitiveness and the equally important needs of our community and our employees.

It is therefore with great satisfaction that we present the fifth edition of the Elica Group's "Non-Financial Report".

Some of our greatest achievements in 2021 related to our personnel, customers and the environment in which we operate. It is these achievements that we wish to share with you and which are detailed further below. We look after the talent of our people and in 2021 - as has been the case for over a decade - our commitment to them was rewarded with "Top Employers" certification in both Italy and Poland. In 2021 our staff worked in environments made even safer by the care and attention we dedicate to maintaining and improving our management systems, which were certified ISO 45001:2018 in Italy in 2019.

Once again, the work and the resources that we have committed have led to a 37% reduction in the overall injury frequency (IF) rate compared to 2020. Safety at work - "SAFETY FIRST!" - has always been an imperative for us. So much so in fact, that although these results are a source of great satisfaction, we have no intention of slowing down. As such, ISO 45001:2018 certification will be extended to Mexico in the first few months of 2022.

As regards energy issues, early 2021 saw the introduction of the Energy Manager function, which led to the identification of a range of new energy efficiency projects. Some of these are already underway, while others are in the start-up phase as of early 2022.

One of the most significant of these projects was the agreement to supply 100% green electricity for production sites in Italy from January 1, 2022.

With the acquisition of E.M.C. and CPS, renewable energy usage in Italy increased again in 2021 - from 7.1% to 14.7%.

We have continued to make our products more sustainable by implementing new solutions in both packaging and accompanying documentation and improving energy efficiency. The motors in our "Premix" range, designed for the "Heating" market segment, are certified for and compatible with the use of hydrogen.

In order to integrate sustainability further into its business, Elica has created a governance model that entails collaboration between a number of bodies dedicated to oversight and management of ESG issues. The recent establishment of the Sustainability Board - which will liaise constantly with the Control, Risks and Sustainability Committee - will continue to promote

initiatives in the interests of all of the Group's various stakeholders and will define a sustainability plan equipped with objectives, action plans, indicators and targets to precisely define the roadmap for the coming years.

This document takes its cues from our past in shar-

ing a message which is also of great significance for our future, since it is the Sustainability Governance we have defined which allows us to confidently present to our stakeholders Elica's new **SUSTAINABLE RECIPE**.

**Francesco Casoli** - Chairman

**Giulio Cocci** - Chief Executive Officer





## HOW TO INTERPRET THE ELICA GROUP'S NON-FINANCIAL REPORT

Consolidated financial statements of the Elica Group as at and for the year ended December 31, 2021, was drawn up in accordance with the provisions of Legislative Decree No. 254/2016 implementing Directive 2014/95/EU and in accordance with the provisions of Article 8 of Regulation (EU) 2020/852 "Taxonomy Regulation".

This Report contains information on environmental and social issues to facilitate understanding of the activities carried out by the Group, its performance, its results and related impacts, in addition to information on how and to what extent the Company's activities are associated with economic activities considered "eco-sustainable".

The document was prepared, as in the previous year ending 31 December 2020, in accordance with the GRI Sustainability Reporting Standards (published in 2016 or updated in 2018 and 2020) prepared by the Global Reporting Initiative (GRI); specifically, 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 201: Economic Performance 2016 (201-1);

GRI 205: Anti-corruption 2016 (205-1, 205-2, 205-3);

GRI 207: Tax 2019 (207-4);

GRI 301: Materials 2016 (301-1);

GRI 302: Energy 2016 (302-1, 302-2);

GRI 305: Emissions 2016 (305-1, 305-2, 305-3);

GRI 306: Waste 2020 (306-1, 306-2, 306-3, 306-4, 306-5);

GRI 307: Environmental Compliance 2016 (307-1);

GRI 308: Supplier Environmental Assessment 2016 (308-1);

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 414: Supplier Social Assessment 2016 (414-1);

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).

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, 2022, following its review by the Control, Risks and Sustainability Committee at its meeting of March 10, 2022.

For clarification or additional information regarding this document, you may contact the QHSE Management System Coordinator by sending an e-mail to the address [elicaehs@sicurezzapostale.it](mailto: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

To the attention of, QHSE Management System Coordinator

or by phoning:

+39 0732 6101

*(Translation from the Italian original which remains the definitive version)*



## SCOPE OF REPORTING

Consolidated financial statements of the Elica Group as at and for the year ended December 31, 2021, where “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”), Ariaфина Co. Ltd (“Ariaфина”), 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”), EMC FIME S.r.l.

As a result of new acquisitions or changes in the Company’s shareholding structure, the following table summarises the reporting cycles considered:

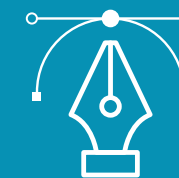
Company	Reporting cycle
Elica SpA	From 01/01/2021 to 31/12/2021
Elicamex S.A. de C.V.	
Elica Inc.	
Elica Group Polska Sp.z o.o	
Air Force S.p.A.	
Ariaфина Co. Ltd	
Elica GmbH	
Zhejiang Elica Putian Electric Co. Ltd	
Elica Trading LLC	
Elica France S.A.S.	
Leonardo Services S.A. de C.V.	From 01/01/2021 to 17/11/2021
Elica PB India Private Ltd.	From 01/01/2021 to 29/09/2021
EMC FIME S.r.l.	From 02/07/2021 to 31/12/2021

Certain aspects and indicators may have a differing reporting scope than that stated above, where such are considered by management as non-significant for specific companies of the Group in consideration of the activities carried out. In this case, the text clearly indicates the reporting scope of the aspect/indicator. Figures for 2020 for EMC FIME S.r.l. are not reported, as the Company was not part of the Group at that time.

## SUSTAINABILITY HIGHLIGHTS 2021

### ELICA'S ROADMAP

### ECONOMIC SUSTAINABILITY



- Offer  
**INNOVATIVE PRODUCTS AND DESIGN SOLUTIONS**  
to create  
lasting and sustainable value  
for all stakeholders.



- Attract new **CAPITAL**  
through **SUSTAINABLE INVESTMENTS.**



- Constantly engage  
our **STAKEHOLDERS**  
on **SUSTAINABILITY ISSUES.**

### HIGHLIGHTS

**541.3**

(+19,6% ON 2020)

€ m

Total Group revenues

**57.1**

(+35,2% ON 2020)

€ m

Adjusted EBITDA

**512**

€ m

Economic value  
distributed by the Group

**278**

No.

Cooking Business Unit patents

**250**

No.

Cooking Business Unit  
design patents

**71**

No.

Motors Business Unit patents

**3**

No.

Motors Business Unit  
design patents

**10.7**

€ m

Research and Development  
expenditure

**6/6**

(100%)

ISO 9001:2015  
certified sites



## HIGHLIGHTS

1,153

tCO<sub>2</sub> EQ.

CO<sub>2</sub> emissions saved  
through the use  
of photovoltaic systems

146

tCO<sub>2</sub> EQ.

CO<sub>2</sub> emissions saved  
through energy efficiency  
projects implemented  
at production sites

109

tCO<sub>2</sub> EQ.

CO<sub>2</sub> emissions saved  
through the introduction  
of new product packaging  
solutions and  
reduced use of paper  
in user manuals.

99.5%

of waste produced  
is NOT HAZARDOUS

93.2%

of waste produced  
is sent for RECOVERY

2,154

No.

of reports for the prevention  
of environmentally damaging  
events analysed

6/6

(100%)

ISO 14001:2015  
certified sites

ENVIRONMENTAL  
SUSTAINABILITY

- Use **ENERGY CARRIERS**  
efficiently.

- **REDUCE CO<sub>2</sub> EMISSIONS** from our  
production processes.

- Increase the share  
of **RENEWABLE** energy  
used in our operations.



- Assess our suppliers on  
**ENVIRONMENTAL** and **SOCIAL**  
sustainability criteria.



- Develop **ENERGY-EFFICIENT**  
and **ENVIRONMENTALLY FRIENDLY**  
products.

ELICA'S ROADMAP

SOCIAL  
SUSTAINABILITY

- Extend ISO 45001:2018  
Management System  
to all production sites.



- Ensure **FAIR TREATMENT**  
by rewarding **MERIT**.



- Collaborative **INNOVATION** through the  
world of **ART**, stimulating **INCLUSIVITY**  
and **CREATIVITY**.

ELICA'S ROADMAP

## HIGHLIGHTS

87.5%

Permanent employees

42%

Female Board members

50%

Female managers  
in top management  
(reporting directly to the CEO)

39.7%

Female employees

16.8

AVERAGE TRAINING HOURS  
per capita

35%

Training hours  
on HSE topics

2.4

Workplace accident  
frequency index

8,134

No.  
of reports for the prevention of  
occupational Safety  
analysed

4/6

(67%)

ISO 45001:2018  
certified sites



Cultural and social initiatives  
for employees and the areas  
in which the Group operates



# IDENTITY IS OUR SIGNATURE DISH

THE SELECTIONS ON OUR **MENU**  
COME FROM THE **PERFECT COMBINATION**  
OF **TRADITION** AND **INNOVATION**.





## OUR VISION

Ensuring air quality through design and technology.  
Creating exceptional value for home ventilation and air purification consumers and professionals.

## OUR MISSION

Offer innovative products and design solutions to create lasting and sustainable value for all stakeholders.

## HEALTHY VALUES ARE THE KEY INGREDIENTS





## ELICA GROUP PROFILE

Elica, a market player since the 1970s, is the leading global manufacturer of range hoods and hobs and of motors for domestic ventilation. Chaired by Francesco Casoli and led by Giulio Cocci, the Group has six plants, including in Italy, Poland, Mexico and China and employs more than 3,300 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 revolutionise the traditional image of kitchen hoods: they are no longer seen as a simple accessory but as a design element that improves the quality of life.

Elica's business units are as follows:

- 1. Cooking Business Unit:** designs, produces and markets domestic-use kitchen hoods – both own brand and for the leading international home appliance and kitchen manufacturers (Whirlpool, Electrolux, IKEA, Bosch-Siemens, Haier, etc.) – hobs and cooktops, and, for the Asian market, ovens and sterilisers;
- 2. Motors Business Unit:** 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), the production facilities of Elica S.p.A and EMC FIME S.r.l., 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 Wroclaw 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 organisation 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 Ameri-

### 1. Original Equipment Manufacturer

ca, 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 customers in this market and to take advantage of significant growth opportunities both through the OEM<sup>1</sup> 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 Chief Executive Officer Pralhad Bhutada's stewardship and an effective distribution and marketing strategy.

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%. On closing, 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%.

On September 29, 2021, Elica signed an agreement for the sale to Whirlpool of India Limited of 19% of the share capital of the Indian subsidiary Elica PB India Private Ltd. while with the other Indian minority shareholders disposed of a further 19% share. Upon completion of the transaction, Whirlpool of India Limited held approx. 87% of Elica PB India Private Ltd., while Elica S.p.A. and the group of other Indian minority shareholders retained a holding in the Indian company with a stake of approx. 6% each.

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

to Fuji Industrial Co. Ltd. a 3.24% stake in Zhejiang Putian Electric Co. Ltd. The transaction - which underlines the strategic importance of having a direct presence in this area - consolidated and strengthened the co-operation with our Japanese partner. Following the share capital increase of the Chinese subsidiary, Elica holds 99.44% of the investment.

CIS (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 customers 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 2021 it had six 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	2021	2020
Elica SpA	No.	1,073	1,102
Leonardo Services S.A. de C.V.		0	769
Elicamex S.A. de C.V.		713	0
Elica Inc.		5	4
Elica Group Polska Sp.z o.o		689	622
Air Force S.p.A.		105	108
Ariafina Co. Ltd		0	0
Elica GmbH		14	15
Elica PB India Private Ltd.		468	451
Zhejiang Elica Putian Electric Co. Ltd		120	128
Elica Trading LLC		27	28
Elica France S.A.S.		14	15
EMC FIME S.r.l.		50	n.a.
Total		3,278	3,242

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, EMC FIME S.r.l. (not included in 2020 data)  
The number of employees, as detailed in this table and all other tables relating to employees, refers to the figure for each given year.





1

## Production Network

2

## Direct Presence

1

### ITALY

ELICA S.P.A.  
Fabriano  
Mergo - Cerreto

EMC FIME S.r.l.  
Castelfidardo

AIRFORCE S.P.A.  
Fabriano

2

### FRANCE

ELICA FRANCE S.A.S.  
Paris

3

### GERMANY

ELICA GMBH  
Munich

4

### POLAND

ELICA GROUP POLSKA SP. Z.O.O.  
Jelcz L. - Łęg

5

### RUSSIA

ELICA TRADING LLC  
Moscow - St. Petersburg

6

### SPAIN

ELICA  
Barcelona

7

### CHINA

ZHEJIANG ELICA PUTIAN  
ELECTRIC CO. LTD.  
Shengzhou Shanghai

8

### JAPAN

ARIAFINA CO. LTD.  
Sagamihara-Shi

9

### MEXICO

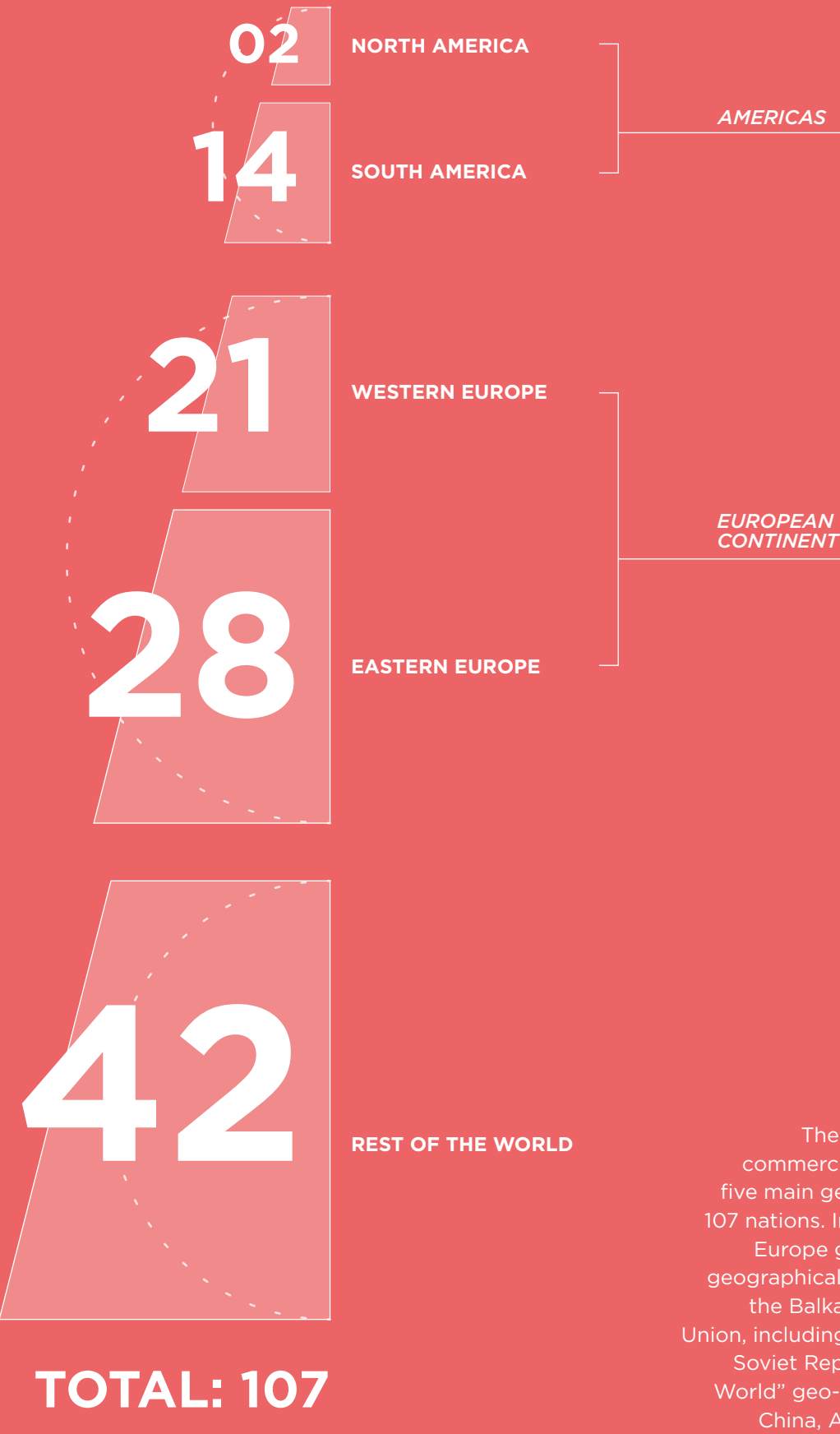
ELICAMEX  
Querétaro

10

### USA

ELICA INC.  
Chicago

GEO-CLUSTER



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

- 1. **Cooking** of wich:
  - 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 (accounting for approximately 16% of total 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:

Cooking own brand cluster	Share
Distributors	42%
Kitchen manufacturers	39%
Chains and specialised furniture/home appliance stores	14%
Internet	3%
Small oems	2%
Other	1%

Motors cluster	Quota
Large OEMs	63%
Small OEMs	17%
Distributors	17%
Other	3%



## 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 50 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 range 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 cooktops 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.

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 customers 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

### Electric motors

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.

On June 28, 2021, a preliminary agreement was signed between Elica S.p.A. and Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") for the purchase of 100% of the share capital of the respective companies, which are European leaders in the design and manufacture of electric motors, ventilation systems for domestic range hoods, pellet stove extractor fans and motors for medical applications. This agreement, which was completed with the signing of the final contract on July 2, 2021, is perfectly in line with the development of the Motors (FIME) business, since it reinforces the strategy undertaken with the separation of the Motors and Cooking divisions.

Since January 1, 2022, the Italian motors branch has been managed by EMC FIME S.r.l. (a wholly-owned subsidiary of Elica S.p.A.), Europe's leading hub of excellence in the ventilation and heating sector, which has enabled said branch to develop its critical mass to more effectively meet the needs of a growing market.

## 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 sites.

The Group's strategic plan (budget and three-year plan) is monitored by setting and verifying (monthly, quarterly and annually) targets for the dedicated commercial organisations (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<sup>2</sup>, 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 prioritising 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 recognised by other organisations 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. It was founded on November 22, 1910, and pursues the mission, as set out in Article 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, ICE<sup>3</sup> 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 people. In May 2019, Elica S.p.A. Francesco Casoli was appointed Chairman of AIDAF.

The Italian Association of Family-Owned Companies (AIDAF) is the only association specifically dedicated to matters of interest to small, medium and large family businesses, involving all members of business-ow-

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



ning 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 organisation of opportunities to meet to facilitate networking between member business-owning families.

AIDAF is the Italian Chapter of FBN<sup>4</sup>, - Family Business Network.

#### 4. Family Business Network

MAIN ACTIVITIES carried out with Elica

Institutional relations and networking

#### 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<sup>5</sup>.

#### 5. National Research Council

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 master's 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, organisations, business and general society.

#### 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.

## THE INDUSTRY NETWORK OF ELICA AND THE GROUP

**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 specialisation 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.

Elica currently forms part of the organisation's Coordination and Management Body. Elica S.p.A. is also part of the "Marche Manufacturing Cluster - Industrial Innovation Center", which is currently chaired by an Elica representative. Finally, Elica is represented on the Board of Directors of the Marche Foundation Cluster, the operational arm of the Technology Clusters in the Marche region.

Elica S.p.A. is on the Steering Committee of the Industrial Engineering degree courses (Mechanical and Management) of the Marche Polytechnic University and of the Information Technology degree courses at the University of Camerino. 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 - the Home Appliances Manufacturers Association. APPLIA Italia 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. 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 business 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.

### ERMANNOCASOLI FOUNDATION

The Ermanno Casoli Foundation (FEC), 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, specialised 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, in-

novative experiential environments. The Foundation promotes projects in which art and corporate organisations 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.

Major initiatives involving the FEC in 2021:

**July:** collaboration on the inauguration event for the “Zona Conce” cultural hub in Fabriano, a project born from the redevelopment of former tannery buildings. The event will be a meeting point for artists, exhibitions, workshops and guests from across Italy.

**December:** 19th edition of the Ermanno Casoli Award - the first to be held in Querétaro (Mexico) - with the artist Jorge Satorre (born Mexico City, 1979). Satorre joins the world of Elica with the Pelusa project, curated by Francesco Pedraglio and Marcello Smarrelli. This is the result of a complex path which, starting from drawing and continuing with etching and sculpture, has involved more than 70 ElicaMex employees.

### IRIS GARDEN LEARNING CENTRE

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 centre, whose teaching staff include native speakers of both English and Italian, is a place where children can develop their cognitive and social abilities and hone the skills required to become bilingual in a setting offering full immersion in the English language. The Reggio Children Approach education project is based on the participation of families, collaboration between all staff, the work of the studio and the studio teacher and combines pedagogic and didactic coordination to encourage a positive, cutting-edge growth path from the early stages of the child's life.

Elica believes that excellence can be promoted by focusing both on the development of people within the company and by promoting growth in the area and social context in which the company operates.

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 SUPPLY CHAIN

The Elica Group's global logistics organisation 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 standardisation 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, which sets the relative levels to ensure service to the end customer and the optimisation 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 480 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 range hoods sold by the Group itself (captive production), and 73% for external customers.

The production of motors for non-captive customers is broken down into four main segments:

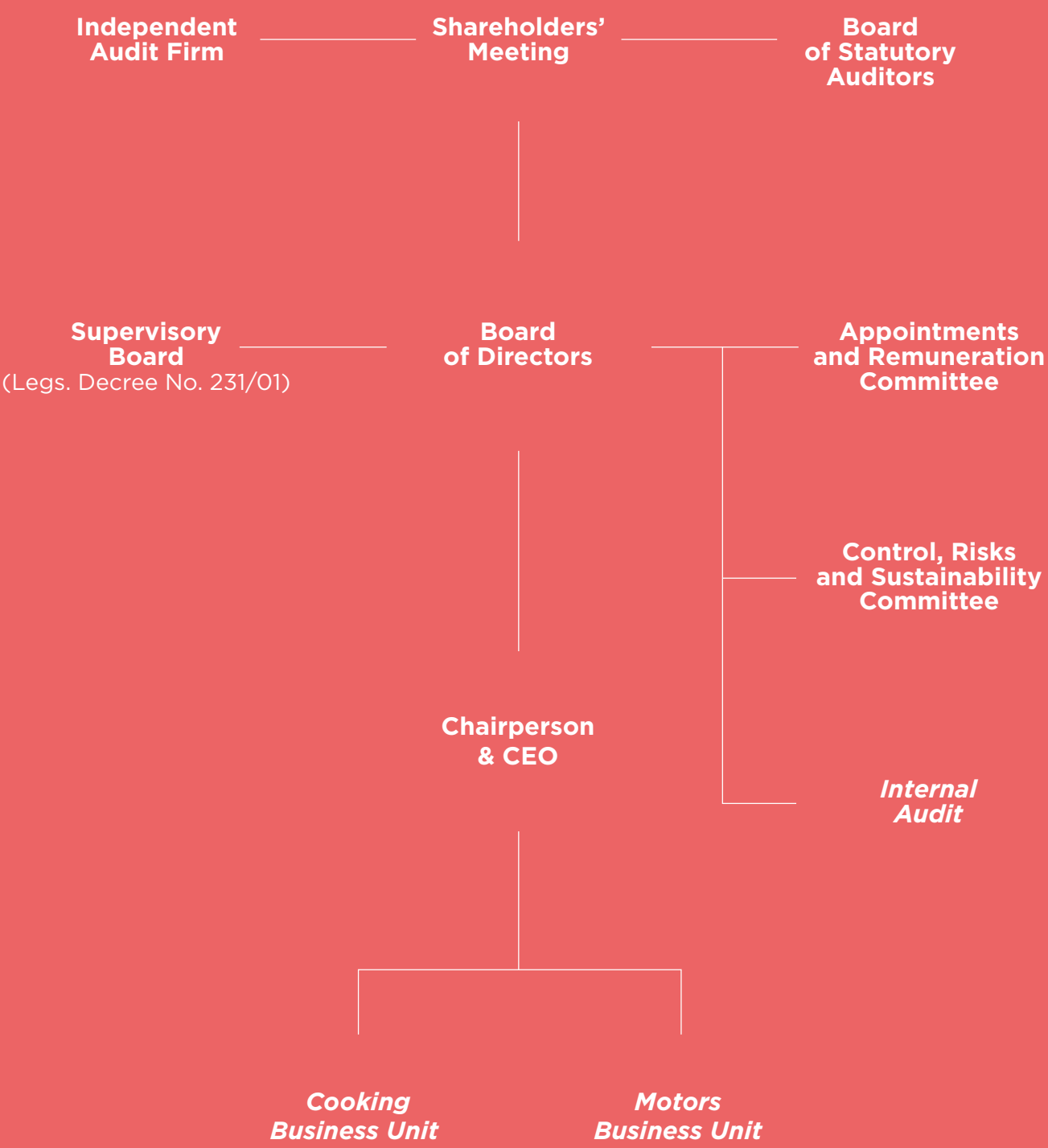
- Ventilation (approximately 46% of units produced)

- Home appliances (approximately 26% of units produced)
- Heating (approximately 27% of units produced)
- Medical (approximately 1% of units produced)

For this division, the organisation distributes motors to customers 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 Italian Stock Exchange since 2006 on the STAR segment.

The Casoli family exercises 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 Fintrack S.p.A., indirectly exercises legal control over the Company, pursuant to Article 93 of the Consolidated Finance Act.

The corporate purpose 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 electronically, of the products deriving from the aforementioned activities and processing, even if produced by others; the production and sale of home appliances and components for the electromechanical and mechanical industries; the performance 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 performance of consultancy services within the scope of its own activity, including the activity of product testing.

Elica S.p.A. adopted on October 30, 2020 the Corporate 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 independent 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.



**Francesco Casoli**  
Director & Chairman BoD



**Giulio Cocci**  
Director and CEO



**Susanna Zucchelli**  
Non-Executive  
Independent Director



**Elio Cosimo Catania**  
Non-Executive  
Independent Director



**Liliana Fratini Passi**  
Non-Executive  
Independent Director



**Angelo Catapano**  
Non-Executive  
Independent Director



**Monica Nicolini**  
*Lead independent  
Director*

## COMPOSITION OF THE CORPORATE BOARDS AND PERFORMANCE ASSESSMENT

The Company's Board of Directors is composed of Executive and 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.

The current composition of the Board of Directors was approved by the Shareholders' Meeting on April 29, 2021. The Board of Directors comprises seven members, of which five are independent as per the Corporate Governance Code and the CFA<sup>6</sup>.

6. Consolidated Finance Act

With regard to gender balance, on October 30, 2020 the Company approved 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 Company's By-Laws provide that the Board of Statutory Auditors consist of three Statutory Auditors and two Alternate Auditors.

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.



REMUNERATION POLICIES

The remuneration of Directors (particularly those holding executive office) and top management 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 utilised, the “Annual Remuneration Policy” in the Group “Remuneration Policy and Report” - to which reference should be made - comprehensively outlines the Remuneration Policy and its implementation at the Company as regards the members of the management bodies and the Senior Executives.

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

- attract, maintain and motivate a community of women and men of excellent professional standing
- recognise 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.

As regards 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 (PM<sup>7</sup>) system and the evaluation of managerial skills enabling the achievement of objectives, incentivise 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.

<sup>7</sup> 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	2021	2020
Italy	No.	In Italy, the “Annual Total Compensation” ratio of the employee with the highest compensation - the Chairperson - and the employee with the median compensation is 87x. Given that a significant component of the Chairperson’s total compensation relates to variable multi-year performance (LTI Plans), basing the same ratio on Fixed Compensation and Short-Term Variable Incentive (Annual) only returns a figure of 44x.	In Italy, the “Annual Total Compensation” ratio for the employee with the highest compensation - the Chairperson - and the employee with the median compensation is 68x. Given that a significant component of the Chairperson’s total compensation relates to variable multi-year performance (LTI Plans), basing the same ratio on Fixed Compensation and Short-Term Variable Incentive (Annual) only, returns a figure of 43x.
France		3.54	3.53
Germany		1.78	2.47
The Americas		28.43	21.37
Poland		13.25	8.86
Russia		16.24	19.83
China		35.0	35.24
India		88.15	87.67

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., EMC FIME S.r.l. (not included in 2020 data)

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’s purpose, except for those attributed by law to the Shareholders’ Meeting or arising from specific authorisations required by the By-Laws.

Based on the powers conferred, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the Company and of the Group, periodically monitoring their implementation; establishes the corporate governance of the Company and the structure of the Group.

- defines the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments all risks considered significant with regard to the sustainability of the medium/long-term operations;
- evaluates the adequacy of the organisational, administration and accounting system of the Company and of its subsidiaries having strategic importance, which has been implemented by the Chief Executive Officers and with particular reference to the Internal Control and Risk Management System;
- evaluates 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;
- considers 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 Chief Executive Officers. 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.
- Carries out 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 competent 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.

In addition to the statutory requirements, the Company adopts preven-

tion and control policies in this regard, including through the implementation of the 231 Model and the Company's Ethics Code. 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 Party Transactions Procedure, in addition to an Anti-Corruption Policy, which outline principles to prevent possible conflict of interests and resolve them where necessary.

## EFFECTIVENESS OF THE RISK MANAGEMENT MODEL

### *The Internal Control and Risk Management System*

In compliance with the principles and criteria of the Self-Governance Code, Elica has adopted an Internal Control and Risk Management System ("ICRMS"). This system consists of a set of rules, procedures and organisational structures targeted at enabling the identification, measurement, management and monitoring of the main corporate risks. It is also designed to ensure that the Company is run in a sound and proper manner, in line with the objectives set and in compliance with the provisions of the Ethics Code and the Company's Principles of the Self-Governance Code as approved by the Board of Directors.

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 No. 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.

The Internal Audit activities supplement, monitor and provide assurance on the ICRMS activities. This function is covered by an internal manager reporting directly to the Board of Directors; it is a key role for defining and assessing the internal control system and the risk prevention and management policy.

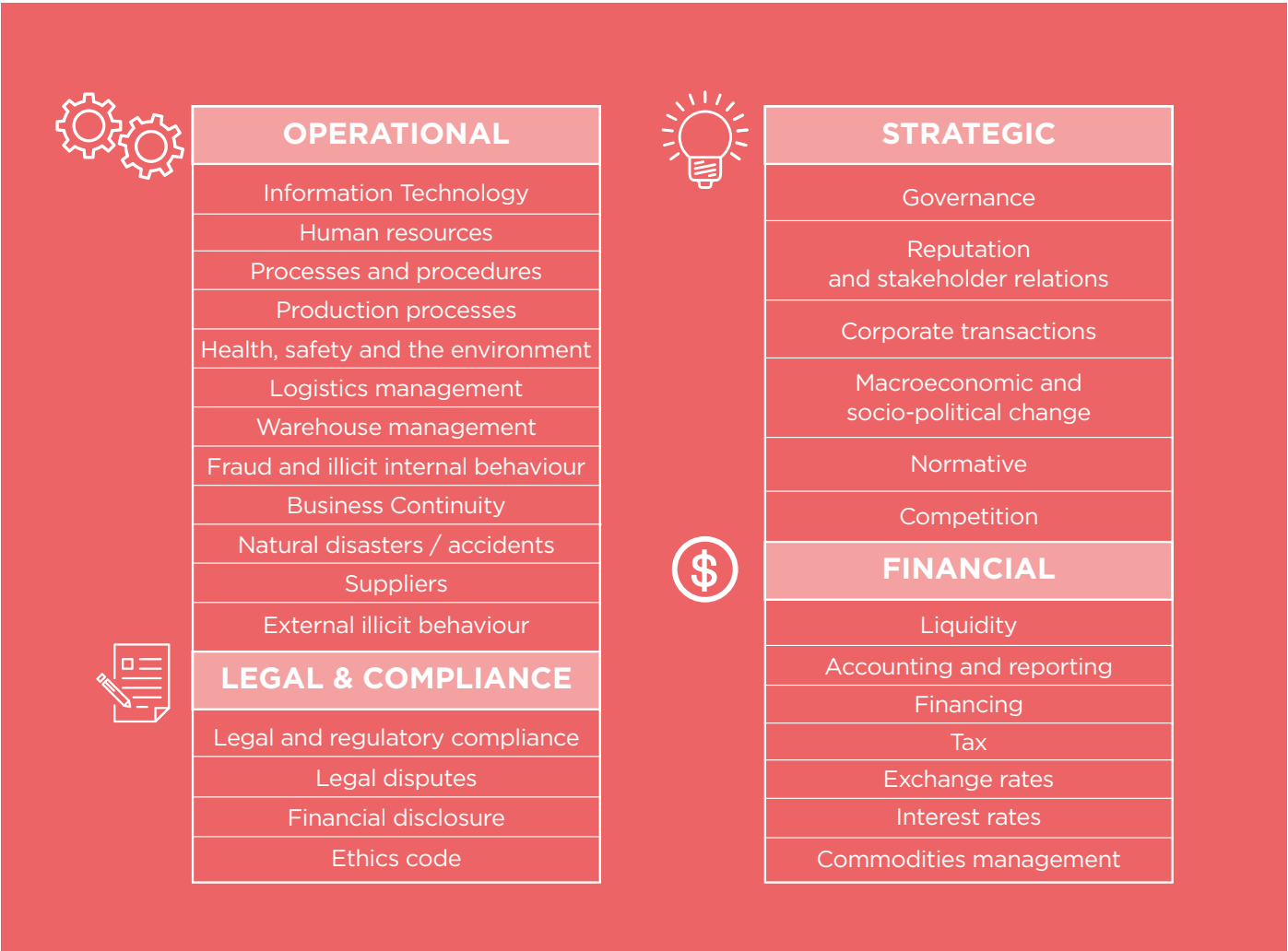
**Risk Management**

Elica has provided for the development and monitoring of a structured Enterprise Risk Management (ERM) model with the purpose of identifying and assessing potential events which could affect the achievement of the main corporate objectives defined in the Strategic/Annual Plan.

Elica’s ERM model is based on a cyclical process - carried out on an annual basis - and ensures the detection, analysis and monitoring of all significant risks for Elica (Risk Universe) providing Internal Audit with all the elements it requires to conduct its activities.

This process entails an initial Risk Identification phase, understood as the identification of a list of risks that could impact the Company.

In this regard, Elica’s risk mapping is based on a two-level categorisation (Risk Model) and includes 4 first-level categories and 29 second-level categories, as shown below:



Risk mapping is updated annually in consideration of any changes that have taken place in the Company’s internal and external circumstances and is integrated in consideration of the contents of the “Identification of Context” section, an integral part of Elica S.p.A.’s Quality, Environment and Safety Management System.

Downstream of Risk Identification activities, other tasks are undertaken to assess them through the application of a specific reference methodology. Specifically, the methodology applied by Elica includes the following steps:

- Risk assessment at an inherent level on the basis of impact and likelihood of occurrence without Management control measures (i.e. intrinsic to Elica’s business);
- Risk positioning within a matrix (or heat map) representing the level of Inherent Risk;
- Assessment of the overall level of Management oversight;
- Assessment of residual level risks by combining impact and likelihood of occurrence values following implementation of safeguards;
- Risk positioning within a heat map of Residual Risk and identification of Top Risks.

# INTEGRATION OF RISK MANAGEMENT AND SUSTAINABILITY

The Enterprise Risk Management Model applied by Elica includes integration with sustainability issues.

Specifically, integration between Risk Management and Sustainability is particularly explicit in the following phases of the Risk Management process:

- **Risk Identification:** in this phase, risks that may have implications for Environmental, Social and Corporate Governance (ESG), beginning with those contained in the Risk Universe, are identified;
- **Risk Evaluation:** in this phase, the possible impacts of risks are evaluated in relation to the individual ESG areas. In detail, Elica’s Risk Management methodology includes specific impact assessment drivers targeted at intercepting the possible consequences of each risk on individual dimensions of ESG relevance.

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 SUSTAINABLE RECIPE

THE **SKILL LIES** IN THE ABILITY  
TO BALANCE **ECONOMICS**,  
THE **ENVIRONMENT** AND **PEOPLE**.



## MESSAGE: ELICA'S SUSTAINABILITY FOOTPRINT

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 analysing the management system for an organisation'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 organisation'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 Ethics Code (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.

In its 2020 Non-Financial Report, Elica presented readers with the launch of the “Sustainability On Air” project, the main objective of which was to integrate sustainability strategies into the Company's medium-term Business Plan and strengthen the foundations needed to continue generating economic value. The project continued in 2021 with periodic and detailed assessments and reached a very important milestone for future strategies: namely, the setup of the **Sustainability Governance**.

Following the issuance of the Corporate Governance Code for Listed Companies, Elica decided to adapt its sustainability governance model so that sustainable success is now a fundamental objective and stakeholders have a say in corporate decision making. With the entry into force of Legislative Decree No. 254, and with the involvement of the Control, Risks and Sustainability Committee (CRSC) and the Board of Statutory Auditors, our organisation has evolved as regards sustainability issues and Non-Financial Reporting. In 2021 we also strengthened our sustainability governance with the establishment of the **Sustainability Board**.

Elica's current sustainability governance model is structured as follows:

- **Board of Directors:** approves the Consolidated Non-Financial Report annually;
- **Chief Executive Officer:** evaluates and approves sustainability proposals;
- **Control, Risks and Sustainability Committee (CRSC):** assists the Board of Directors in assessing and deciding on sustainability issues, with particular reference to the approval of the Non-Financial Report, stakeholder management activities and the Sustainability Plan;

- **Sustainability Board:** comprising the main corporate and business functions, it meets periodically and assesses strategic and operational sustainability-related proposals. It also reviews and validates the draft Consolidated Non-Financial Report and defines stakeholder engagement strategies and the contents of the sustainability plan;
- **Sustainability Manager:** calls, accepts proposals and reports to the Sustainability Board on ESG priorities.

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 optimise 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.

While the COVID-19 health emergency resurfaced in two specific waves in 2021, the Group's operational activities were not particularly affected by the restrictions, which continued to mainly affect travel or opportunities to meet and gather with customers, suppliers and consultants.

Travel between sites in different countries resumed in July, albeit to a limited extent and only for activities that could not be performed remotely. Access to Group production sites and offices was ensured by a range of control and containment action designed to safeguard the health of employees and business operators. Thanks to multiple infection prevention measures - often the result of the introduction of corporate protocols in addition to those instituted at government and local levels - many in-person audits could be conducted by certification bodies and customers, whereas in 2020 they were performed only remotely.

As regards the assessment of risks related to pandemic events, in the early stages of the emergency Elica promptly (in March 2020) updated its Risk Assessment Document and has since kept it constantly updated, in compliance with the requirements of government decrees (in May 2020 and June 2021). Pandemic risk is also included and evaluated in the risk assessment and management model developed as part of Elica's ERM (Enterprise Risk Management).

Centralised management with major suppliers and management with purchasing organisations close to production sites in the various countries mitigated the effect of shortages in raw materials and components that followed the sudden spike in demand which, in some sectors, disrupted supply. As a result, we can confirm that these conditions did not produce significant production stoppages and have not had any negative effects on the level of service offered to customers.

Financial communication activities and discussions with investors and analysts were also carried out on a regular basis through quarterly conference calls and participation in numerous meetings, organised as Virtual Meetings.

### Impacts of the COVID-19 pandemic



## Climate Change

In line with the contents of this Non-Financial Report, Elica has provided for the development and monitoring of a structured ERM (Enterprise Risk Management) model. Specifically, the ERM model adopted by Elica provides for integration with sustainability issues (including those related to climate change) to improve the identification of risks and opportunities, creating a reliable model for decision-making, strategic planning and improving business processes.

The Group has considered the effects that climate change could have on the business and, likewise, the effects that the Group could have on climate change. Due to the nature of its activities and the geographical location of its assets, and based on the environmental management systems at its production sites or because of the procedures it has in place for managing events linked to climate change, at present there are no elements that could significantly affect the Group's business or which would lead to the need to take specific immediate action.

The recent establishment of the Sustainability Board goes even further towards identifying the objectives that can be pursued and the action necessary to reduce any climate impact of the Group's activities (particularly those that generate atmospheric emissions) or the products it markets.

Also in pursuit of continuous improvement, the Group will continue to analyse the most relevant sustainability risks (those related to the areas identified by Legislative Decree No. 254/2016, in line with that already defined and shared with the main control bodies regarding general risks faced by the Company). Specifically, it will extend its analysis of climate change risks, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and with the recommendations provided by the European Securities and Markets Authority (ESMA).

## THE DIRECTION TRACED BY OUR FOOTPRINTS

- Year-in year-out measurements and analyses of sustainability performance 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.
- Innovation as a significant strategic value, both in economic and social terms. The activity is managed centrally by the parent company through a dedicated role (the EPL Research & Innovation Manager),

who coordinates a team of 6 to 10 people.

- Leveraging the competence and analytical approach brought to our organisation by new human resources: in early 2021 Elica introduced the new "Energy Manager", one of whose main objectives is to support the Group's companies in their search for technical and methodological solutions to create and achieve important energy efficiency objectives, including an ever greater use of renewable energy, as well as an increasingly pressing need not only to contribute to the economic sustainability of the business, but also to respond to the specific requirements of the Group's key stakeholders.
- Implementing constant monitoring of all process activities and possible interferences with workers of third-party companies operating on the Group's premises. Continue the active involvement of people who come to the workplace every day. Constantly collect new data from the internal reporting system and increase internal audits coordinated by the Corporate EHS function. It is these continuous improvement activities that led to a noteworthy decline in the number of accidents and in the levels of risk to personal safety during 2021. This is the result of the gradual extension of Management Systems certified to ISO 45001:2018 standard, and which will continue in 2022 with the certification of the Mexican site in Queretaro.
- Sharing, listening, pooling knowledge and expertise to strengthen dialogue and collaboration with the world of academia. Doing so in this particular historical moment in which common ideas, synergies but also differences can contribute to making businesses more sustainable and offer new career development opportunities to young people. With this in mind, in 2021 Elica collaborated with the Marche Polytechnic University in relation to two topics of significant importance both for the

Company and the students:

- **May** - Project Work entitled "Sustainability as a business tool: an important competitive advantage", included in the Business Marketing Course (Economics and Management - Master's Degree).
- **November** - Talk to students on the "Sustainability, Non-Financial Reporting and Assurance" course (ASEC - Management of Sustainability and Circular Economy, Master's Degree).



## 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 organisation's decisions.






Periodic stakeholder mapping is the result of a multi-disciplinary approach that involves the contribution of all top management.






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 shows the main methods of communication, listening and engagement that Elica implements with its main stakeholders to meet their requirements and expectations in a satisfactory manner:



Main stakeholders	Main communication, listening & engagement channels	Summary of main expectations as regards Elica
<b>Shareholders, Board of Directors, Chief Executive Officer, General Management</b> (BU Managing Directors), <b>Control, Risks and Sustainability Committee</b> (CRSC) 	<ul style="list-style-type: none"><li>• <b>Chief Executive Officer and BU Managing Directors:</b> Business Review</li><li>• <b>Shareholders:</b> Road shows, Shareholders' Meeting, institutional reporting</li><li>• <b>BoD:</b> Board meetings</li><li>• <b>CRSC</b> committee meetings</li></ul>	<ul style="list-style-type: none"><li>• <b>Shareholders:</b> Business Continuity and Performance. Return on investment</li><li>• <b>Chief Executive Officer, BU Managing Directors, BoD, CRSC:</b> Business continuity and performance, business sustainability strategies over M/L term, company fair value recognition.</li></ul>
<b>Employees</b> 	<ul style="list-style-type: none"><li>• Group Policies and Company Procedures</li><li>• Corporate organisational communications</li><li>• Target allocation process and performance evaluation (PM - Performance Management Review)</li><li>• Development of training plans</li><li>• Corporate rewards process (MBO)</li><li>• Corporate Intranet and Information Systems</li><li>• Vittoria RMS Portal</li><li>• “Suggestions” and “EHS Cards” system</li><li>• Internal audits</li><li>• Company welfare</li><li>• Non-Financial Report</li></ul>	<ul style="list-style-type: none"><li>• Evolution of working roles over the long term</li><li>• Clarity in procedures to be implemented</li><li>• Adequate training</li><li>• Availability of adequate resources</li><li>• Workplace wellbeing</li><li>• Health &amp; Safety in the workplace</li><li>• Adequacy of workloads</li><li>• Clarity in roles and objectives</li><li>• Professional growth</li></ul>
<b>Trade associations</b> 	<ul style="list-style-type: none"><li>• Direct contact, Press releases</li></ul>	<ul style="list-style-type: none"><li>• Compliance with participation requirements</li><li>• Transparent and accurate information</li><li>• Competence and professionalism</li><li>• Trustworthiness regarding sensitive data</li><li>• Compliance with the principles and codes of the relevant sectors</li></ul>
<b>Local Institutions and regional governments</b> 	<ul style="list-style-type: none"><li>• Press Releases</li><li>• Formal publications (corporate governance report, NFR, etc.)</li><li>• Reporting in implementation of provisions</li><li>• Locally required institutional channels</li><li>• Institutional roundtables</li></ul>	<ul style="list-style-type: none"><li>• Availability and competence of company figures involved in activities in question</li><li>• Communication transparency</li><li>• Compliance with Applicable Laws</li><li>• Adequacy of the internal crime prevention system as per Legislative Decree No. 231/2001</li></ul>
<b>Investors and financial operators</b> 	<ul style="list-style-type: none"><li>• Consolidated Financial Statements</li><li>• Roadshows</li><li>• Shareholders' Meeting</li><li>• Press releases</li><li>• Financial reporting</li><li>• Ratings</li></ul>	<ul style="list-style-type: none"><li>• Transparency, timeliness and parity of information</li><li>• Positive share trends</li><li>• Ability to pursue sustainability strategies (ESG Strategy)</li><li>• Achievement of business objectives</li></ul>

Main stakeholders	Main communication, listening & engagement channels	Summary of main expectations as regards Elica
<b>Consumers - End customers</b> 	<ul style="list-style-type: none"><li>• Direct contact (events, dedicated company meetings)</li><li>• Trade fairs and sector events</li><li>• Showtrailers</li><li>• Institutional press releases</li><li>• Advertising campaigns</li><li>• Service</li></ul>	<ul style="list-style-type: none"><li>• Business continuity</li><li>• Performance excellence</li><li>• Innovative, reliable and safe products</li><li>• High levels of Quality and Service</li><li>• Service effectiveness and efficiency</li><li>• Transparent information</li><li>• Trustworthiness in the treatment of sensitive data</li></ul>
<b>The community and the local area</b> 	<ul style="list-style-type: none"><li>• Press releases</li><li>• Pre-/during-/post-event communication system</li><li>• Participation in meetings and events</li><li>• Support for cultural activities</li><li>• Engagement initiatives</li></ul>	<ul style="list-style-type: none"><li>• Provision of appropriate procedures to contain environmental impacts and to protect the local area</li><li>• Encouraging the development of social/economic/environmental conditions</li><li>• Environmental emergency preparedness and support</li></ul>
<b>Suppliers and partners</b> 	<ul style="list-style-type: none"><li>• Direct contact</li><li>• Sector events</li><li>• Technical discussions</li></ul>	<ul style="list-style-type: none"><li>• Business continuity and profitability</li><li>• New opportunities</li><li>• Compliance with contractual terms</li><li>• Information transparency</li></ul>
<b>Media</b> 	<ul style="list-style-type: none"><li>• Direct contact and interviews</li><li>• Press releases</li><li>• Publications</li><li>• Pre-/during-/post-event communications</li></ul>	<ul style="list-style-type: none"><li>• Transparency and accuracy of information.</li><li>• Develop an ongoing, trusting relationship</li><li>• Company reputation</li><li>• Presentation of innovative products</li></ul>
<b>Trade Unions</b> 	<ul style="list-style-type: none"><li>• Periodic meetings</li><li>• Roundtables</li></ul>	<ul style="list-style-type: none"><li>• Protection of workers and compliance with contractual conditions</li><li>• Attention to feedback</li><li>• Participation in improving safety conditions in the workplace</li></ul>
<b>Scientific partners: Universities and research centres</b> 	<ul style="list-style-type: none"><li>• Joint development of protocols/projects</li><li>• Direct communication</li><li>• Sharing of knowledge and skills through theme-based events.</li></ul>	<ul style="list-style-type: none"><li>• Collaboration stability</li><li>• Identification of trends in product technological innovation and business process management</li><li>• Enhance innovative curricula</li><li>• Provide career opportunities for young people</li></ul>

## 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 2023 financial statements are approved, is made up as follows:

- Francesco Casoli Chairman
- Giulio Cocci Chief Executive Officer
- Elio Cosimo Catania: Independent Director
- Monica Nicolini Independent Director
- Liliana Fratini Passi Independent Director
- Susanna Zucchelli Independent Director
- Angelo Catapano Independent Director

For further information on the experiences and competences of the Directors and members of the committees, please refer to the Corporate Governance and Ownership Structure Report and to the paragraph regarding GRI 102-22 and GRI 102-28 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 also in 2021. More specifically, interactions with the financial community involved the organisation 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 March and October 2021), virtual events which were organised by Borsa Italiana, the Virtual Roadshows organised by Intermonte SIM and Intesa Sanpaolo IMI in May, June and December 2021, and Intermonte's Eccellenze Made in Italy in September. Therefore, opportunities for communication and interaction with the markets were no fewer than in 2020, 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 2020, by three primary brokers. The Elica Group closed 2021 with a market capitalisation of approximately Euro 225.5 million (average market capitalisation in December), up from 2020's Euro 193.7 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 pro-

tecting 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 CFA 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. Borsa Italiana and Consob);

**Business communications:** aimed at 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 2021, 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

The Materiality Analysis has guided the Elica Group 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, 2021, 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:

- the external relevance of the topics; and
- the internal relevance of the topics.

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

(All information of a general nature<sup>8</sup> regarding the Group – assumed to be highly material to stakeholders in the interest of a complete, clear picture of the overall organisational structure of the Elica Group, from which the topics subject to reporting arise organically – have been excluded from the periodic materiality analysis process.)

### Assessment of external relevance

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, i.e. analysis of a panel of peers deemed representative, including key customers and competitors;
3. surveys of organisations responsible for sustainable reporting or stakeholder monitoring with a focus on the needs identified in the sector concerned.

### Assessment of internal relevance

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. Issues highlighting the expectations of stakeholders with a noteworthy degree of dependence on the Group and with a significant ability to influence its business strategies were also discussed and assessed.

The issues thus identified were further assessed and integrated by the team and by Company management with regard to any clearly defined requests from specific categories of stakeholders and in relation to the Group's priorities and strategic objectives.

On conclusion of the meetings, the Elica Group’s Materiality Matrix for 2021 took shape, comprising 18 GRI topics and 4 “custom” topics (a material 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:

High			GRI 201 GRI 301 GRI 302 GRI 305 GRI 306 GRI 307 GRI 401 GRI 403 GRI 404 GRI 405 GRI 406 GRI 416 GRI 417 Innovation ECO Design
Medium	GRI 204 GRI 206 GRI 303 GRI 412 GRI 413 GRI 415 GRI 419	GRI 308	GRI 205 GRI 207 GRI 414 GRI 418 Financial Data
Low	GRI 304 GRI 408 GRI 409 GRI 411 GRI 407 GRI 410 Product end life	GRI 202 GRI 203 GRI 402	After sales service
	Low	Medium	High

INTERNAL RILEVANCE

The 2021 Matrix was reviewed and approved by the Board of Directors on October 27, 2021, following review by the Control, Risks and Sustainability Committee at its meeting held on October 21, 2021.

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.

GRI MATERIAL TOPICS - NFR 2021

Material Topic	No. GRI Standard	Name of the GRI Standard
Direct economic value generated and distributed	201	Economic performance
Transactions assessed for risks related to corruption	205	Anti-corruption
Approach to tax	207	Tax
Materials used by weight or volume	301	Materials
Energy consumption	302	Energy
Atmospheric emissions	305	Emissions
Waste management and production	306	Waste
Compliance with environmental requirements	307	Environmental compliance
Suppliers assessed according to environmental criteria	308	Supplier environmental assessment
New employee hires and employee turnover	401	Employment
Work-related injuries	403	Occupational health and safety
Training and education	404	Training and education
Diversity of governance bodies and employees	405	Diversity and equal opportunity
Incidents of discrimination and corrective actions taken	406	Non-discrimination
Suppliers assessed according to social criteria	414	Supplier social assessment
Customer health and safety	416	Customer health and safety
Requirements for product and service information and labeling	417	Marketing and labelling
Violation of customer privacy	418	Customer privacy
Innovation	NON GRI	
Eco Design	NON GRI	
Financial Data	NON GRI	
After-sales service	NON GRI	

Note: “NON-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.



# REPORTING CHANGES

Several changes need to be made to the 2020 Non-Financial Report:

**GRI Disclosure 306-2: Waste by type and disposal method**

In the table “**non-hazardous waste produced by disposal method**” (page 93 of the 2020 Non-Financial Report), the values change as follows:

The 2020 figure for the “Reuse” disposal method drops **from 54 tonnes to 0 tonnes;**

The 2020 figure for the “Recycling” disposal method increases **from 13,952 tonnes to 14,239 tonnes;**

The 2020 figure for the “Landfill” method of disposal decreases **from 720 tonnes to 719 tonnes.**

The “Total” figure therefore increases from 14,727 tonnes to 14,958 tonnes (see summary table):

Non-hazardous waste produced by disposal method			
	unit	2020	2019
Reuse	t	0	58
Recycling		14,239	13,330
Landfill		719	647
<b>Total</b>		<b>14,958</b>	<b>14,035</b>

**“Custom” topic - Innovation**

In the table “**Level of creation of patents for technical or technological solutions invented by the organisation**” (page 70 of the “2020 Non-Financial Report”), the figures change as follows:

The 2020 figure for “Number of overall active documents” increases **from 288 to 351**

The 2020 figure for “Percent of existing patents generated during the reporting year” decreases **from 2.78% to 2.28%**





# THE ECONOMICALLY SUSTAINABLE RECIPE

**ECONOMIC** AND **FINANCIAL**  
SOLIDITY AS A **SHARED** VALUE.





## THE GROUP'S ECONOMIC "WEIGHT" (FINANCIAL HIGHLIGHT)

Elica reports consolidated revenue of Euro 541.3 million for 2021, up 19.6% (20.6% at like-for-like exchange rates and consolidation scope). The growth in sales was driven both by higher volumes and a positive price-mix effect.

Adjusted EBITDA was Euro 57.1 million, significantly up on 2020 (Euro 42.2 million), with a margin of 10.5%, compared to 9.3% in the previous year, thanks to revenue growth driven by volumes, a positive price mix and the control of SG&A costs which offset higher raw material costs, whose impact was more apparent in Q4.

The 2021 results confirm Elica's medium-term trajectory and its commitment to ever-greater value creation. Despite an increasingly critical supply chain and production cost situation, the Group implemented strong discontinuity actions, including by means of a strategic acquisition in the Motors Division.

On July 2, the acquisition was completed of E.M.C. and CPS, European Motors segment enterprises with a product portfolio that complements that of FIME, allowing us to tap into significant international expansion and new business development opportunities and a perfect fit with Elica's motor business growth trajectory. Following the acquisition of EMC and CPS, the Group began a reorganisation of the Motors BU operations to ensure singular and complete business management and reporting. For this reason, the Motori Fime business unit held by Elica S.p.A. was identified and transferred to EMC FIME S.r.l. with effect from January 2022.

In September, 19% of the share capital of the Indian subsidiary Elica PB India Private Ltd. was sold to Whirlpool of India Limited, together with the other Indian minority shareholders who sold a further 19% stake. Upon completion of the transaction, Whirlpool of India Limited will hold approx. 87% of Elica PB India Private Ltd., while Elica S.p.A. and the group of other Indian minority shareholders will retain a holding in the Indian company with a stake of approx. 6% each. The Elica Group therefore remains a shareholder of Elica India, confirming the strategic partnership between Elica and Whirlpool. This transaction underscores the strategic importance of the Indian market for the Elica brand and has a positive impact on the Group's EPS from 2022 thanks to a constant flow of Royalties for the coming years, in addition to guaranteeing in 2021 cash to further support the Cooking segment's growth projects.

December saw the positive conclusion of the dispute concerning the business plan for the reorganisation of the Italy Cooking area. Thanks to this agreed path, established through negotiation, 150 employees will be involved in the reorganisation and the pre-established business plan competitiveness objectives will be achieved. The agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel will be managed through early retirement and relocation to other major companies in the area.

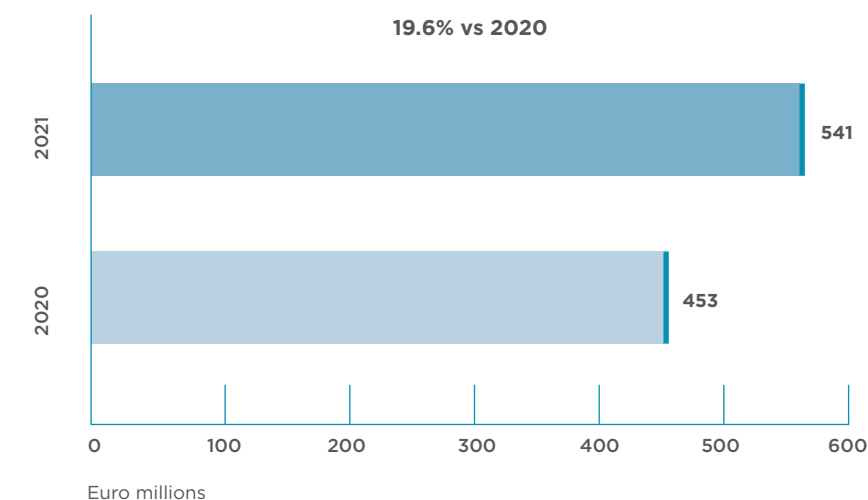
In this environment, the net financial position has significantly impro-

ved, which - also thanks to the Euro 22 million cash from the Indian transaction - will allow for the stepping up of the Cooking market growth projects linked to products and geographic expansion which are currently key to the Group's future market development.

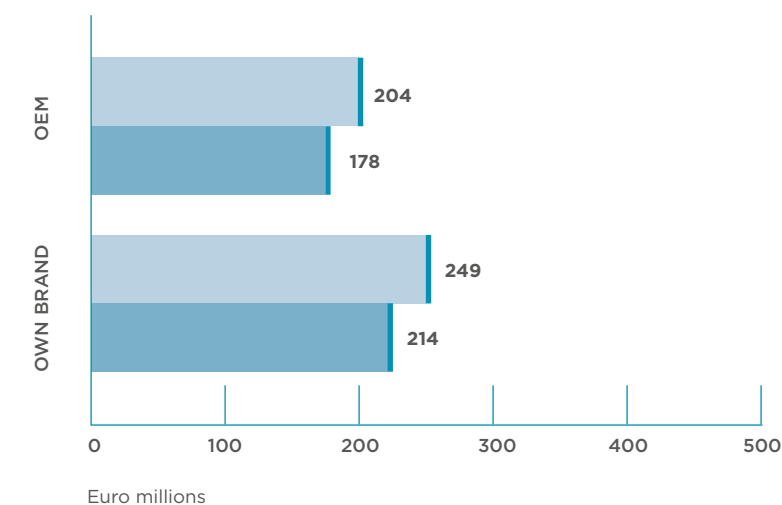
The Group confirms the pillars identified to support its strategy:

- Forecast organic growth in 2022 (~5-6%) amid a slight increase in demand. The commitment to create value despite the still critical raw materials situation (both in terms of availability and cost inflation) remains a Group priority.
- Continuous improvement in the net financial position, supporting investments in production capacity, innovation and possible M&A's.

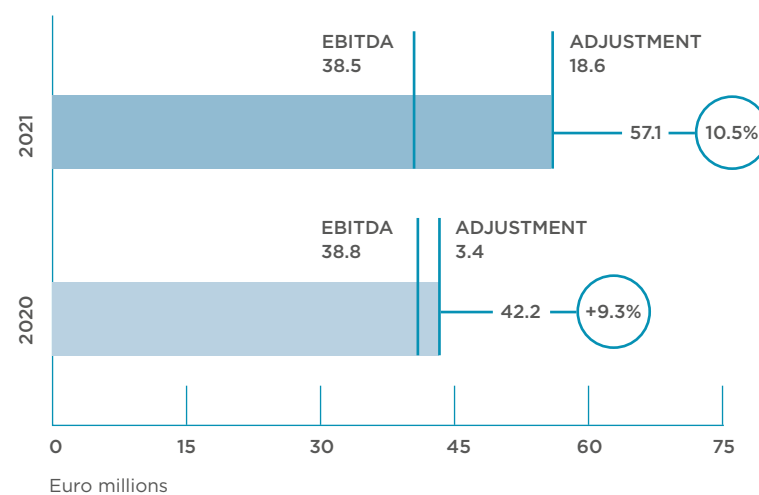
Consolidated net revenue



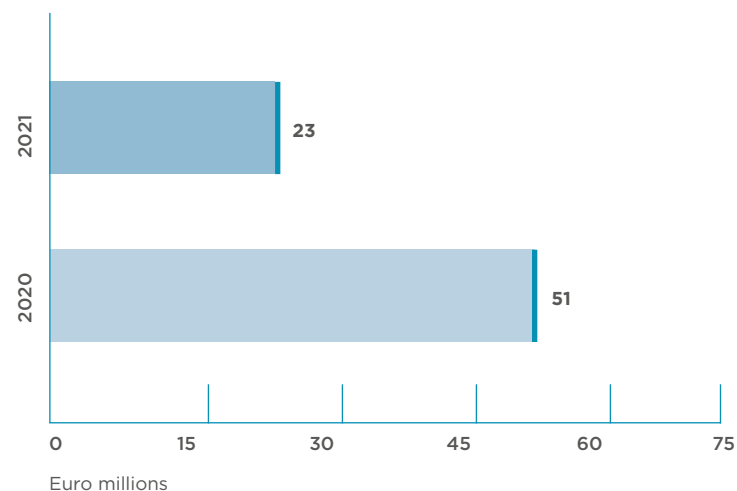
Breakdown net cooking revenue by business model



Margin: ADJUSTED EBITDA



Net financial position



## COMMUNICATIONS PURSUANT TO REGULATION (EU) 2020/852 (TAXONOMY)

### Introduction to EU Taxonomy

9. climate change mitigation; b) climate change adaptation; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; and f) protection and restoration of biodiversity and ecosystems.

10. Taxonomy-Eligible economic activity means an economic activity described in the Delegated Regulation ("Climate Delegated Act" and "Environmental Delegated Act").

### Elica's contribution to environmental objectives

11. The NACE code is a general classification system used to systematise and standardise the definitions of the economic/industrial activities of the member States of the European Union. The classification was first introduced in 1970 and then revised over the years, culminating in the latest revision Regulation (EC) 1893/2006. Each national statistical office has formulated a conversion table to which reference should be made in order to translate NACE codes automatically at national level. In Italy, the Istituto Nazionale di Statistica (ISTAT - Italian National Institute of Statistics) translates NACE codes into ATECO (Classification of Economic Activity) categories.

The **EU Taxonomy Regulation (EU Regulation 2020/852)** dated June 18, 2020) provides a unified system for classifying **economic activities** that can be considered **environmentally sustainable**.

Specifically, for the purposes of this Regulation, in order to qualify as environmentally sustainable (or "eco-sustainable"), an economic activity must jointly satisfy a series of conditions:

- contribute substantially to one or more of the six environmental objectives<sup>9</sup> set forth in Article 9 of the Regulations;
- comply with the technical screening criteria set down by the Commission for each individual environmental objective;
- do not significantly harm other environmental objectives (the "Do No Significant Harm" principle);
- be carried out in compliance with minimum safeguards (in line with OECD guidelines and UN/ILO Guiding Principles on Business and Human Rights).

Pursuant to the regulatory requirements set out in the Delegated Regulation relating to Article 8 of EU Regulation 2020/852, the Elica Group is required to include in its Non-Financial Report (NFR) information **on how and to what extent its business is associated with eco-sustainable economic activities within the meaning of the EU Taxonomy**.

For this first year of implementation, disclosures should include the share of taxonomy-eligible<sup>10</sup> and taxonomy-ineligible business activities within its revenues, capital expenditure and total operating expenditure incurred.

The following section sets out how the Group assessed compliance with Regulation (EU) 2020/852 and the table with the required quantitative KPIs.

Because this is the first year of implementation of a new international standard, all criteria and assumptions made and included in this section are based on currently available information and requirements, which may be subject to future reassessment.

Compared to the roadmap laid out by the European Commission, at the date of publication of this document only the Delegated Regulation related to the first two environmental objectives (climate change mitigation and climate change adaptation) have been published. These provide a description of the economic activities eligible for EU Taxonomy and the related technical screening criteria. It should therefore be noted that the scope of analysis of the data included in this report refers only to these two objectives.

To determine the eligibility of economic activities, both the Nomenclature statistique des Activités économiques dans la Communauté Européenne (NACE - Statistical Classification of Economic Activities in the European Community)<sup>11</sup> and the descriptions of activities given within Annex I and Annex II of the Delegated Regulation were analysed.

The Elica Group is the leading global manufacturer of range hoods and hobs and of motors for domestic ventilation.

Only the activities related to the production of range hoods and hobs



(Cooking BU) were considered as Taxonomy-Eligible, while the activities of the Motors BU were considered ineligible, since no perfect correspondence with Annexes I and II of the Delegated Regulation could be identified.

The eligible activities carried out by the Group can be traced back to economic activity “3.5 Manufacture of energy efficiency equipment for buildings” which contributes - as an enabling activity - to the objective related to climate change mitigation (considered the predominant objective).

Pursuant to the regulatory requirements found in the Delegated Regulation relating to Article 8 of Regulation 2020/852, the following table illustrates the share of economic activities eligible and ineligible for the Taxonomy within the framework of revenues, capital expenditure and total operating expenditure.

The values provided reflect a conservative approach to interpreting the new Regulation. For further details regarding the analysis of economic activity and the composition of quantitative performance indicators, please refer to the section “Further information and methodological notes”.

	Eligible under the European Taxonomy	Ineligible under the European Taxonomy
Turnover	84%	16%
Capital expenditure	35%	65%
Operating expenditure	74%	26%

For this first year of application, the Elica Group has decided to carry out an initial analysis of the requirements necessary to align its economic activities to the EU Taxonomy (“Taxonomy-Aligned” activities). The main substantive contribution criterion relating to the activities identified as eligible has been taken into account, namely:

Home appliances, space heating, domestic hot water, cooling and ventilation systems classified in the two highest populated energy efficiency classes in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council and Delegated Regulations adopted pursuant to that Regulation;

In order to meet this criterion, the Group’s product portfolio was analysed, identifying products belonging to energy classes A++ and A+. According to this preliminary analysis, the share of revenues related to the products listed above is approximately 5% of the Group’s total net revenues as of December 31, 2021.

Aware of the regulatory evolution of the EU Taxonomy and the possible development of application practices for it, the Group may evaluate the possibility of further refining the methodology adopted for this first year of reporting.

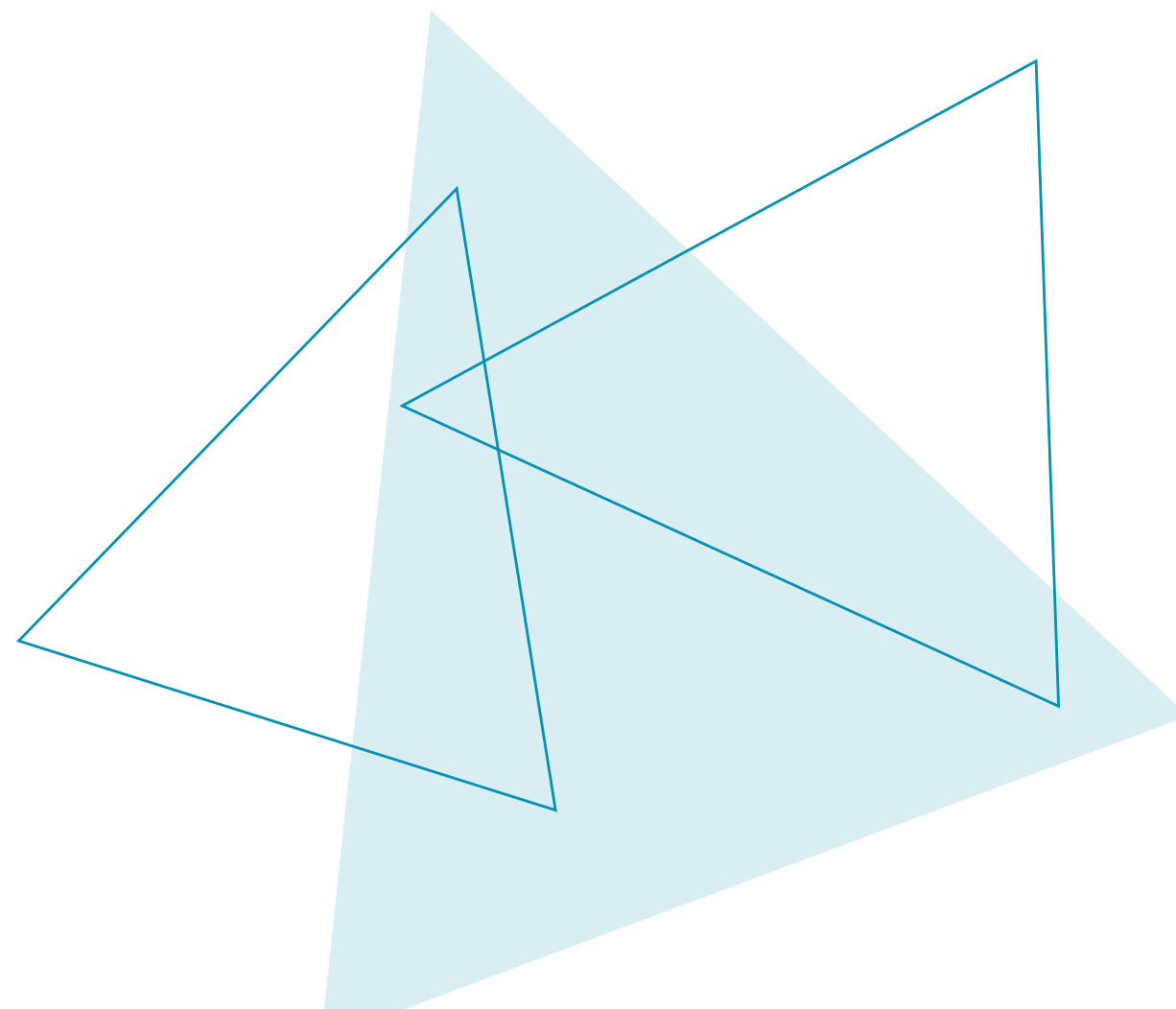
#### Further information and methodological notes

The numerator of KPIs relating to turnover refers to the turnover of the Cooking BU net of any inter-company transactions. The denominator, on the other hand, considers the value of the Group’s net revenues as of December 31, 2021, as indicated in the consolidated Income Statement.

Capital expenditure relates to increases in tangible assets, including land and buildings, plant and machinery, industrial and commercial equipment, tangible assets in progress and other assets; it relates also to increases in intangible assets, including development costs, patents, concessions, licences, trademarks and software, other intangible assets and other assets in progress; and increases in rights-of-use of land and buildings, plant and machinery and other leased assets. The values of business combinations (IFRS 3) have also been included as per the legislative definition. Only values relating to the Cooking BU were considered in the numerator.

The denominator of the performance indicator for operating expenses includes the main cost items related to maintenance costs, maintenance personnel costs, patent costs, industrial technical consultancy and non-capitalised R&D personnel costs. Only values relating to the Cooking BU were considered in the numerator.

All amounts for capital expenditures and operating expenses were considered net of any inter-company transactions.



## GROUP ECONOMIC PERFORMANCE

Information on the creation and distribution of economic value provides a basic indication of how Elica creates wealth for its stakeholders.

The economic value generated and distributed expresses in monetary terms the relationship between Elica and the socio-economic system, measuring the economic impact and the ability to create and distribute wealth among the main categories of Stakeholders such as personnel, shareholders, lenders, the community and the public administration. The Group generated an economic value in 2021 of over Euro 565 million, while distributing over Euro 512 million.

The share of the economic value of reclassified operating expenses amounts to Euro 402 million and mainly includes costs incurred for the purchase of raw, ancillary and consumable materials and goods, service costs, rent, lease and similar costs, the remuneration of Directors and Statutory Auditors and other operating expenses. The share of economic value distributed to personnel and collaborators amounts to Euro 100 million and represents 18% of the overall economic value generated. Economic value of Euro 7 million was distributed to the Public Administration during the year. Providers of capital were allocated Euro 3 million due to financial expenses. Euro 142 thousand was allocated to the community in the form of donations, sponsorships, contributions and membership fees. This amount represents an additional direct and indirect impact on local development for the benefit of its communities. Finally, an economic value of Euro 53 million was retained by the Group, mainly in terms of the profit for the year allocated to reserves, amortisation and depreciation and to provisions and write-downs.

### Performance Indicators

Statement determining the economic value generated, distributed and retained

Euro thousands	2021	2020
<b>Economic value directly generated by the Group</b>	<b>564,980.00</b>	<b>460,480.23</b>
<b>Economic value distributed by the Group</b>	<b>512,054.22</b>	<b>427,449.16</b>
of which Operating Costs	401,746.99	335,236.00
of which employee wages and benefits	99,878.91	85,385.34
of which Public Administration remuneration	7,330.45	2,899.54
of which paid to lenders	2,955.88	3,772.29
of which distributed to shareholders	-	-
of which community remuneration	142.00	156.00
<b>Economic value processed by the Group</b>	<b>52,925.78</b>	<b>33,031.07</b>

Scope: Group

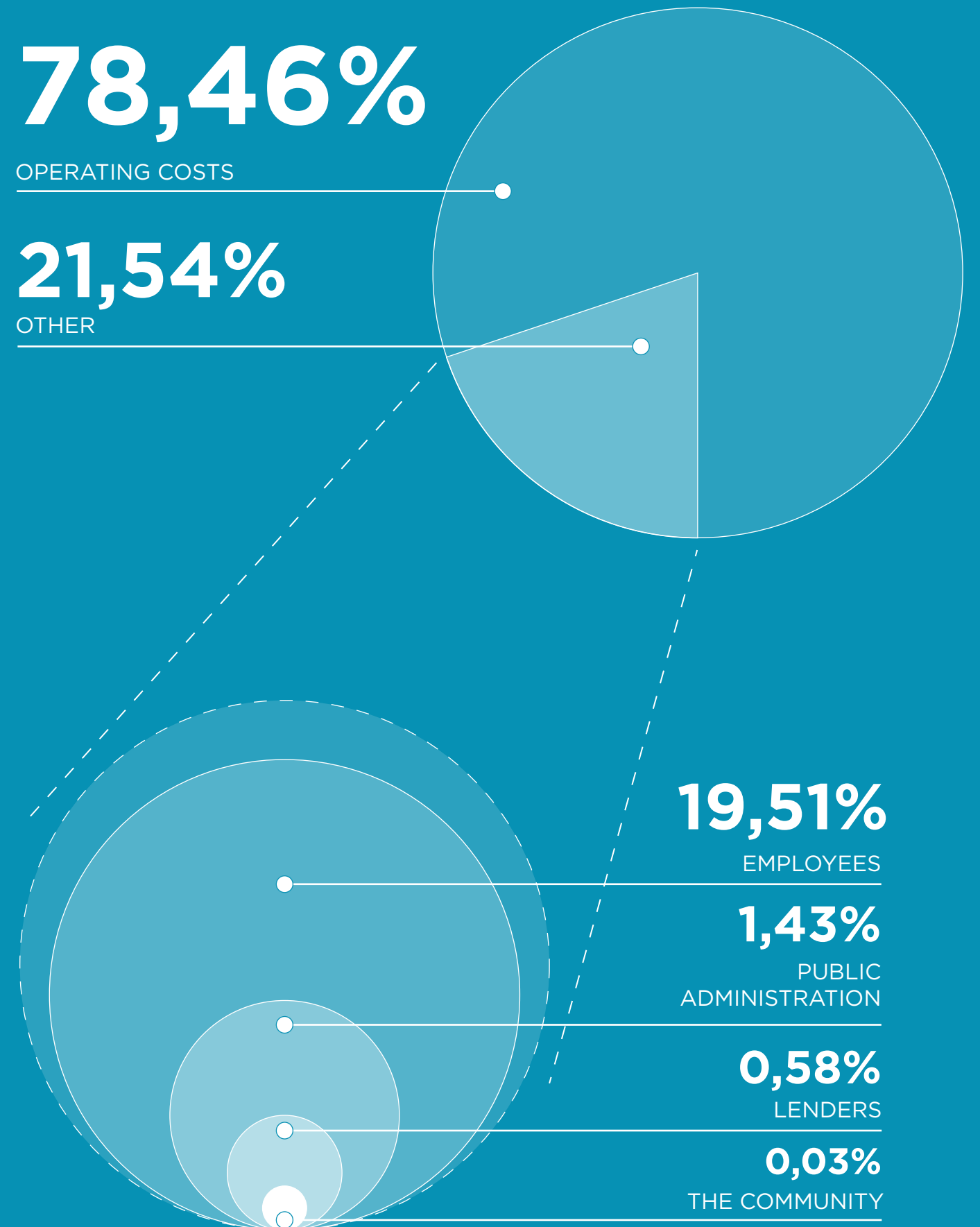
## ECONOMIC VALUE DISTRIBUTED BY THE GROUP IN 2021

# 78,46%

OPERATING COSTS

# 21,54%

OTHER



## GROUP TAX OBLIGATIONS

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. The Group is keenly focused on full compliance with current tax regulations in order to appropriately respond to stakeholder expectations, while also contributing, again in compliance with law, to the sustainable development processes of the countries and communities in which it operates through the payment of taxes. The Group approach to tax also centres on taking opportunities provided by law to support, in particular, the commitment to innovation and the pursuit of continued excellence, for example through processes linked to the research and development tax break and the benefits under the "Industry 4.0" programme. The Group in this context operates in full collaboration, dialogue and transparency with the Tax Agency in Italy and the other relative tax agencies in the countries in which it operates.

This approach is operationally evident in the full co-operation undertaken with the relevant financial authorities. In order to ensure the continuous monitoring of the tax measures and to ensure regulatory compliance, the Group has local Tax Departments to identify, manage and mitigate tax risks/opportunities, in the wider context of the Group's finance department, which ultimately reports to the Board of Directors. The channels made available by the Group to encourage the reporting of any illegal or suspicious conduct in tax matters, as well as the communication of any concerns in this regard, are important for mitigating risk factors in the tax area. These include the reporting channels available for the communication of relevant unlawful conduct pursuant to Legislative Decree No. 231/2001 ("whistleblowing"). Lastly, the Elica Group's Consolidated Financial Statements are regularly audited by the independent audit firm and transparently report the Group's tax management.

During the year, transactions between the Group companies, the Parent and the 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. New ruling agreements are being drawn up with the Italian tax authorities to govern further inter-company transactions.

### Table Country-by-Country Information

Company	Country	Revenue from third parties	Intragroup revenue	Profit before taxes	Income taxes paid	Income taxes as per Income Statement	No. employees (excluding temporary workers)
Elica SpA	Italy	319,345	83,264	12,920	-447.58	-2,798.73	1,073
Airforce	Italy	30,514	277	1,101	-60.53	-320.57	105
EMC Srl - CPS Srl	Italy	14,167	3	63	-821.16	30.13	50
Elica Group Polska Sp.z o.o	Poland	2,836	117,436	1,633	-78.09	268.63	689
Elica France S.A.S.	France	23,330	75	162	-94.27	-91.27	14
Elica Gmbh	Germany	9,581	24	128	0.00	0.00	14
Elica Trading LLC	Russia	12,347	54	320	-99.98	-81.90	27
<b>EUROPE</b>		<b>412,120</b>	<b>201,132</b>	<b>16,327.05</b>	<b>-1,602</b>	<b>-2,993.70</b>	<b>1,972</b>
Zhejiang Elica Putian Electric Co. Ltd	China	2,845	7,352	223	-	-	120
Ariafina Co. Ltd	Japan	24,749	20	5,097	-1,578	-1,726	-
Elica PB India Private Ltd.	India	30,141	44	6,136	-2,630	-1,563	-
<b>ASIA</b>		<b>57,735</b>	<b>7,416</b>	<b>11,455</b>	<b>-4,208</b>	<b>-3,289</b>	<b>120</b>
Elicamex S.a.d. C.V	Mexico	71,438	22	1,254	-1,561	-701	713
Leonardo Services S.a. de C.V.	Mexico	-	5,184	277	-140	-154	-
Elica Inc.	USA	-	1,228	45	-9	-21	5
<b>THE AMERICAS</b>		<b>71,438</b>	<b>6,434</b>	<b>1,576</b>	<b>-1,710</b>	<b>-876</b>	<b>718</b>
<b>Total</b>		<b>541,293.25</b>		<b>29,357.95</b>	<b>-7,519.11</b>	<b>-7,158.63</b>	<b>2,810</b>

Figures in Euro thousands at 31/12/2021

The number of employees refers to the figure at December 31, 2021, the date on which Elica PB India Private Ltd. ceased to be part of the Group.

### Table Country-by-Country Information - 2020

Company	Country	Revenue from third parties	Intragroup revenue	Profit before taxes	Income taxes paid	Income taxes as per Income Statement	No. employees (excluding temporary workers)
Elica SpA	Italy	266,296	73,502	-5,882	0	2,707	1,102
Airforce	Italy	25,544	390	764	0	-212	108
EMC Srl - CPS Srl	Italy	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Elica Group Polska Sp.z o.o	Poland	2,816	96,797	1,778	72	-54	622
Elica France S.A.S.	France	18,136	29	185	40	-73	15
Elica Gmbh	Germany	8,087	48	-314	0	0	28
Elica Trading LLC	Russia	10,955	62	528	51	-127	15
<b>EUROPE</b>		<b>331,834</b>	<b>170,829</b>	<b>-2,941</b>	<b>164</b>	<b>2,241</b>	<b>1,890</b>
Zhejiang Elica Putian Electric Co. Ltd	China	3,814	6,512	-5,064	0	0	128
Ariafina Co. Ltd	Japan	25,309	20	5,071	1,832	-1,717	-
Elica PB India Private Ltd.	India	31,827	109	7,092	2,159	-1,577	451
<b>ASIA</b>		<b>60,950</b>	<b>6,641</b>	<b>7,098</b>	<b>3,990</b>	<b>-3,294</b>	<b>579</b>
Elicamex S.a.d. C.V	Mexico	59,504	56	4,282	607	-1,226	-
Leonardo Services S.a. de C.V.	Mexico	0	9,962	483	221	-311	769
Elica Inc.	USA	0	887	34	18	-22	4
<b>THE AMERICAS</b>		<b>59,504</b>	<b>10,905</b>	<b>4,799</b>	<b>846</b>	<b>-1,559</b>	<b>773</b>
<b>Total</b>		<b>452,288.00</b>		<b>8,956.00</b>	<b>4,999.80</b>	<b>-2,612.00</b>	<b>3,242</b>

Figures in Euro thousands



SUPPORTING CONTINUOUS INNOVATION

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 model for introducing a technological solution has been called New Technology Introduction (NTI).

The NTI focuses its key priorities on general product features, such as: Low Noise, Air Treatment and Space Management. In addition, a cross-cutting theme called “Sensors and Connectivity” has been included. For each of them, the aim is to improve or generate new features while at all times 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 MOS<sup>12</sup>; various types of monitoring tools are applied and all information is recorded.

12. Management Operation System

The NTI is divided into six phases of progress and oversight:

- **Specification Definition:** the minimum specifications (performance, timing, cost) needed before beginning the next phase are defined and discussed together with marketing;
- **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);
- **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.).

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.

Progress through the various phases is monitored using the following tools:

- **Document management system:** through the use of CAD and Windchill PDM Link technical documents, used to store the three-dimensional models deriving from projects in their partial or definitive forms.
- **EPL Laboratory test system** (Elica Propulsion Laboratory), where all tests generated during the prototyping and testing phases are stored. The tables below show a decrease in the total number of activities/

13. Computer-Aided Design

14. Data, document and product development process management software

projects undertaken by EPL Research & Innovation and in the number of projects effectively carried out in the business. On the one hand, the effect of the pandemic and the cancellation of FTK2020 have curbed many R&D activities, while on the other, the decrease in resources has necessarily led to a reduction in the number of activities.

Performance Indicators

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

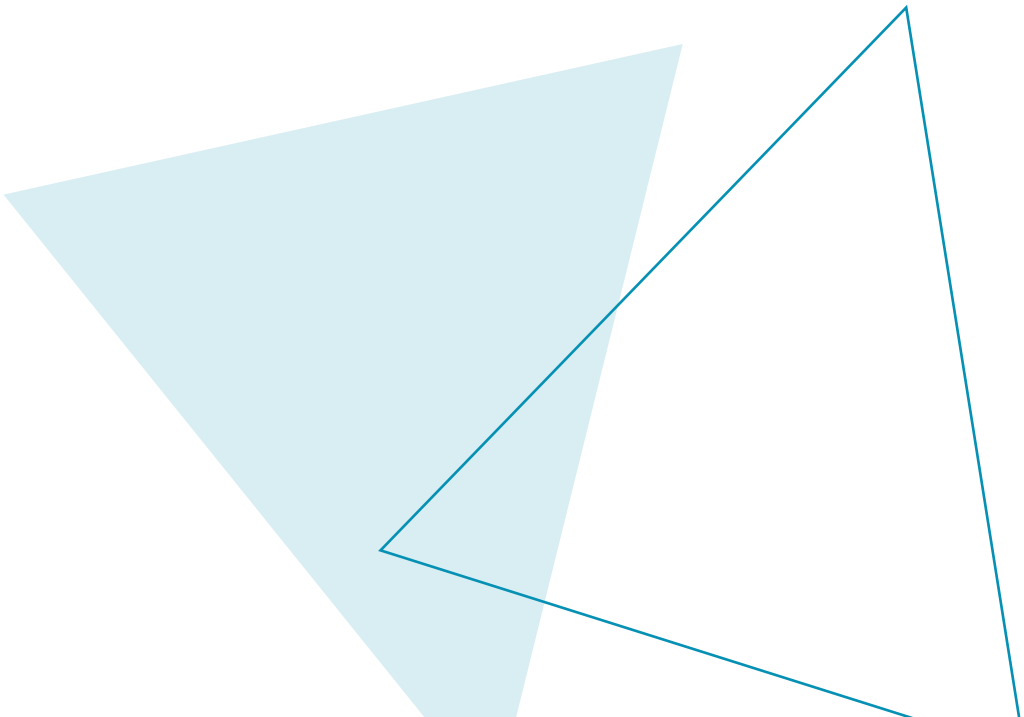
	unit	2021	2020
Innovation projects implemented in the business		6	8
Innovation projects developed	No.	49	59
Number of persons employed in the project		7	9
Innovation implementation effectiveness rate		12%	14%

Scope: Elica S.p.A. (Cooking BU) for the entire Group since the activity is performed for the benefit of all subsidiaries

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

	unit	2021	2020
New patent applications filed		6	8
Number of overall active documents (granted and subject to evaluation)	No.	349	351
Percent of existing patents generated during the year		1.72%	2.28%

Scope: Elica S.p.A. (Cooking BU and Motors BU) for the entire Group since 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 Ethics Code. In this regard, the renewed commitment to a structured and geographically distributed organisation was behind the updates to the entire Customer Support process and all related aspects.

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 organisation 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. Since 2021, this activity has also extended to Germany.

The Technical Support Service is offered by Service Providers throughout Europe and support centres directly managed by Elica After-Sales (180 in Italy and approx. 80 in Spain).

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 organised for the launch of new products.

In 2021 training was provided online only, by making documents and presentations available on the SAAM++ page<sup>15</sup> and in-person training was provided to approximately 30 technicians in Germany alone. Additionally, the After-Sales department provides approximately 8 to 10 training sessions 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++ 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 constantly 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 (working days) between the first call and the first appointment arranged with the customer.

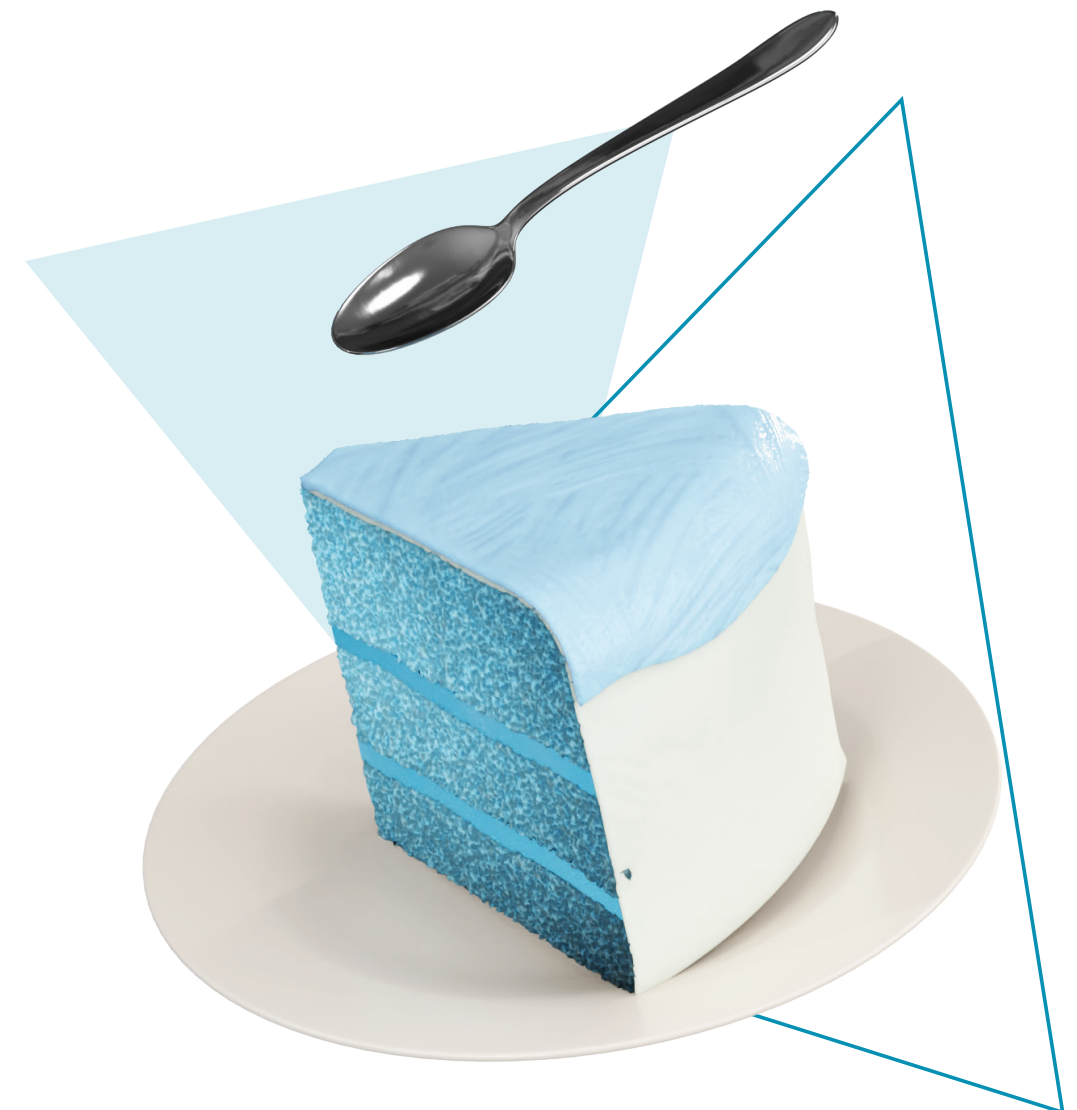
**Right First Time:** percentage of technical issues resolved on the first visit to the customer.

15. Specialist after-sales management software

KPIs were down as a result of a slowdown in Service Provider activities at customer sites due to the effects of the Covid pandemic, which meant that work due by 2020 was completed only in early 2021. On the other hand, the indicator related to technical resolution at the customer's premises showed an improvement of around 3%.

Performance Indicators	unit	2021	2020
<b>Service Level:</b> days between the customer's first call and issue resolution	work days	14.3	13.2
<b>Speed of Service:</b> days between the customer's first call and first customer appointment	work days	11.3	10.2
<b>Right First Time:</b> % of issues resolved on the first appointment	%	<b>77%</b>	<b>75%</b>

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



## COMBATTING CORRUPTION

In order to prevent and contain events that may represent a risk for the commission of corruption offences, Elica has approved an Ethics Code 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 Ethics Code with adjustments, in some cases, to the local situation. The Organisation 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 Organisation and Management Model;
- the circulation at all company levels of the established conduct rules and procedures.

Compliance with the Ethics Code, 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>.

La controllata in Messico, paese ad elevato rischio di corruzione, è allineata con i principi di Gruppo e opera in conformità al codice Etico. Ha, poi, ottenuto la certificazione CTPAT<sup>16</sup> e si è attivata per ottenere la certificazione OEA (Operador Económico Autorizado) il cui obiettivo è rafforzare la sicurezza della catena di fornitura, identificare le lacune di sicurezza e implementare delle misure di sicurezza specifiche e di *best practice*.

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 Ethics Code. It then obtained CTPAT certification and is working toward OEA (Operador Económico Autorizado) certification, 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 combatting 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

<sup>16</sup> Customs Trade Partnership Against Terrorism

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.

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&A)<sup>17</sup>;
- recruitment and hiring of Personnel;
- non-profit initiatives and sponsorships;
- accounting records.

### 17. Merger and Acquisition

For privacy 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 authorises it, where applicable), particularly in issuing orders and executing payments;
- formalisation 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 purviews, 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 Ethics Code, 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 S.p.A. 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 S.p.A. 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.

In 2021, no episodes of corruption were detected.

Performance Indicators			
Processes and Group companies subject to corruption risk assessment			
Processes	unit	2021	2020
Total number of processes assessed*	No.	5	5
Total number of processes**		11	11
Percentage of processes assessed	%	45%	45%
Group Companies	unit	2021	2020
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 Gmb, EMC FIME S.r.l. (not included in 2020 data)

\* 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.

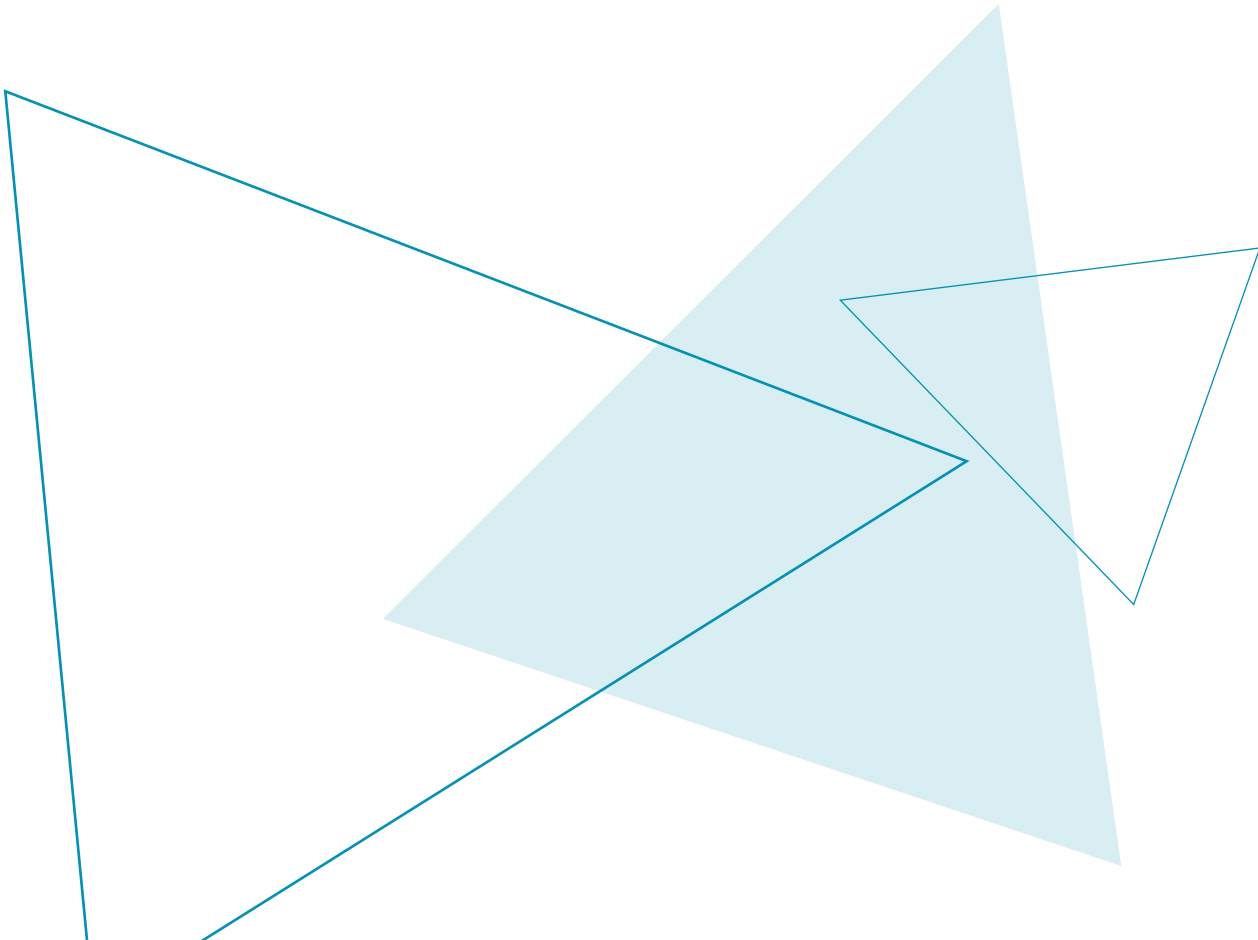
Communication and training regarding anti-corruption policies and procedures	unit	2021	2020
Employees to whom anti-corruption policies and procedures have been circulated	No.	2,207	2,846
% Employees to whom anti-corruption policies and procedures have been circulated	%	67.3%	87.9%
Employees who have received anti-corruption training hours	No.	1,045	1,146
% Employees who have received anti-corruption training hours	%	31.9%	35.4%
Anti-corruption training hours	No.	1,167	1,305

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.

Incidences of declared corruption	unit	2021	2020
Total number of incidences of declared	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, EMC FIME S.r.l. (not included in 2020 data)





# THE ENVIRONMENTALLY SUSTAINABLE RECIPE

**DESIGN** AND **TECHNOLOGY**  
FORM THE **FILTER** THAT  
WORKS FOR THE **PLANET.**





**18.** *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 S.p.A. was one of the first Italian companies to be ISO 14001<sup>18</sup> certified. At present, all of Elica Group's production sites 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 organised and are conducted with utmost respect for the environment, with a view to implementing strategies that minimise 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 Ethics Code drafted in accordance with Legislative Decree No. 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 systems also employ internal auditors qualified in accordance with ISO 14001:2015 standard, who conduct planned internal audits. In addition to compliance with legislative requirements, these audits verify the appropriate level of operating conditions, the implementation of control requirements, the monitoring of indicators and objectives and the effectiveness of procedures to reduce the risk of incurring harmful events for the environment or for the containment of possible emergencies.

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

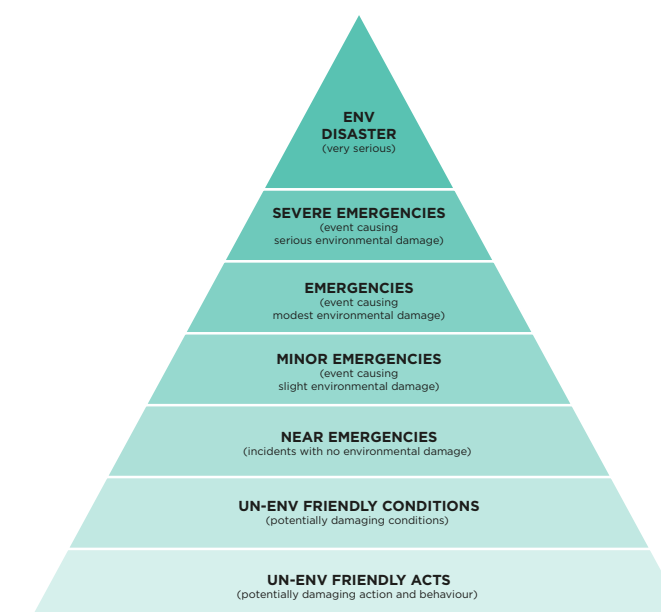
**The Heinrich Pyramid - Environment**

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.

As part of the programme for continuous improvement, the sites in Italy, Poland, Mexico and China systematically use the Heinrich Pyramid tool (the same method that is also used in the field of health and safety promotion) which classifies all events related to:

- environmental disasters;
- emergencies;
- near misses;
- environmentally hazardous conditions;
- environmentally hazardous attitudes.

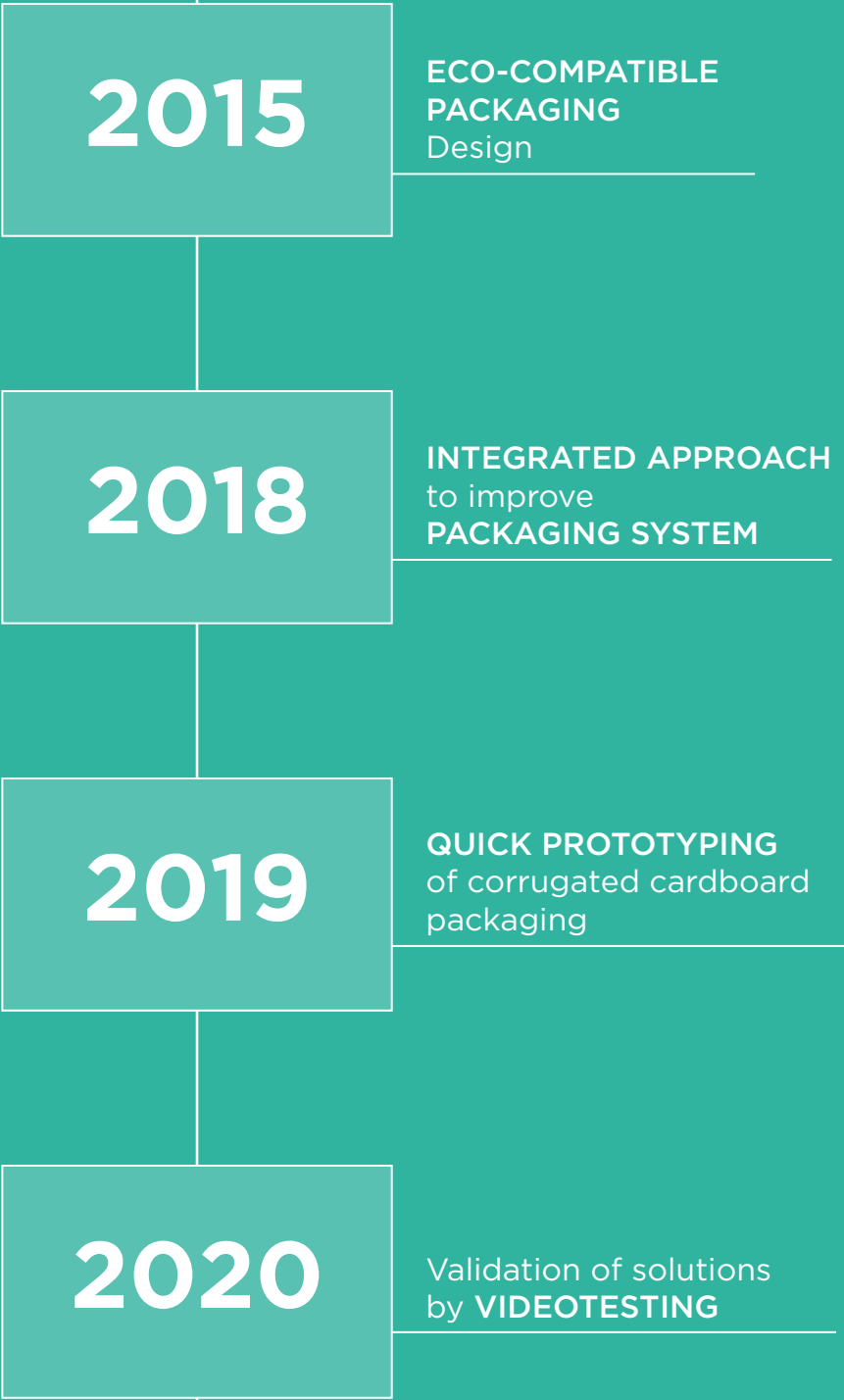


The events recorded in the Pyramid are collected through the completion of special forms by all the staff involved and by dedicated internal audits. The combination of the above activities during 2021 produced 2,154 environmentally related reports. The reports were analysed at the respective sites by the EHS teams who, with a view to continuous improvement, developed appropriate actions to remove the causes of the events reported.

Again in 2021, 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.



MILESTONES  
Evolution of Elica’s Eco-compatible  
Packaging 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 re-designing existing packaging to better meet the needs indicated by the customer.

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

Criteria		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 <sub>2</sub> 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.

19. I 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  
20. Design For Manufacturing  
21. Finite Element Analysis

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<sup>19</sup> generated in recent years to support the re-engineering of existing packaging have made it possible to assess the environmental validity of new projects, 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 (with the use of the DFM<sup>20</sup> and FEA<sup>21</sup> approaches to assess robustness virtually) on-the-spot stress testing was undertaken using a video camera inside the packaging during the testing phase.

Performance Indicators		
	unit	2021
Eco-design packaging projects analysed	No.	4
Project type		
	unit	2021
NikolaTesla hob packaging	t	42
NikolaTesla FIT hob packaging		8
Traditional IKEA packaging		7
Modern IKEA packaging		8
Tonnes of CO <sub>2</sub> saved*		65

Scope: Elica S.p.A. - estimated data based on sales projections of models for which the new re-engineering solutions are applicable  
\*savings estimated on the basis of the report “Comparing the carbon footprint of carton packaging against alternative solutions” published in June 2021 by Pro Carton<sup>22</sup>

22. Association of European Cartonboard and Carton manufacturers  
23. Fonte: Assocarta  
24. Fonte: WWF

During 2021, Elica’s Research and Development department also identified a project to significantly cut the amount of paper used in instruction booklets and information sheets supplied with finished products. Specifically, digital methods were assessed that would allow for the elimination of a significant portion of the paper used to produce the documents (while preserving the minimum information required by law). Therefore, by opting for employment of a QR Code it was possible to avoid the use of more than 12 million sheets of A4 paper and thus obtain a saving of CO<sub>2</sub> emissions of approx. 44 equivalent tonnes<sup>23</sup> and avoid the felling of more than 160 trees<sup>24</sup>.  
Finally, and returning again to the subject of impacts related to packaging, and with a view to encouraging a circular economy, beginning January 1, 2022, Elica updated the documentation accompanying its products in accordance with Legislative Decree No. 116/2020. This introduced the obligation to provide information to end users for the correct disposal of packaging materials used for the product purchased.

## 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.  
In 2021, due to the recovery of production rates (which had been negatively impacted by the COVID emergency in 2020), standard energy consumption increased by 13.5%. However, the data on the energy intensity of Elica’s production sites, which account for 94% of total consumption (Italy, Poland and Mexico), show substantial stability compared to 2020 (+4.6%) while remaining significantly lower than the 2019 baseline (-9.5%).  
During 2021, various energy efficiency projects were implemented at a number of sites (Fabriano, Mergo, Castelfidardo and Jelcz L.) (primarily re-lamping with LED projectors), while sensors for automatic air conditioning and lighting management were introduced at the Queretaro site in Mexico. The projects implemented resulted in combined savings of 146 tCO<sub>2</sub>e.  
Three photovoltaic plants are operating at the Italian production sites, and in 2021 they produced a total of 1,147,215 kWh of renewable electricity, (approximately 4,130 GJ). As a result of the acquisition of EMC FIME S.r.l. in July, an additional photovoltaic plant was added, producing a total of 1,598,260 kWh (approximately 5,750 GJ) in the period under review (July-December 2021). As a result, the percentage of renewable energy used in Italian production sites rose from 7.1% in 2020 to 14.7% in 2021, leading to emission savings of 1,153 tCO<sub>2</sub>e.  
Also on the subject of reduced indirect emissions, Elica reached an agreement with its electricity supplier for the sites in Italy for the supply, beginning January 1, 2022, of 100% green energy solely from renewable sources. This agreement will thus enable an annual reduction in emissions of an estimated 4 thousand tCO<sub>2</sub>e.

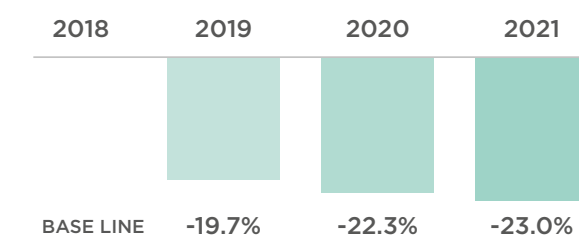




Elica is constantly seeking to reduce the environmental impact linked to energy consumption generated by the use of its products, both during the new design phase and when re-engineering existing products. Through the activity of its EPL laboratory, the organisation can preventively measure the impact of each finished product placed on the market and research and apply solutions to reduce its energy consumption.

In order to monitor this activity, sales of Cooking products with an energy label are measured using a synthetic indicator, Energy Efficiency Index (EEI). The 2021 sales figures confirm the downward trend, which compared to the 2018 baseline, stands at 23%.

#### Avg EEI Global



Another important element has been added with a view to transparency and sharing of the Group's environmental performance: In 2021 Elica joined the initiative promoted by the independent non-profit organisation CDP<sup>25</sup> (formerly the Carbon Disclosure Project) which for has for the last few years offered companies, countries, regions and cities a system to measure, detect, manage and share information on their environmental impact at a global level, with the aim of encouraging them to undertake mitigation actions.

By adhering to this initiative, Elica joined a panel of over 13,000 companies that will report on the CDP portal in 2021, thereby highlighting their strong commitment to environmental transparency. Support for this initiative also satisfies the requirements and expectations of important Group stakeholders who, with increasing emphasis, wish to measure the environmental impacts generated by the partners involved in their value chain.



With regard to sustainability trends associated with Motors BU products, much attention has been paid to regulatory developments and environmental objectives involving products manufactured in the industry.

On July 14, 2021, the European Commission adopted the "Fit for 55" climate package, which proposes legislation to achieve Green Deal targets by 2030. Specifically, this includes the reduction of greenhouse gas emissions by 55% compared to 1990 levels, with the aim of achieving carbon neutrality by 2050. Achieving these reductions over the next decade is critical if Europe is to become the first climate-neutral continent by 2050.

25. <https://www.cdp.net/en/info/about-us>



26. Nitrogen oxides produced as by-products during combustion

In this process, hydrogen, along with other technologies, plays an important role in reducing NOx<sup>26</sup> emissions associated with the use of fossil fuels. The heating sector is one with the greatest impact on fuel consumption and, from 2025 onwards, hydrogen, blended with methane, will be increasingly present in domestic gas supply networks. The long-term aim is to completely replace methane and thus contribute to the achievement of decarbonisation targets. To prepare to reach this landmark, many European boiler manufacturers are moving forward with the development of systems that will enable the massive use of hydrogen.

27. A leading Testing, Inspection and Certification (TIC) company

In July 2020, EMC FIME S.r.l. began a collaboration with KIWA<sup>27</sup> which continued throughout 2021 and was successfully completed in January 2022 when the product range for boilers (Premix) was certified for hydrogen compatibility.

With its know-how, EMC FIME S.r.l. will be able to support its customers in the sector and contribute actively to the achievement of climate targets associated with the use of renewable energy.



Performance Indicators			
Fuel consumption in countries with production activities (offices and sites)			
Consumption of fuels from non-renewable sources	unit	2021	2020
Natural gas	Mc	2,822,264	2,478,827
Diesel		4,002	2,670
Petrol	Litres	0	0
LPG		46,357	32,538
Natural gas		101,743	89,362
Diesel		144	96
Petrol	Gj	0	0
LPG		1,101	773
Total		102,988	90,231

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)  
Note: consumption has been calculated using data collected from suppliers, invoices and consumption monitoring software.

Consumption of fuels from renewable sources	unit	2021	2020
Bioethanol	Litres	850	800
Biodiesel		0	0
Bioethanol		18	17
Biodiesel	Gj	0	0
Total		18	17

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)Nota: i consumi  
Note: consumption has been calculated using data collected from suppliers, invoices and consumption monitoring software.

CO <sub>2</sub> emissions from fuel consumption in countries with production activities (offices and sites)			
Emissions from consumption of fuels from non-renewable sources	unit	2021	2020
Natural gas	tCO <sub>2</sub> e	5,705	5,073
Diesel		11	7
Petrol		0	0
LGPL		72	50
Total		5,788	5,130

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)  
Note: emissions have been calculated using the emission conversion factors published in the “DEFRA conversion factors” report.

Emissions from consumption of fuels from renewable sources	unit	2021	2020
Bioethanol	tCO <sub>2</sub> e	0.008	0.007
Biodiesel		0	0.000
Total		0.008	0.007

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)  
Note: emissions have been calculated using the emission conversion factors report published in 2021 by the UK Department for Environment Food & Rural Affairs (DEFRA).

Energy consumption in countries with production activities (offices and sites)			
Energy consumption	unit	2021	2020
Electricity	kWh	28,033,945	24,286,221
From non-renewable sources		25,055,521	22,492,110
From renewable sources		2,141,440	922,616
District heating		836,984	871,495
Total		28,033,945	24,286,221

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)  
Note: consumption has been calculated using data collected from suppliers, invoices and consumption monitoring software. The figure for district heating refers only to the Elica Group Polska site.

CO <sub>2</sub> emissions from energy consumption in countries with production activities (offices and sites)			
Emissions from non-renewable sources	unit	2021	2020
Electricity	tCO <sub>2</sub> e	12,201	11,283
District heating		145	163
Total		12,346	11,447

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)  
Note: the methodology used to calculate the “location-based” emissions involves the use of specific emission factors for each country to which the companies in the perimeter belong, published in the 2020 report available on the website [www.carbonfootprint.com](http://www.carbonfootprint.com). The data for district heating refer only to the Elica Group Polska site.

Business trips and atmospheric CO <sub>2</sub> emissions			
Number of flights and km travelled	unit	2021	2020
Flights	No.	611	615
Air km travelled	Km	2,279,594	1,697,898

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](http://www.worldatlas.com/travelaids/flight_distance.htm).

Fuel consumed during motor vehicle commutes	unit	2021	2020
Diesel	Litres	404,864	237,061
Petrol		59,086	46,974
Total		463,951	284,034

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	2021	2020
Car	tCO <sub>2</sub> e	1,222	737
Diesel		1,095	637
Petrol		127	99
Air		3,834	427
Total		5,056	1,164

Auto emissions perimeter (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 perimeter: 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: emissions have been calculated using the emission conversion factors report published in 2021 by the UK Department for Environment Food & Rural Affairs (DEFRA).

USE OF MATERIALS

Elica uses a significant number of raw materials originating from different industrial sectors.

As a processing industry, no minerals are directly imported from conflict areas (Conflict Minerals).

The main raw materials used in the production processes are:

- ferrous metals (mainly carbon steel, stainless steel, etc.);
- non-ferrous metals (mainly copper cables, aluminium breads, tin wire etc.);
- components for the packaging of finished products (corrugated cardboard, polystyrene and expanded/extruded polyethylene, plastic strapping, wooden pallets etc.);
- thermoplastic polymers (Polycarbonate granules, Polypropylene, ABS, Nylon etc.);

Completing the picture are the materials used to assemble the finished products:componentistica elettrica/elettronica;

- electrical/electronic components;
- glass;
- small parts;
- semi-finished metal products;
- plastic moulded components;
- filtering materials;
- hard copy documents.

Although the major producers of raw materials from the metal transformation sector use a significant portion of recycled material and the same can be assumed for materials used for packaging (in particular for cardboard and wood components), Elica is not able to provide precise data on the content of recycled materials for every type of material used in its production processes.

However, from the information received from Elica’s stainless steel suppliers, the content of raw material from recycling circuits is estimated to be around 70-75%.

Particular attention is also paid to the procurement of raw materials that comply with the relevant applicable regulations (e.g. RoHS II, REACH, etc. and all applicable safety regulations) through supply agreements and information gathering activities by suppliers that ensure the complete and ongoing compliance of products from the earliest stages of design and development. In terms of the packaging supply chain, ELICA prefers suppliers who are in possession of FSC certifications for a supply deriving from environmentally friendly, socially useful and economically sustainable forest management.

In 2021, objectives were identified that can be pursued in order to promote circular economy projects, and Elica is therefore working internally (with its Technical and Procurement Sector) and externally (with its supply chain partners) to obtain even more detailed information regarding the

content of materials coming from recycling circuits in order to outline indicators that can measure and incentivise the increasing use of recycled materials in its production processes.

Performance Indicators			
Purchase of goods for production			
Material	unit	2021	2020
Iron		31,804	29,159
Stainless steel		11,444	12,758
Copper		4,980	4,345
Plastic		3,443	3,317
Aluminium		2,541	2,160
Tin	t	6	4
Cardboard for packaging		9,540	8,748
Wood packaging materials		2,547	2,503
Plastics for packaging		1,001	1,144
Powder coating		466	442
Total		67,771	64,580

Scope: Elica S.p.A., Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)  
Data calculated on the basis of information and specifications shared with suppliers or on the basis of best estimates made by Elica S.p.A.'s Technical Sector.



WASTE MANAGEMENT

The ELICA Group uses for its production processes raw materials essentially from the metal transformation industry (carbon steels, stainless steels, copper, aluminium, etc.). During the internal processing and to complete its range on the market, mostly components from the electrical and electronic (printed circuit boards, transformers, power cables, power supplies, transformers, etc.) and primary packaging chains (corrugated cardboard boxes, expanded polystyrene components, wooden pallets and polyethylene bags) are used. For the transport and delivery of these materials, the supply chain uses wooden pallets for packaging or secondary containers and packaging (corrugated cardboard boxes or mixed packaging).

- Consequently, most of the waste produced as a result of the production activities is composed of:
- ferrous or other metal scrap (scraps from moulding works, mechanical blanking or laser cutting, shavings or die-casting residues);
  - packaging (paper/cardboard, mixed packaging, wood packaging from secondary packaging);
  - electrical and electronic components (components discarded during production processes)

Almost all ferrous waste is sent to the recycling stream.

Liquid waste deriving mainly from the powder coating process (washing/degreasing water from components sent for painting) and waste oil emulsions and exhausted mineral oils generated by maintenance work on machine tools in the mechanical processing departments (step presses, press brakes and mechanical punching machines) account for much smaller quantities.

A small amount of WEEE (waste electrical and electronic equipment) is also considered - generated during the remanufacturing of non-working products or products returned from the market.

At all Elica facilities, all waste generated by the company's activities is collected separately by type and disposed of in compliance with law, giving priority to authorised parties for transport and disposal at destination plants that carry out treatment for the recovery of materials or energy.

Separate waste collection is carried out in offices (both in plant equipped with canteens and in refreshment areas) with bins for paper, plastic, organic waste, glass and cans and undifferentiated waste. All staff have been trained on and informed of the importance of correctly sorting and disposing of waste.

To minimise the impact of waste generation, Elica has always carefully designed its products and production processes to optimise the use of raw materials and minimise the waste associated with transformation processes.

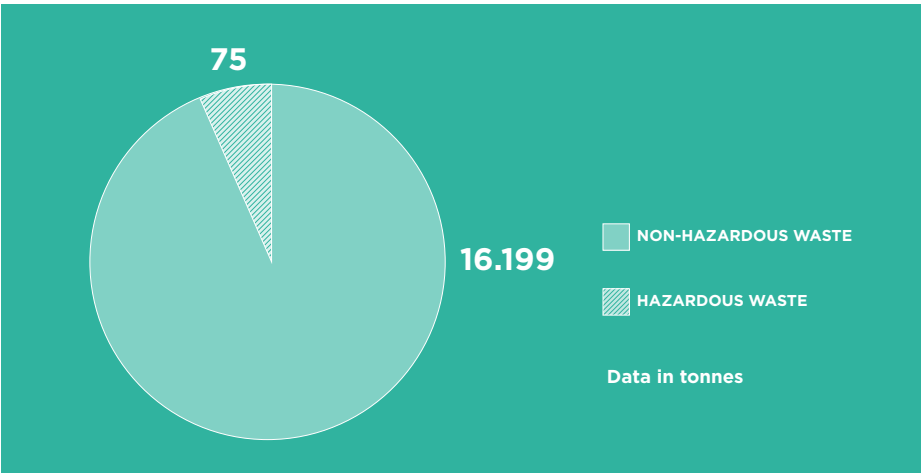
Where possible, Elica has enacted policies to reduce the use of secondary packaging by setting out - in collaboration with its partners in the

supply chain - special supply rules that prioritise the use of reusable containers (in particular with suppliers involved in the "milk-run" flow, which therefore ensures just-in-time supply).

Specific reusable containers are also used for the internal handling of high turnover components, thus further reducing the use of secondary packaging.

The EHS departments at each plant and the Corporate EHS department constantly monitor monthly waste production data, focusing in particular on packaging-related waste and the liquid waste generated by the painting processes at the sites in Mergo (Italy), Jelcz Laskowice (Poland), and Queretaro (Mexico), which have the potential to produce more significant environmental impacts.

In 2021, the Group's production facilities generated a total of 16,274 tonnes of waste, of which 99.5% non-hazardous and the remaining 0.5% hazardous. Of the total waste produced, approximately 93.2% was sent for recovery while the remaining 6.8% was sent for disposal.



Performance Indicators  
Waste by composition, in tonnes (t) - GRI 306-3

Total weight of hazardous waste		unit	2021	2020
Waste diverted from disposal			46	30
Waste directed to disposal		t	29	31
Total			75	61
Total weight of non-hazardous waste		unit	2021	2020
Waste diverted from disposal			15,126	13,959
Waste directed to disposal		t	1,073	999
Total			16,199	14,958

94.2% of non-hazardous waste and 61.4% of hazardous waste was sent for recovery, while 5.8% of non-hazardous waste and 38.6% of hazardous waste was sent for disposal. The percentage breakdown of waste recovery and disposal operations is shown in the summary tables given below. 100% of the waste produced by the Elica Group was treated offsite.

Total non-hazardous waste by disposal type	
Metal recycling	78.9%
Other recovery operations	9.5%
Organic material recycling	4.1%
Physical-chemical treatment	2.0%
Inorganic material recycling	1.7%
To landfill	1.2%
Incinerated (with energy recovery)	1.1%
Other disposal operations	1.0%
Biological treatment	0.4%
Incinerated (without energy recovery)	0.1%

Total hazardous waste by disposal type	
Other recovery operations	45.7%
Incinerated (with energy recovery)	16.8%
Preparation for reuse	15.7%
Other disposal operations	12.5%
Physical-chemical treatment	9.3%

Waste by composition, in tonnes (t) - GRI 306-3

Total weight of hazardous waste	unit	2021	2020
Waste diverted from disposal		12	12
Other recovery operations	t	34	17
Total		46	30

Total weight of non-hazardous waste	unit	2021	2020
Metal recycling		12,788	11,875
Organic material recycling		669	536
Inorganic material recycling	t	271	185
Other recovery operations		1,535	1,468
Total		15,263	14,064

Waste directed to disposal, in tonnes (t) - GRI 306-5

Total weight of hazardous waste	unit	2021	2020
Incinerated (with energy recovery)		13	11
Physical-chemical treatment	t	7	8
Other disposal operations		9	12
Total		29	31

Total weight of non-hazardous waste	unit	2021	2020
Incinerated (with energy recovery)		181	174
Incinerated (without energy recovery)		11	16
To landfill		194	165
Lagooning	t	0	24
Biological treatment		60	53
Physical-chemical treatment		320	298
Other disposal operations		169	163
Total		935	894

Scope: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)  
We highlight that as of this edition of the Non-Financial Report, the waste reporting methodology has been updated in accordance with the new indicator in GRI 306 (2020). Therefore, the data for 2020 have also been restated by applying the new methodology.

# SUPPLIERS EVALUATED ACCORDING TO ENVIRONMENTAL AND SOCIAL CRITERIA

For Elica, supply chain management has always been an essential priority in ensuring that supplies are provided in full compliance with locally applicable regulations. Particular attention is paid to protecting the environment, workers’ rights and the territories that house its suppliers’ production facilities.

Elica has always been very sensitive to establishing lasting partnerships and mutual collaborations and has, over the last few years, paid increasing attention to defining clearer rules for the qualification and management of suppliers. Among the objectives of this approach is the promotion of stable and economically sustainable partnerships, guaranteeing continuous innovation by defining high levels of Quality and Service, without damaging environmental resources and in full respect of the needs of staff.

In 2021, Elica further pursued these objectives by carrying out a new mapping exercise that involved approximately 180 of the more than 270 suppliers in the supply chain associated with the factories in the Italy-Poland perimeter (Elica S.p.A. - Elica Group Polska). This mapping focused on collecting information on the Quality, Environment, Safety, Energy etc. certifications held. It revealed that 90% of suppliers are ISO 9001 certified, 38% are also ISO 14001 certified, 17% have an Management System certified to ISO 45001 and 7% to ISO 50001. The remaining 16% have other certifications (e.g. IATF, FSC, ISO 28000 etc.).

In Q2 2021, the process for the initial evaluation and qualification of new providers and the monitoring of their performance over time was made even more robust, with a revision of both the approval and EHS (Environment-Health-Safety) assessment procedures.

With regard to EHS issues, more than 100 self-assessment questionnaires were sent to suppliers of factories in EMEA and Mexico. These contained specific evaluation sections for the following aspects:

- Ethics & Audit
- Environment, Occupational Health and Safety
- Working conditions
- Social conditions

Specifically, the Ethics & Audit section of the questionnaire assesses aspects relating to the governance of suppliers in managing ethical issues and their willingness to allow Elica (or third parties on behalf of Elica) to carry out EHS audits at their plant.

Questions regarding Environment, Health and Safety, on the other hand, provide information about the operational and continuous improvement practices enacted by suppliers to minimise their environmental impacts and systematically reduce the risk of workplace accidents.

The questions in the “Working conditions” and “Social conditions” sections aim to verify that fair working conditions and adequate economic treatment are guaranteed to all workers employed by Elica’s suppliers, in full respect of people’s fundamental rights.

The totality of the responses shows an overall result that is the combined product of a Reliability Index and a Risk Index for the supplier evaluated.

The returned questionnaires were analysed by the Purchasing Office and the function that coordinates the Quality, Environment and Safety Management System, while the results were collected in a dedicated database. In 2022, EHS audits will be performed at suppliers whose self-assessment returned an overall result that made a thorough field audit necessary. The audit plan will be an integral part of the overall Audit Plan that is prepared annually by the Supplier Quality function.

Using the aforementioned self-assessment questionnaires, Elica has thus acquired the information necessary to identify any critical issues associated with the supply chain and to promote improvement programmes for suppliers that have a stable working relationship with Elica.

This information will be periodically updated in future years to ensure ongoing monitoring of suppliers’ environmental and social performance.

From H2 2021, EHS questionnaires were provided to potential new vendors as early as the pre-qualification stage so that, where required, appropriate improvement plans could be enacted even before the vendor relationship began.

Performance Indicators Suppliers			
Suppliers evaluated according to Environmental and Social criteria	unit	2021	2020
Suppliers evaluated	No.	106	n.a.
Total suppliers	No.	387	n.a.
Percentage of suppliers evaluated	%	27%	n.a.

Perimeter of suppliers evaluated Elica, Elicamex, Elica Group Polska



# THE SOCIALLY SUSTAINABLE RECIPE

**GROWTH** TAKES SHAPE  
**THROUGH PEOPLE.**



 elica



## SUPPORTING OUR ASSOCIATES

**28.** *Excluding temporary workers.*

At December 31, 2021, Elica Group personnel numbered 3,278<sup>28</sup>, of which 40% women – with 72% involved in productive activities and 28% involved in support roles; permanent contracts at the end of the year numbered 2,869 and temporary contracts 409. During the year, 899 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 27.4%.

The countries with the most critical turnovers are Mexico and Poland. Such turnovers are mainly determined by blue-collar dynamics, strongly influenced by extremely low unemployment rates, as well as high industrialisation 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.

Workforce management in 2021 was again dominated by COVID-19 global pandemic containment measures. The need to safeguard the health of its employees as well as business continuity led Elica to adopt a series of health and safety measures compliant with local government regulations (i.e. the provision of personal protective equipment), as well as organisational solutions that see investment in generating a sense of belonging and affinity (i.e. office signs) and use of spaces to ensure social distancing). All of the Group's premises have retained office sanitisation and staff entrance body temperature measurements.

In terms of the employee support initiatives that each country has put in place, the following are worth mentioning:

**Elica Americas** has enhanced its transport service for employees. In 2019, the company also implemented a system to monitor turnover weekly. As of 2021, the Mexican branch has strengthened its analytics and has raised salaries for blue collar workers. It has also reinforced its strategy for talent attraction in a thriving labour market.

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

As in 2020, **Elica Putian** has retained measures to engender the loyalty of key employees through loyalty bonuses and dedicated career development plans.



Performance Indicators Employees by gender, role and level (excluding temporary workers)							
Employees (headcount) by function and gender	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Employees engaged in production activities	No.	1,171	940	2,111	1,172	896	2,068
<i>below 30 years of age</i>		309	197	506	320	193	513
<i>between 30 and 50 years of age</i>		600	478	1,078	613	483	1,096
<i>over 50 years of age</i>		262	265	527	239	220	459
Employees engaged in support activities		805	362	1,167	809	365	1,174
<i>below 30 years of age</i>		179	107	286	192	105	297
<i>between 30 and 50 years of age</i>		459	210	669	468	218	686
<i>over 50 years of age</i>		167	45	212	149	42	191
Total			1,976	1,302	3,278	1,981	1,261

Employees (headcount) by level and gender	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Executives	No.	27	4	31	26	2	28
<i>below 30 years of age</i>		0	0	0	0	0	0
<i>between 30 and 50 years of age</i>		14	3	17	17	1	18
<i>over 50 years of age</i>		13	1	14	9	1	10
Managers		124	27	151	123	25	148
<i>below 30 years of age</i>		6	1	7	5	1	6
<i>between 30 and 50 years of age</i>		84	20	104	89	20	109
<i>over 50 years of age</i>		34	6	40	29	4	33
White-collar		690	336	1,026	687	336	1,023
<i>below 30 years of age</i>		200	111	311	211	104	315
<i>between 30 and 50 years of age</i>		379	192	571	376	199	575
<i>over 50 years of age</i>		111	33	144	100	33	133
Blue-collar		1,135	935	2,070	1,145	898	2,043
<i>below 30 years of age</i>		282	192	474	292	191	483
<i>between 30 and 50 years of age</i>		583	473	1,056	605	483	1,088
<i>over 50 years of age</i>		270	270	540	248	224	472
Total			1,976	1,302	3,278	1,981	1,261

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, EMC FIME S.r.l. (not included in 2020 data)

Employees by gender and contract type (excluding temporary workers)								
Employees (headcount)	unit	2021			2020			
		Male	Female	Total	Male	Female	Total	
Temporary employees		225	184	409	235	177	412	
Italy		5	2	7	8	8	16	
France		0	2	2	0	1	1	
Germany		0	0	0	0	1	1	
Poland		116	128	244	99	98	197	
Russia		0	0	0	0	0	0	
The Americas		22	13	35	53	25	78	
India		39	11	50	37	22	59	
China		43	28	71	38	22	60	
Japan		0	0	0	0	0	0	
Permanent employees		No.	1,751	1,118	2,869	1,746	1,084	2,830
Italy			736	485	1,221	732	462	1,194
France			8	4	12	8	6	14
Germany			9	5	14	9	5	14
Poland		154	291	445	143	282	425	
Russia		11	16	27	11	17	28	
The Americas		432	251	683	441	254	695	
India		370	48	418	357	35	392	
China		31	18	49	45	23	68	
Japan		0	0	0	0	0	0	
Total		1,976	1,302	3,278	1,981	1,261	3,242	

Employees (headcount)	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Full-time employees	No.	1,973	1,280	3,253	1,980	1,231	3,211
Part-time employees		3	22	25	1	30	31
Total		1,976	1,302	3,278	1,981	1,261	3,242

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., EMC FIME S.r.l. (not included in 2020 data)

New hires (excluding temporary workers)							
New hires	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Italy	No.	44	38	82	16	11	27
below 30 years of age		18	11	29	7	6	13
between 30 and 50 years of age		21	21	42	7	3	10
over 50 years of age		5	6	11	2	2	4
France		1	1	2	1	1	2
below 30 years of age		0	0	0	0	1	1
between 30 and 50 years of age		1	0	1	1	0	1
over 50 years of age		0	1	1	0	0	0
Germany		1	1	2	1	1	2
below 30 years of age		1	0	1	0	0	0
between 30 and 50 years of age		0	1	1	0	1	1
over 50 years of age		0	0	0	1	0	1
Poland		113	140	253	111	111	222
below 30 years of age		57	58	115	53	51	104
between 30 and 50 years of age		49	66	115	49	42	91
over 50 years of age		7	16	23	9	18	27
Russia		1	4	5	1	1	2
below 30 years of age		0	3	3	1	0	1
between 30 and 50 years of age		1	1	2	0	1	1
over 50 years of age		0	0	0	0	0	0
The Americas		305	147	452	272	179	451
below 30 years of age		222	113	335	197	133	330
between 30 and 50 years of age		82	32	114	73	46	119
over 50 years of age		1	2	3	2	0	2
India		55	18	73	68	28	96
below 30 years of age		35	11	46	23	17	40
between 30 and 50 years of age		20	7	27	45	11	56
over 50 years of age		0	0	0	0	0	0
China		18	12	30	37	20	57
below 30 years of age		4	0	4	10	5	15
between 30 and 50 years of age		12	10	22	26	14	40
over 50 years of age		2	2	4	1	1	2
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		538	361	899	507	352	859
below 30 years of age		337	196	533	291	313	504
between 30 and 50 years of age		186	138	324	201	118	319
over 50 years of age		15	27	42	15	21	36

Number of employees leaving the Group (excluding temporary workers)							
	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Italy	No.	43	21	64	46	18	64
below 30 years of age		6	3	9	2	4	6
between 30 and 50 years of age		19	11	30	23	5	28
over 50 years of age		18	7	25	21	9	30
France		1	2	3	1	2	3
below 30 years of age		0	0	0	0	0	0
between 30 and 50 years of age		1	2	3	1	2	3
over 50 years of age		0	0	0	0	0	0
Germany		1	2	3	0	1	1
below 30 years of age		0	0	0	0	0	0
between 30 and 50 years of age		0	2	2	0	1	1
over 50 years of age		1	0	1	0	0	0
Poland		86	100	186	99	101	200
below 30 years of age		44	38	82	38	36	74
between 30 and 50 years of age		33	43	76	49	42	91
over 50 years of age		9	19	28	12	23	35
Russia		1	5	6	0	4	4
below 30 years of age		1	1	2	0	1	1
between 30 and 50 years of age		0	4	4	0	3	3
over 50 years of age		0	0	0	0	0	0
The Americas		345	162	507	236	153	389
below 30 years of age		225	112	337	150	105	255
between 30 and 50 years of age		113	47	160	85	44	129
over 50 years of age		7	3	10	1	4	5
India		39	17	56	78	29	107
below 30 years of age		20	11	31	40	20	60
between 30 and 50 years of age		18	6	24	35	9	44
over 50 years of age		1	0	1	3	0	3
China		27	11	38	58	28	86
below 30 years of age		4	0	4	12	7	19
between 30 and 50 years of age		20	9	29	41	20	61
over 50 years of age		3	2	5	5	1	6
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		543	320	863	518	336	854
below 30 years of age		300	165	465	242	173	415
between 30 and 50 years of age		204	124	328	234	126	360
over 50 years of age		39	31	70	42	37	79



Incoming turnover rate (excluding temporary staff)							
Incoming turnover rate	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Italy	%	1.34%	1.16%	2.50%	0.49%	0.34%	0.83%
France		0.03%	0.03%	0.06%	0.03%	0.03%	0.06%
Germany		0.03%	0.03%	0.06%	0.03%	0.03%	0.06%
Poland		3.45%	4.27%	7.72%	3.42%	3.42%	6.85%
Russia		0.03%	0.12%	0.15%	0.03%	0.03%	0.06%
The Americas		9.30%	4.48%	13.79%	8.39%	5.52%	13.91%
India		1.68%	0.55%	2.23%	2.10%	0.86%	2.96%
China		0.55%	0.37%	0.92%	1.14%	0.62%	1.76%
Japan		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total			16.41%	11.01%	27.43%	15.64%	10.86%

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., EMC FIME S.r.l. (not included in 2020 data)

Outgoing turnover rate (excluding temporary staff)							
Outgoing turnover rate	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Italy	%	1.31%	0.64%	1.95%	1.42%	0.56%	1.97%
France		0.03%	0.06%	0.09%	0.03%	0.06%	0.09%
Germany		0.03%	0.06%	0.09%	0.00%	0.03%	0.03%
Poland		2.62%	3.05%	5.67%	3.05%	3.12%	6.17%
Russia		0.03%	0.15%	0.18%	0.00%	0.12%	0.12%
The Americas		10.52%	4.94%	15.47%	7.28%	4.72%	12.00%
India		1.19%	0.52%	1.71%	2.41%	0.89%	3.30%
China		0.82%	0.34%	1.16%	1.79%	0.86%	2.65%
Japan		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total			16.56%	9.76%	26.33%	15.98%	10.36%

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., EMC FIME S.r.l. (not included in 2020 data)



## EQUAL OPPORTUNITIES AND THE FIGHT AGAINST DISCRIMINATION

The Group's Ethics Code - with which all subsidiaries must comply - 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 of or on its behalf, regardless of the scope of their work, are bound by this Ethics Code for these and for other issues.

Furthermore, certain contractual agreements with customers envisage the Elica Group's adherence to principles contained in their Codes of Conduct and compatible with its own Ethics Code. Consistent with these codes and internal policies, Elica had no instances of discrimination throughout the whole of 2021. 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 company and the individual subsidiary companies have achieved over the years (e.g. "Top Employers" Certification). The Organisation and Management Model (231 Model) envisages various methods for employees to report any episodes of discrimination.

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 operating personnel based on their individual requirements and development goals, prioritising their designated business goals.

Despite the ongoing pandemic, Elica invested in both remote and in-person training in 2021. Compared to the previous year, approximately 19,000 more hours of related training were delivered. This large difference (+53%) is primarily due to the recovery of hours not delivered in 2020 but still confirms an upward trend (+26%) from the total hours delivered in the pre-pandemic period in 2019. In Italy, the focus of training topics was mainly on managerial and technical areas, in line with HR strategy.

In fact, 2021 saw the foundation of the Elica Aspirations Lab, a space dedicated to the aspirations of staff and to stimulating innovation through workshops and training courses. A place where ideas are explored, tested and improved with a view to development in addition to professional, intellectual and personal growth.

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. In 2021, training efforts concentrated on three main focus areas: foreign languages, soft skills, and upskilling of individual technical competencies.

While respecting priority and urgency criteria, the goal is to guarantee training for as many employees as possible.

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.

At 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.

### Performance Indicators

Training hours and employees involved (excluding temporary workers)

Training hours by gender and level	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Executives		365.0	65.0	430.0	203.0	9.0	212.0
Managers		1,653.0	303	1,956.0	1,419.5	489.3	1,908.8
White-collar	Hours	14,482.0	8,525	23,007	8,467	3,521.5	11,988.5
Blue-collar		17,781.0	11,762.0	29,543.0	13,368.5	8,440.5	21,809
<b>Total</b>		<b>34,281.0</b>	<b>20,655.0</b>	<b>54,936.0</b>	<b>23,458.0</b>	<b>12,460.3</b>	<b>35,918.3</b>

Average training hours by gender and personnel category	unit	2021			2020		
		Male	Female	Total	Male	Female	Total
Average training hours provided to Executives		13.5	16.3	13.9	7.8	4.5	7.6
Average training hours provided to managers		13.3	11.2	13.0	11.4	20.4	12.9
Average training hours provided to white-collar workers	Hours-No.	21.0	25.4	22.4	12.3	10.5	11.7
Average training hours provided to blue-collar workers		15.7	12.6	14.2	11.7	9.4	10.7

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., EMC FIME S.r.l. (not included in 2020 data)



## HEALTH AND SAFETY

The Elica Group, in accordance with its Sustainability, Quality, Environment and Safety Policy and its Ethics Code, works 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 policies adopted by Elica to manage employee health and safety can be summarised in the cardinal principle that states: "Health and safety in the workplace is everybody's responsibility, manifest not only in the safe and proper conduct in one's own work, but also by constantly creating the ideal conditions for this to happen".

This principle is expressly referred to in the document **"OUR POLICY: SUSTAINABLE DEVELOPMENT, QUALITY, ENVIRONMENT AND SAFETY"**, last updated in June 2021.

Ensuring a working environment that complies with the strictest health and safety requirements for every one of Elica's staff is one of the Group's most fundamental responsibilities. To achieve this, Elica carries out constant checks and periodic reviews to ensure that its employees' health and safety are effectively safeguarded, through the creation of healthy and welcoming working conditions. To continue progress on the minimisation of risk factors and therefore the likelihood of accidents and work-related ill health, a range of preventative programmes were introduced to make improvements in the workplace, through the active and ongoing involvement of all employees. The main tool included in the WCM system that is systematically adopted 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. These events are systematically recorded through reports made by all staff involved and evaluated and analysed to identify their root causes. These, when processed with appropriate corrective and/or preventive measures, allow the local Health & Safety teams to constantly improve the Health and Safety conditions at the company site. Of particular importance is the presence at the corporate level of an EHS department, which provides a governance structure to overview and centrally coordinate health and safety aspects. This structure makes it possible to constantly monitor KPIs (Frequency Index, Severity Index and Number of Injuries), and KAs (Second Level Reports) which are discussed at monthly EHS staff meetings to evaluate the progress of the improvement projects put in place.

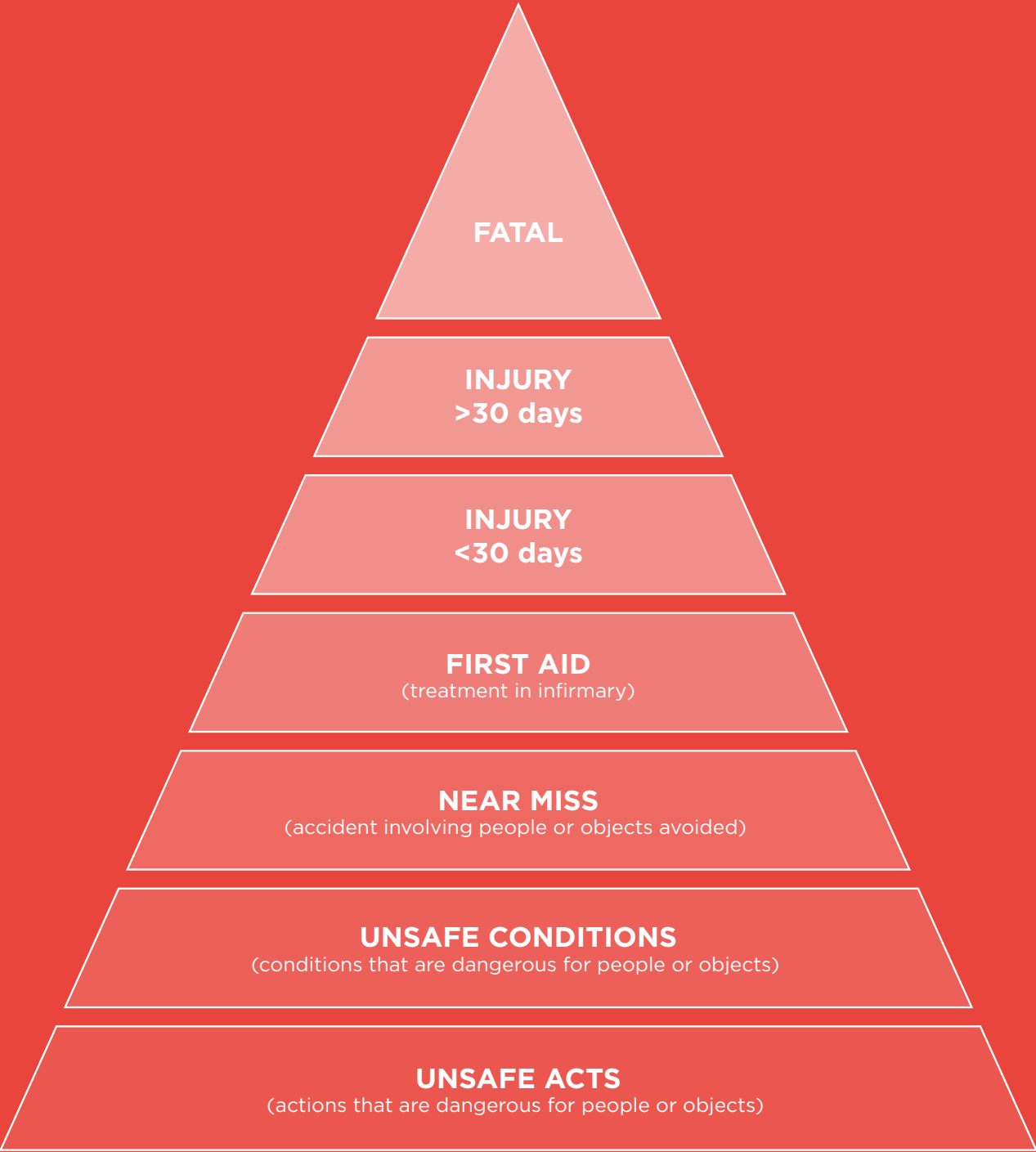
To minimise risk factors and therefore the likelihood of accidents and work-related ill health, a range of preventative programmes were introduced to make improvements in the workplace, through the active and systematic involvement of all employees. In order to guarantee the highest standards of health 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 le-

gislative 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 organisation, engaging the worker safety representatives and the workers themselves through meetings and interviews in the workplace. Evaluations are revised when changes are made to production processes or work organisation which are significant for worker health and safety, corresponding to the degree of change in technology, prevention or protection, or following significant accidents or when the results of health monitoring suggest such re-evaluations are necessary.

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, organisational 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.



**The Heinrich Pyramid - Safety**

In the context of efforts for continuous improvement, the Heinrich Pyramid tool is systematically fed with all events related to:

- injuries;
- first aid treatment;
- near miss injuries;
- unsafe conditions;
- potentially unsafe acts.

Events recorded on the Pyramid are collected by filling out special forms by all personnel appropriately involved, which during 2021 produced 8,134 safety reports. These become an active part of continuous improvement as they are analysed to identify the root cause and to develop appropriate corrective and/or preventive actions that local Health & Safety teams will then implement at sites.

**29.** Recordable work-related accidents, excluding commuting accidents.  
*Scope: Group*

As a result of the activities described above, the number of accidents<sup>29</sup> was reduced by 36.4%, i.e. from 11 in 2020 to 7 in 2021, and the Frequency Index thus decreased by 39%.

**The path to ISO 45001:2018 certification**

Maintaining ISO 45001:2015 certification was one of the Elica Group's main achievements in 2021 and represents a fundamental step in providing a methodology to manage risks related to worker health and safety. This certification will be extended to the Mexico production plant in 2022 and the Poland plant in 2023.

**Covid-19**

The health emergency caused by the spread of the COVID-19 pandemic has led to the introduction of organisational, procedural and technical measures to prevent contagion in the workplace with the introduction of specific company protocols. Last but not least, the indications contained in the "Shared Protocol for Regulating Measures to Combat and Contain the Spread of COVID-19 Virus in the Workplace" were signed by the Government along with management and labour organisations on April 6, 2021, and have been fully implemented.

Company Control Committees have been set up at central and local level to verify the application of the rules to combat and contain the spread of the COVID-19 virus in the workplace. At the same time, and in collaboration with occupational health doctors, specific strategies have been defined to contain the virus for those who test positive or are suspected to be positive (nasopharyngeal swabs, company contact tracing, etc.). These have enabled the Group to provide an excellent response to the pandemic, guaranteeing working continuity in an ever-changing emergency context.



Accident indicators

Significant events that occurred in 2021 were accidents involving bruises, sprains and moving materials hitting the body (in one case).

Employee* workplace accidents - Elica Group									
			unit	2021			2020		
				Male	Female	Total	Male	Female	Total
Number of deaths	Elica S.p.A.	Iso 45001	No.	0	0	0	0	0	0
	EMC FIME S.r.l.			0	0	0	n.a.	n.a.	n.a.
	Air Force			0	0	0	0	0	0
	Mexico			0	0	0	0	0	0
	Poland			0	0	0	0	0	0
	China	Iso 45001		0	0	0	0	0	0
	India	Iso 45001		0	0	0	0	0	0
	Total			0	0	0	0	0	0
Number of work-related injuries with serious consequences**	Elica S.p.A.	Iso 45001		0	0	0	1	-	1
	EMC FIME S.r.l.			0	0	0	n.a.	n.a.	n.a.
	Air Force			0	0	0	0	-	0
	Mexico			0	0	0	2	-	2
	Poland			0	0	0	0	-	0
	China	Iso 45001		0	0	0	0	-	0
	India	Iso 45001		0	0	0	0	-	0
	Total			0	0	0	3	0	3
Number of work-related injuries	Elica S.p.A.	Iso 45001		3	1	4	1	0	1
	EMC FIME S.r.l.			0	0	0	n.a.	n.a.	n.a.
	Air Force			1	0	1	2	0	2
	Mexico			0	0	0	4	2	6
	Poland			0	1	1	1	1	2
	China	Iso 45001		1	0	1	0	0	0
	India	Iso 45001		0	0	0	0	0	0
	Total			5	2	7	8	3	11
“On-commute” injuries***	Elica S.p.A.	Iso 45001		0	0	0	0	0	0
	EMC FIME S.r.l.			0	0	0	n.a.	n.a.	n.a.
	Air Force			0	0	0	0	0	0
	Mexico			4	4	8	5	4	9
	Poland			0	0	0	1	2	3
	China	Iso 45001		0	0	0	0	0	0
	India	Iso 45001		0	0	0	0	0	0
	Total			4	4	8	6	6	12

Employee\* workplace accidents - Elica Group

			unit	2021			2020		
				Male	Female	Total	Male	Female	Total
Total number of injuries	Elica S.p.A.	Iso 45001	No.	3	1	4	1	0	1
	EMC FIME S.r.l.			0	0	0	na	na	na
	Air Force			1	0	1	2	0	2
	Mexico			4	4	8	9	6	15
	Poland			0	1	1	2	3	5
	China	Iso 45001		1	0	1	0	0	0
	India	Iso 45001		0	0	0	0	0	0
	Total			9	6	15	14	9	23
Hours worked	Elica S.p.A.	Iso 45001		1,040,995	596,512	1,637,507	985,172	553,746	1,538,918
	EMC FIME S.r.l.			35,549	35,284	70,833	n.a.	n.a.	n.a.
	Air Force			105,364	76,161	181,525	91,383	61,965	153,348
	Mexico			1,018,851	603,523	1,622,374	1,033,024	382,077	1,415,101
	Poland			707,986	1,018,808	1,726,794	639,881	920,804	1,560,685
	China	Iso 45001		153,039	89,880	242,919	140,088	68,800	208,888
	India	Iso 45001		685,398	89,341	774,738	1,005,784	116,021	1,121,805
	Total			3,747,182	2,509,509	6,256,690	3,895,332	2,103,413	5,998,745

Employee work-related injury rate - Elica Group \*\*\*\*

			2021			2020		
			Male	Female	Total	Male	Female	Total
Death rate	Elica S.p.A.	Iso 45001	-	-	-	-	-	-
	EMC FIME S.r.l.		-	-	-	na	na	na
	Air Force		-	-	-	-	-	-
	Mexico		-	-	-	-	-	-
	Poland		-	-	-	-	-	-
	China	Iso 45001	-	-	-	-	-	-
	India	Iso 45001	-	-	-	-	-	-
Total			-	-	-	-	-	-
Rate of work-related injuries with serious consequences	Elica S.p.A.	Iso 45001	-	-	-	1.015	-	0.650
	EMC FIME S.r.l.		-	-	-	na	na	na
	Air Force		-	-	-	-	-	0
	Mexico		-	-	-	1.936	-	1.413
	Poland		-	-	-	-	-	0
	China	Iso 45001	-	-	-	-	-	0
	India	Iso 45001	-	-	-	-	-	0
Total			-	-	-	0.770	0	0.500
Rate of recordable work-related injury	Elica S.p.A.	Iso 45001	2.882	1.676	2.443	1.015	-	0.650
	EMC FIME S.r.l.		-	-	-	na	na	na
	Air Force		9.491	-	5.509	21.886	-	13.042
	Mexico		-	-	-	3.872	5.235	4.240
	Poland		-	0.982	0.579	1.563	1.086	1.281
	China	Iso 45001	6.534	-	4.117	-	-	-
	India	Iso 45001	-	-	-	-	-	-
Total			1.334	0.797	1.119	2.054	1.426	1.834
Total work-related injury rate	Elica S.p.A.	Iso 45001	2.882	1.676	2.443	1.015	-	0.650
	EMC FIME S.r.l.		-	-	-	na	na	na
	Air Force		9.491	-	5.509	21.886	-	13.042
	Mexico		3.926	6.628	4.931	8.712	15.704	10.600
	Poland		-	0.982	0.579	3.126	3.258	3.204
	China	Iso 45001	6.534	-	4.117	-	-	-
	India	Iso 45001	-	-	-	-	-	-
Total			2.402	2.391	2.397	3.594	4.279	3.834

*\*The calculations of the injury indicators shown in the tables are based solely on injuries involving employees.*  
*Scope: Countries with production sites: Elica, Elicamex, Elica Group Polska, Putian, Air Force, Elica India, EMC FIME S.r.l. (not included in 2020 data)*  
*\*\* Work-related injury 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” injuries refer to Elicamex and Elica Group Polska, where transportation is arranged by the company.*  
*\*\*\*\*Rates of death, injuries with serious consequences, and recordable injuries are calculated as: number of eventshours 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	2021	2020
Italy	89	143
Poland	21	18
Mexico	39	15
China	0	-
India	0	-
Total	149	176

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





# LABOUR MANAGEMENT RELATIONS

Elica considers industrial relations to be a fundamental value based on constant dialogue between the parties and on mutual respect for roles and prerogatives with a view to achieving Company competitiveness.

On December 9, 2021, the labour dispute which began on March 31, 2021 came to a satisfactory conclusion with the signing of an agreement that enables the achievement of the strategic objectives set out in the business plan, while mitigating the impact on employment and converging towards a sustainable long-term course of action. An industrial model has been created that allows the Company to be competitive in an increasingly international home appliance market. In addition, through industrial diversification and relations with other companies in the area, it will be possible to reabsorb a significant portion of the staff made redundant through implementation of the Plan. The solidity of the local social system will therefore also be guaranteed. This agreement marks for Elica the beginning of a new phase of stable industrial relations based on dialogue.

Performance indicators			
Collective bargaining agreements			
Employees covered by collective bargaining agreements	unit	2021	2020
Employees covered by collective bargaining agreements	No.	1,999	2,048
Total employees		3,278	3,242
Percentage	%	61%	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., EMC FIME S.r.l. (not included in 2020 data)

# SUPPORTING OUR CUSTOMERS AND QUALITY

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

All Group companies with production sites (except Air Force) implement management systems certified to standard ISO 9001:2015<sup>30</sup>.

As regards finished products (range hoods, cooktops, fragrance diffusers and air quality monitoring systems), our 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.

Performance Indicators				
Percentage of categories of products and services for which health and safety impacts on consumers are assessed (e.g., product testing).				
ProductsServices	unit	2021	2020	
Products analysed for risks relating to consumer health and safety	No.	2,640	3,458	
Products in portfolio (number of SKUs)		8,468	9,342	
Products previously analysed for risks relating to health and safety (before the reporting year)		5,828	5,884	
Percent of products analysed for health and safety risk during the year	%	31%	37%	
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., Ariaфина Co. Ltd.

31. 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

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 INTERNaTIONaL<sup>31</sup>, an organisation that certifies products for safety and electromagnetic compatibility and a global leader in 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 for the testing of safety, electromagnetic compatibility, energy consumption, performance, acoustics and the reliability of finished products, in addition to materials and components.

**32.** 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).

**33.** 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.

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

**35.** 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).

**36.** 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.

**37.** 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.

**38.** CQC is the certification body, or National Competent Body, for China. For further information, please see [www.cqc.com.cnwwwenglish](http://www.cqc.com.cnwwwenglish).

**39.** ILAC-MRA Accredia accreditation, the Italyn 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 Italyn 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.

It has been certified CTF Stage 3<sup>32</sup> by UL for the issuance of CB<sup>33</sup> and DEMKO<sup>34</sup> certificates, CTDP<sup>35</sup> by UL for the issuance of UL and cULus<sup>36</sup> certificates, WMT<sup>37</sup> by CQC<sup>38</sup> for the issuance of the CCC mark and Chinese Energy Label. The Laboratory is also certified by Accredia<sup>39</sup> 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 Italyn 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 residual 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 not particularly significant. If loss claims filed with insurers are taken as the basis for evaluation, in 2021 there were nine cases.

Performance Indicators			
Episodes of non-compliance relating to the impacts on health and safety of products and services			
Non-Conformity	unit	2021	2020
Incidents of non-compliance concerning the health and safety impacts of products and services		9	4
Cases of non-compliance with the self-governance codes	No.	0	0
Total		9	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, Ariaфина

WE PROTECT CUSTOMERS BY PROVIDING ACCURATE INFORMATION

Cooking Business Unit

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 S.p.A., 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 organisation, even when marketed solely in the EU, where the EC self-certification would be sufficient. This procedure also applies to finished products from the Chinese subsidiary sold within the European Union.



Motors Business Unit

In the case of Elicamex S.a.d. C.V, the accredited local internal laboratory validates and provides the documentation for the customer, 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.

EMC FIME S.r.l. operates according to a business-to-business model, meaning that the products it supplies are assembled by its customers into their products (such as boilers, water heaters, ovens, refrigerators and kitchen 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 customer 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.

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.

In 2021 Elica did not receive any sanctions and was not held liable for disputes arising out of information on and labelling of the products and services it provides.

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	na
	Energy label; Product Sheet and Ecodesign		YES	na
Region	Failure Rate	unit	2021	2020
Finished products*	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures**	%	61.6%	62.3%
Motors	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures		99.4%	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 kitchen hoods marketed by: Elica S.p.A., 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).

## WE PROTECT OUR CUSTOMERS' PRIVACY

As regards privacy, the risks connected to possible violations regarding consumers and customers in general are chiefly linked to computer hacking, phishing attempts and in particular to those fraudulent activities carried out online and aimed at the illegal removal of personal data.

In 2021, Elica adopted an Organisational Model and set up a Privacy Committee in order to further promote the monitoring of and compliance with personal data protection regulations, and to guarantee the basic principles of privacy by default and by design.

In addition to a policy that lays down the general cardinal principles applied by and applicable to all the companies of the Elica Group ("General Privacy Policy"), a number of other policies and procedures have already been implemented in previous years at Group level and individually by the European Subsidiaries, including:

- A) "Security Measures for the Protection of Personal Data";
- B) "Use of IT tools";
- C) "Privacy by Default and by Design";
- D) "Data Access" and
- E) "Data Breach Procedure".

Other policies and procedures have been prepared and formalised:

- secure software development policy;
- vulnerability & patch management policy;
- asset management policy;
- user management policy;
- incident management policy;
- logical access control procedure;
- information security policy; and
- device disposal and use policy;

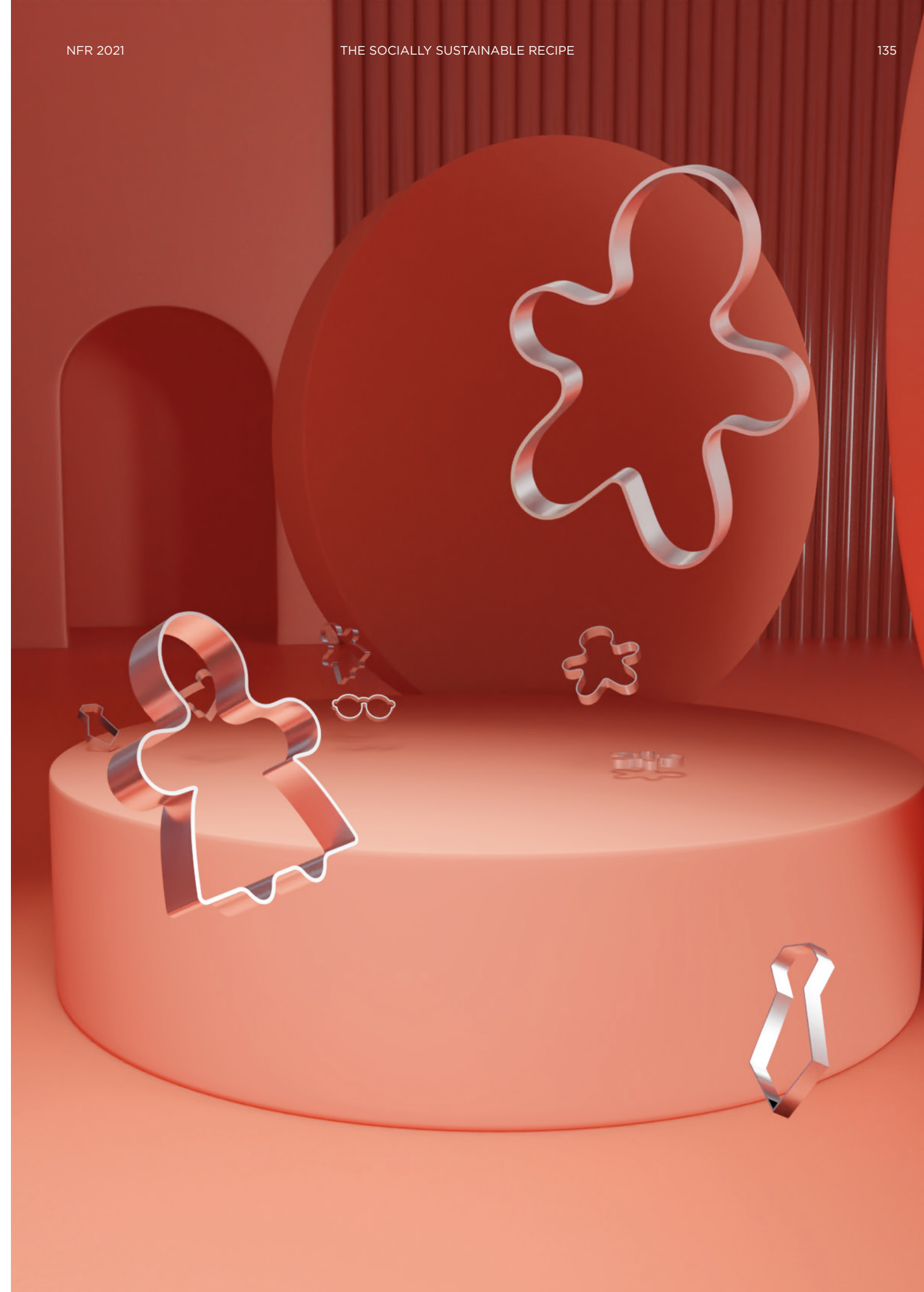
A privacy training course for Executives and managers was held in 2021. In addition, the training campaign on phishing and cyber security for all the company's employees continued.

Compliance activities at the subsidiaries are managed by the same privacy consultant appointed by the Parent Elica S.p.A., with the support of local consultants.

Elica S.p.A., Elica France, Elica GmbH and Elica Group Polska have appointed a Data Privacy Officer (DPO).

For Elica S.p.A and Elica France this is a shared DPO, while the DPOs for Elica GmbH and Elica Group Polska are dedicated and appointed under separate agreements.

Due in part to the actions taken and safeguards put into place, the Group did not identify any data breaches in 2021. Specifically, no complaints were received for actual or potential personal data violations, where "complaints" exclusively refers to questions, requests or disputes initiated by third parties and does not include issues identified autonomously by the Company.





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GRI 102: General Disclosures 2016	Name of the organization	102-1	20	
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	Location of operations	102-4	25	
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	Values, principles, standards, and norms of behavior	102-16	18	
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Combatting corruption				
GRI 205 Anti-corruption 2016	The management approach and its components	103-2	82	
	Key impacts, risks, and opportunities	102-15	82	
	Operations assessed for risks related to corruption	205-1	84	
	Communication and training about anti-corruption policies and procedures	205-2	85	
	Confirmed incidents of corruption and actions taken	205-3	84	
Tax				
GRI 207 Tax 2019	The management approach and its components	103-2	76	
	Key impacts, risks, and opportunities	102-15	76	
	Country by country reporting	207-4	77	
Materials				
GRI 301 Materials 2016	The management approach and its components	103-2	100	
	Key impacts, risks, and opportunities	102-15	100	
	Materials used by weight or volume	301-1	101	
Energy consumption				
GRI 302 Energy 2016	The management approach and its components	103-2	93	
	Key impacts, risks, and opportunities	102-15	93	
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GRI Standard	Disclosure	Paragraph at page	Omissions
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<b>Waste</b>			
GRI 306 Waste 2020	The management approach and its components	103-2	102
	Key impacts, risks, and opportunities	102-15	102
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<b>Compliance with environmental laws</b>			
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<b>Supplier environmental assessment</b>			
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<b>Group employees</b>			
GRI 401 Employment 2016	The management approach and its components	103-2	111
	Key impacts, risks, and opportunities	102-15	111
	New employee hires and employee turnover	401-1	114-116
<b>Occupational health and safety</b>			
GRI 403 Occupational Health and <i>Safety</i> 2018	The management approach and its components	103-2	120
	Key impacts, risks, and opportunities	102-15	120
	Work related injuries	403-9	124
<b>Training</b>			
GRI 404 <i>Training</i> and Education 2016	The management approach and its components	103-2	118
	Key impacts, risks, and opportunities	102-15	118
	Average hours of <i>training</i> per year per employee	404-1	119

GRI Standard	Disclosure	Paragraph at page	Omissions
<b>Diversity and Equal Opportunity</b>			
GRI 405 Diversity and Equal Opportunity 2016	The management approach and its components	103-2	111-118
	Key impacts, risks, and opportunities	102-15	111-118
	Diversity of governance bodies and employees	405-1	40-111-112
<b>Fight against discrimination</b>			
GRI 406 Non-discrimination 2016	The management approach and its components	103-2	111-118
	Key impacts, risks, and opportunities	102-15	111-118
	Incidents of discrimination and corrective actions taken	406-1	118
<b>Supplier social assessment</b>			
GRI 414 Supplier Social Assessment 2016	The management approach and its components	103-2	106
	Key impacts, risks, and opportunities	102-15	106
	New suppliers that were screened using social criteria	414-1	107
<b>Consumer Health and Safety</b>			
GRI 416 Customer Health and <i>Safety</i> 2016	The management approach and its components	103-2	129
	Key impacts, risks, and opportunities	102-15	129
	Assessment of the health and <i>safety</i> impacts of product and service categories	416-1	129
	Incidents of non-compliance concerning the health and <i>safety</i> impacts of products and services	416-2	131
<b>Correctness of the information provided to the consumer</b>			
GRI 417 Marketing and Labeling 2016	The management approach and its components	103-2	131
	Key impacts, risks, and opportunities	102-15	131
	Requirements for product and service information and labeling	417-1	133
<b>Consumer privacy protection</b>			
GRI 418 Customer Privacy 2016	The management approach and its components	103-2	134
	Key impacts, risks, and opportunities	102-15	134
	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	134
<b>Group economic weight (financial highlights)</b>			
NO GRI	The management approach and its components	103-2	68
	Key impacts, risks, and opportunities	102-15	68
	Financial Highlights del Gruppo	n.a.	69



GRI Standard	Disclosure	Paragraph at page		Omissions
Eco design				
NO GRI	The management approach and its components	103-2	91	
	Key impacts, risks, and opportunities	102-15	91	
	Packaging reengineering projects concluded	n.a.	92	
	Reduction in annual indirect CO <sub>2</sub> equivalent amounts	n.a.	92	
Innovation				
NO GRI	The management approach and its components	103-2	78	
	Key impacts, risks, and opportunities	102-15	78	
	Patents	n.a.	79	
	Innovation flow effective implementation index	n.a.	79	
After-sales service				
NO GRI	The management approach and its components	103-2	80	
	Key impacts, risks, and opportunities	102-15	80	
	Service Level	n.a.	81	
	Speed of Service	n.a.	81	
	Right First Time	n.a.	81	

# PAIRINGS FOR A SUSTAINABLE RECIPE

**THE SUSTAINABILITY RECIPE**  
THAT WE HAVE OFFERED YOU  
IS NOT A SECRET, BUT AN ASSET  
TO BE SHARED. THE FLAVOURS  
ARE THE FRUIT OF OUR COMPANY'S  
**TRADITION** AND **INNOVATION**.  
THE WISDOM WITH WHICH  
THE INGREDIENTS ARE MIXED  
CAN GIVE RISE TO **UNEXPECTED**  
**RESULTS**.





## 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 2021 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 2022 (the "NFS").

Our procedures did not cover the information set out in the "Communications pursuant to Regulation (EU) 2020/852 (Taxonomy)" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

#### **Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the NFS**

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"), selected as specified in the "Methodological notes" section of the NFS (the "GRI Standards – GRI-Referenced option"), 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.

#### **Auditors' independence and quality control**

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.

#### **Auditors' responsibility**

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, documental 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 2021 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 - GRI-Referenced option. Our conclusion does not extend to the information set out in the "Communications pursuant to Regulation (EU) 2020/852 (Taxonomy)" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Ancona, 24 March 2022

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani  
Director of Audit



