

# PASSIONATE PEOPLE IMPACT THE WORLD

2019 CONSOLIDATED  
NON-FINANCIAL  
REPORT

 elica





# PASSIONATE PEOPLE IMPACT THE WORLD

2019 CONSOLIDATED  
NON-FINANCIAL  
REPORT



# CONTENTS

## INTRO

Message to the stakeholders	10
How to interpret the Elica Group's Non-Financial Report	12
Scope of reporting	13

## OUR IDENTITY

Our Vision	16
Our Values and Commandments	17
Elica Group Profile	19
Outwards-facing initiatives	40
The Supply chain	44
The Governance System	47
Composition of the corporate boards and performance assessment	51
Remuneration policies	59
Definition of the Group's Strategies, Objectives and Values: the actions of the Board of Directors	61
Conflict of interest control policies	63
Effectiveness of the Risk Management model	65

ELICA'S SUSTAINABILITY FOOTPRINT

The direction traced by our footprints	70
Who are our stakeholders?	74
Putting Sustainability into practice at Elica	78
Reporting Changes	82

THE SUSTAINABILITY FOOTPRINT IN THE ECONOMIC ARENA

The Group's economic "weight"	87
Supporting continuous innovation	89
Supporting product digitization	92
Supporting After-Sales Services quality	93
Supplier management	95
Fight against Corruption	98
The commitment to prevent anti-competitive behavior	105

THE ENVIRONMENTAL SUSTAINABILITY FOOTPRINT

Eco-compatible design	111
Energy consumption and emissions	113
Consumables	120
Waste and water management	122

THE SUSTAINABILITY FOOTPRINT IN THE SOCIAL ARENA

Supporting our associates	129
Group Socio-economic Compliance	138
Equal opportunities and the fight against discrimination	139
Training	140
Health and safety	145
Industrial Relations	150
Supporting our Clients and Quality	153
We protect Clients by providing accurate information	158
We protect our Clients' Privacy	163
GRI Index	164



# INTRO



## MESSAGE TO THE STAKEHOLDERS

Dear stakeholders,

2019 was a competitive year that, once again, saw our sector not entirely immune to the global economy's continuing uncertainties. Yet Elica demonstrated exceptional resilience in comparison with its competitors, confirming the validity of the strategy it has been forging for the last few years, with its emphasis on investing in own-brand products, which represented 52% of cooking turnover in 2019, and a driving force of growth and margin improvement.

Indeed, the company is one of the sector's greatest investors in Research and Development. The effectiveness of Elica's business model and corporate culture are founded on a governance model informed by international best practices, and the key role played by the company's committees and independent directors.

The resulting decision-making processes are crucial for the substantive development of the company and its commitment to stakeholders.

All this testifies to the long-sighted strategic vision of top management, the gradual introduction of improved managerial processes and the consolidated capacity of the whole company to act effectively at every level. The key to everything, of course, is the passion, creativity and enthusiasm that all Elica employees bring to work every single day.

It is therefore with great satisfaction that we present to you the Elica Group's "Non-Financial Report", now in its third edition for the financial year 2019. This document advances the story of a journey started over two years ago with its initial publication, giving us a new perspective on our Group through the measurement and a new understanding of the sustainability performance of our organization. This has keenly sharpened our awareness of the need to clearly define concrete actions that are wholly consistent with our strategy to mitigate and improve impacts and continue to generate long-term value for our own people and all our stakeholders.

2019 had many successes that we would like to share with you. For example, we managed to raise the number of training hours by over 27%, another demonstration of Elica's commitment to investing in its people. 2019 also saw the seventh successful edition of the "We Are" programme, which offers our employees' children stimulating holiday study experiences around themes particularly dear to our Group, such as internationalization and cultural integration. Our effective anti-corruption policy was extended across all Group companies, and reached an ever-increasing number of partners. Our Castelfidardo site was the first to achieve ISO 45001:2018<sup>1</sup> certification, crucial in the Group's efforts to improve protections for the health and safety of our people. Our new after-sales organization and Service Providers redoubled our commitment to the care of our end-customers, proudly manifesting the first among our values, "Love customers, and serve them with passion". Finally, we reached various milestones in the achievement of environmental impact reduction goals, initiatives for the personal development and safeguarding of our people, and commitments in pursuing all of our guiding values.

During this last year, we continued to get to know ourselves even better, and this document is proof of that, and an essential tool for making visible what is sometimes invisible, for laying new foundations, for planting the seeds of new ideas, for starting new projects in which to invest resources, and for renewing our commitment to bringing further successes to the Group, and to you, well aware of the strength and importance of forming a synergy with all our stakeholders.

**Francesco Casoli – President**  
**Mauro Sacchetto – C.E.O.**

---

<sup>1</sup> International Standard indicating requirements for an effective occupational health and safety management system.

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

This Consolidated non-financial report of the Elica Group (hereafter also the “Report”) for the year ended December 31, 2019, drawn up in accordance with Legislative Decree 254/2016 enacting Directive 2014/95/EC, discloses upon environmental, social, personnel, human rights and anti-corruption matters, helping the reader to understand Group activities, its performance and results and the related impacts. The document was prepared, like the previous report for the year ended in December 2018, in accordance with the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI); in particular, in accordance with the provisions of Standard GRI 101: Foundation, paragraph 3, reference was made to the following GRI Reporting Standards (“GRI Referenced”), the detailed disclosures of which are provided in brackets:

- GRI 102: General Disclosures 2016 (102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-12, 102-13, 102-14, 102-15, 102-16, 102-18, 102-22, 102-24, 102-25, 102-28, 102-30, 102-32, 102-35, 102-36, 102-38, 102-40, 102-41, 102-42, 102-45, 102-46, 102-47, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55);
- GRI 103: Management Approach 2016 (103-2);
- GRI 204: Procurement Practices 2016 (204-1);
- GRI 205: Anti-corruption 2016 (205-1, 205-2, 205-3);
- GRI 206: Anti-competitive Behaviour 2016 (206-1);
- GRI 301: Materials 2016 (302-1);
- GRI 302: Energy 2016 (302-1, 302-2);
- GRI 303: Water 2016 (303-1);
- GRI 305: Emissions 2016 (305-1, 305-2, 305-3);
- GRI 306: Effluents and Waste 2016 (306-2);
- GRI 307: Environmental Compliance 2016 (307-1);
- GRI 308: Supplier Environmental Assessment 2016 (308-1);
- GRI 401: Employment 2016 (401-1);
- GRI 403: Occupational Health and Safety 2016 (403-2);
- 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);
- GRI 419: Socioeconomic Compliance 2016 (419-1).

This Non-Financial Report was approved by the Board of Directors on March 12, 2020, following its review by the Control, Risks and Sustainability Committee at its meeting of March 5, 2020.

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

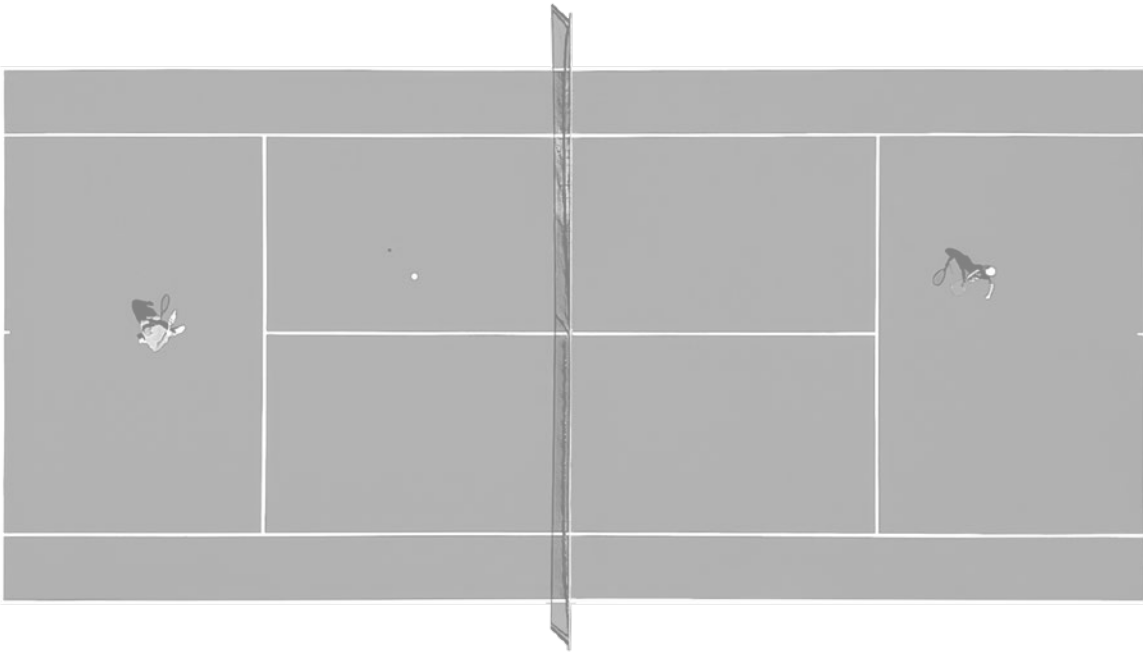
**Elica S.p.A.**  
Via Ermanno Casoli 2, 60044 Fabriano  
FAO Quality & Environment  
System Assurance

or by calling +39 0732 610 1

SCOPE OF REPORTING

At December 31, 2019, the “Group” refers to the parent Elica S.p.A. (hereafter also “the Company”) and the subsidiaries consolidated on a line-by-line basis in the consolidated financial statements: Elicamex S.a. de C.V. (“Elicamex”), Elica Group Polska Sp. z.o.o. (“Elica Group Polska”), Airforce S.p.A. (“Airforce”), 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”).

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





# OUR IDENTITY

IDENTITY IS THE  
COMING TOGETHER  
OF VALUES AND VISION





## OUR VISION

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

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

## Our Values

Loving our customers and serving them with **passion**

Thinking **outside the box**

Getting **everyone involved** in our work

Having and sharing a sense of **excitement**

Always setting and pursuing **new goals**

Being **curious** and constantly **learning**

Having a drive to **win**

Viewing **change** as an **opportunity**

Striving to **cut costs** and **simplify** our work

## Our Commandments

Manage people so that they can get **the job done**

Delegate, delegate, delegate

Work by **objectives**

Persistence, persistence, persistence

Reward **risk taking** and **responsibility**

Sponsor **self-directed teams** of **problem-solvers**

Strive for the **impossible** and ensure a **sense of a challenge** for the team (until the very end)

Do away with the **bureaucratic** mentality

Communicate, communicate, communicate

Keep the company **smart** and **simple**

## ELICA GROUP PROFILE

Elica, chaired by Francesco Casoli and led by Chief Executive Officer Mauro Sacchetto, has operated in the range hood market since the 1970's. With over 3,200 employees, the Group has seven plants, including in Italy, Poland, Mexico, India and China.

The main segments in which the Elica Group operates are:

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

Listed on the Milan Stock Exchange since 2006 - STAR segment - Elica is now the global leader in terms of unit sales of domestic use kitchen hoods. FIME is a European leader in the design, manufacture and distribution of electric motors for heating boilers and home appliances.

With many years' experience in the sector, Elica has combined meticulous care in design, judicious choice of materials and cutting-edge technology guaranteeing maximum efficiency and reducing consumption, making Elica the prominent market figure it is today. The company has revolutionized the traditional image of the kitchen cooker hood: it is no longer seen as simple accessory but as a design object which improves quality of life.





● Direct Presence  
○ Production Network

ELICA  
GLOBALLY

## 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 establishing leadership positions in the market for motors for heating boilers in both Western and Eastern Europe.

### Europe

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

### The Americas

The Elica Group has a presence in Querétaro, Mexico, through Elicamex, its production

and distribution facility for Latin America and North America, with the commercial company Elica Inc. based in Chicago. The presence in the country is part of the strategic move by the Group in recent years to operate even closer to clients in this market and to take advantage of significant growth opportunities both through the OEM business<sup>2</sup> 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 Ariafina, 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 know-

ledge of the Elica Group. Entry into one of Asia's largest markets, featuring among the world's highest growth rates, has been a winning decision thanks to CEO Pralhad Bhutada's stewardship and a distribution and marketing strategy which has delivered.

On September 10, 2018, Elica S.p.A. sold to Whirlpool of India Limited 33% of the share capital of the Indian subsidiary Elica PB India Private Ltd., together with the other Indian minority shareholders disposing of 16%. With completion of the operation, Whirlpool of India Limited acquired in total 49% of the Indian subsidiary Elica S.p.A.. On the basis of the blocking agreement with the Indian shareholders, Elica S.p.A. continues to exercise control over Elica PB India Private Ltd., and fully consolidate the company in its financial statements. Alongside the closing of the agreement and the acquisition of the investment, Whirlpool of India Limited signed an exclusive distribution agreement for a number of its cooking segment products with Elica PB India Private Ltd. to speed up the development of its business on the Indian market, leveraging on Elica PB India's distribution structure which, over the last 2 years, has built a comprehensive network of mo-

no-brand stores and reports annual growth rates at over 30%.

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

### 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 Eli-



ca Trading LLC, which markets own brand products, such as those of Elica, Jet Air and Turboair. Thanks to its product warehouses, Elica Trading LLC, incorporated in 2011 and with head offices in St. Petersburg and Moscow, directly serves a dense, locally-based distribution network. Today the organisation can ensure improved efficiency and quality on this market in terms of both the product and service offered to its clients and consumers, thanks to a directly operated technical support network.

The Group operates in Europe, the Commonwealth of Independent States, Asia and America. In addition to the Italian headquarters, commercial offices are located in

Spain, France, Germany, Russia, Japan, India and the United States, and at year-end 2019 it had seven production facilities in Italy, Poland, India, China and Mexico. The Group is present at the global level both directly (through its commercial offices) and indirectly (distribution contracts).

Group companies and number of employees (excluding temporary staff)

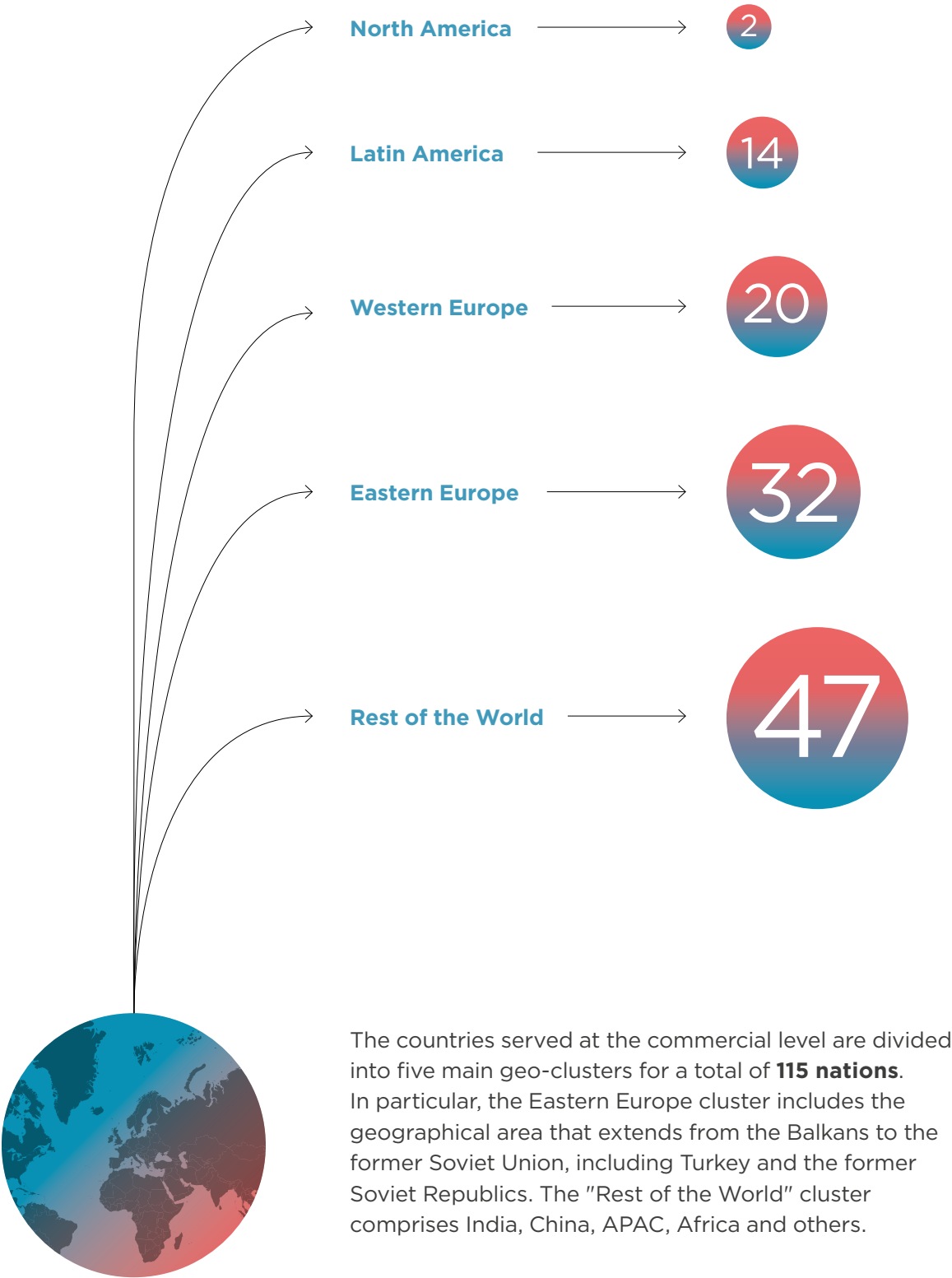
Group employees by company	Unit	2019	2018
Elica S.p.A.	No.	1.138	1.158
Leonardo Services S.A. de C.V.		706	894
Elicamex S.A. de C.V.		-	1
Elica Inc.		5	6
Elica Group Polska Sp. z.o.o.		600	620
Airforce S.p.A.		109	108
Ariafina Co. Ltd.		-	-
Elica GmbH		14	14
Elica PB India Private Ltd.		462	371
Zhejiang Elica Putian Electric Co. Ltd		157	168
Elica Trading LLC		30	32
Elica France S.A.S.		16	11
TOTAL		3.237	3.383

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, Airforce S.p.A., Elica France S.A.S., Elica GmbH, Elica PB India Private Ltd..

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

- **Cooking** of which:
- **Motors:**
- production and sale of third-party brand home appliances (accounting for approximately **48%** of *Cooking* revenues)
  - production and sale of won brand home appliances (accounting for approximately **52%** of *Cooking* revenues)
  - production and sale of electric motors, also for internal use (accounting for approximately **13%** of revenues)

Geo-clusters



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

Kitchen cooker manufacturers	46%
Wholesalers	30%
Major Retailers	15%
Architecture and Interior Design firms	7%
Others	2%
TOTAL	100%







## Brands and products

### Range Hoods & Cooking

#### **Elica**

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

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

#### **Turboair**

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

#### **Ariafina**

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

#### **Arietta**

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

#### **Jet Air**

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

#### **Puti**

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

Electric motors

FIME represents the Elica Group's Motors Division. Over the years, FIME has developed its presence in electric motors and ventilation systems for home appliances, domestic heating and commercial refrigeration. FIME's biggest clients include major industrial groups in various sectors such as Vailant, Bosch, Viessmann, BDR Thermea, Rielo, Ariston Thermo, Immergas, BSH, Miele, Whirlpool, Electrolux and Indesit Company. 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 air circulation systems. In line with the Elica Group's industrial policy, FIME is also orientated towards production focused on the well-being of the individual and the environment. FIME brand ventilation systems comply with the regulatory requirements concerning sustainability and reduced consumption, in all sectors of application.

Target-setting and the management model

The Group's strategic objectives, promoted by Elica's Top Management and approved by the Board of Directors, are formulated in a planning process involving all operating segments, markets, head offices and production facilities. The Group's strategic plan (Budget, Three-year plan) is monitored by setting and verifying (monthly, quarterly and annually) targets for the dedicated commercial organizations (Markets, OEM and Own Brand Channels and the Motors Division), the Operations area (Manufacturing, Logistics, World Class Manufacturing, Quality and Purchasing), Research and Development and the staff functions (Finance EHS<sup>3</sup>, Human Resources and IT).



3 Environment Health & Safety.



## Elica's economic network

### WCM Association

In 2009 Elica joined the World Class Manufacturing Association (WCMA), an international non-profit organisation bringing together companies from various sectors involved in the introduction and the development of this production method which targets ongoing and sustainable improvement.

WCM is a structured and integrated production system, whose main focus is to create a culture of ongoing improvement through the recognition of waste and losses across the entire value chain of the companies applying it.

It is structured in ten technical and ten managerial pillars.

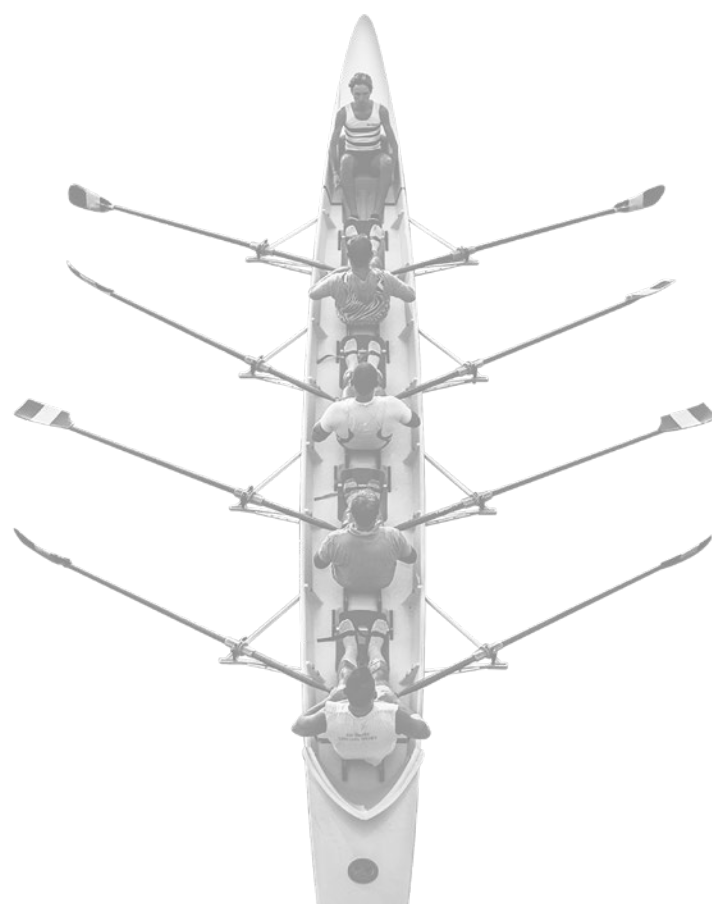
WCM prioritises waste and losses through ad hoc tools and methods, with each loss and waste then addressed through specific approaches.

Safety, quality and the environment are key concerns, each reflected in a similar number of technical pillars that work to reduce safety risks and environmental impacts, improving the quality of products, workers' lives and the surrounding environment.

The ten technical pillars are flanked by the

ten managerial pillars, which focus - among other matters - on developing talent and recognising everyone's contribution to the improvement of their work.

The approach of prioritizing the problems to be tackled in terms of safety, quality and cost, the use of the most appropriate tools and methods, their strict application and the "pace" of expertise development and of the perimeter, have led WCMA enterprises to deliver excellent results, as recognized by other organizations and associations from both the public and private spheres.



The objective of the Association is to promote the sharing and application of best production practices among partner companies.

### Main activities carried out with Elica

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

### Confindustria

Confindustria is the main association representing manufacturing and service businesses in Italy.

Confindustria's voluntary members include over 150 thousand small, medium and large companies with a total workforce of 5 million.

The association's mission is to support business's role in driving Italy's economic, social and civil growth. To achieve this aim, it designs common strategies, goals and initiatives, in a manner respectful of members' autonomy and sphere of influence, working together with exponents of the economy and finance, Italian, European and international institutions, government,

labour, culture and research, science and technology, politics, information and civil society.

Confindustria adds value through its network extending from its Rome headquarters to its Delegation in Brussels (a key point of contact between the entire Italian business community and the European Union) and the 217 member organisations operating in various sectors throughout the territory.

### Main activities carried out with Elica

Advisory activity: employment law.

### ASSONIME

ASSONIME is an association that represents Italian joint-stock companies.

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

- strives for the improvement of industrial, commercial, administrative and

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

**Main activities carried out with Elica**  
Institutional relations and networking activity.

**The Leonardo Committee**  
The Leonardo Committee was formed in 1993 at the initiative of Confindustria, ICE<sup>4</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 co-operates with all institutions responsible for promoting Italian companies abroad and their international expansion efforts.

<sup>4</sup> Italian Trade Agency. ICE is the Agency for the promotion abroad and international expansion of Italian businesses.

Its members also include top government officials such as the Prime Minister, Minister of Foreign Affairs, Minister of Economic Development and Minister for Cultural Heritage and Activities.

**AIDAF**  
AIDAF – the Italian Association of Family-Owned Companies – was founded in 1997 by Alberto Falck along with a group of like-minded business people. Its members now include over 180 family-owned companies, accounting for approximately 14% of Italy’s GDP and employing 600,000. In May 2019, the Chairperson of Elica S.p.A. Francesco Casoli was appointed Chairperson of AIDAF.  
The Italian Association of Family Businesses (AIDAF) is the only association specifically dedicated to matters of interest to small, medium and large family businesses, involving all members of business-owning families. The association is active in three main areas:

- Training and empowerment of members of associated families.
- Institutional projects involving Italian

<sup>5</sup> Family Business Network.  
<sup>6</sup> National Research Council.

and European politicians aimed at creating and maintaining a legislative and regulatory framework that favours family businesses.

- The exchange of experiences and ideas through the organization of opportunities to meet to facilitate networking between member business-owning families.

AIDAF is the Italian Chapter of FBN<sup>5</sup> – Family Business Network.

**Main activities carried out with Elica**  
Institutional relations and networking activity.

**ISTAO**  
The Adriano Olivetti Institute (ISTAO) is one of the longest-running management training schools in Italy. It was founded in 1967 by the economist Giorgio Fuà with the support of the Adriano Olivetti Foundation, the Social Science Research Council and the CNR<sup>6</sup>.  
The Institute has always taken inspiration for the culturally and civically oriented training of its managerial students from



the figure of Adriano Olivetti himself, who championed entrepreneurship as a moral and productive duty.

The institute's methodology is based on experimentation and experience within a corporate context, in the conviction that the best way to learn is face to face with the operational and professional world. The formula favours learning by producing over traditional note-taking lessons.

#### Main activities carried out with Elica

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

#### ISTUD

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

Since 1970, it has been dedicated to management training and research, creating and organising inter-company and tailor-made training programmes for managers and

professionals in all roles and sectors, and post-graduate courses for selected young talents from across Italy.

#### Main activities carried out with Elica

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

#### 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 specialization in national manufacturing systems.

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

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

It is also a member of APPLiA Italy and Europe - the Home Appliance Manufacturers Association. APPLiA contributes to enhancing the competitiveness and sustainable development of industry manufacturers and aims to ensure access to all the knowledge

needed to design innovative, sustainable (i.e., energy-efficient) and high-performance products.

By adopting its Code of Conduct, members ensure their end customers and consumers that their product performance data (as stated in manufacturer’s catalogues and websites) 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 Division, 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.

EVIA promotes the application of highly energy-efficient ventilation systems with a strong focus on aspects of health and comfort, ensuring high indoor air quality and compliance with European regulations, while also promoting the circular economy and connectivity (Internet of Things application). It is also a member of the following working groups: Residential, Non-Residential, Fans, Ventilation 2030 and Connectivity.

Elica is 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 labor laws, keep abreast of new best practices and form a regional network of local companies.

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





## OUTWARDS-FACING INITIATIVES

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

### Ermanno Casoli Foundation

The Ermanno Casoli Foundation, established in 2007 in memory of Elica's founder, promotes initiatives in which contemporary art becomes a means of spreading knowledge and methods capable of improving the working environment and triggering processes of innovation, with the goal of supporting relations between art and business. A pioneer in exploring the potential for dialogue between art and industry, the Foundation has made a name for itself in Italy as an avant-garde promoter of the use of contemporary art in company training, through increasingly structured, specialized activities capable of spurring interaction between these two worlds in furtherance of their respective goals.

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

This makes contemporary art particularly suited to creating open, innovative experiential environments. The Foundation pro-

motes projects in which art and corporate organizations feed into one another, triggering original processes of innovation that stimulate creativity and reinforce teamwork. The works of art in the Elica Corporate Collection are the product of interaction between employees and internationally renowned artists. This unique, specific collection of works has been featured in the volume *Global Corporate Collections* (2015), dedicated to the world's one hundred most beautiful corporate art collections.

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

The main initiatives organised by the FEC in 2019 were:

**E-STRORDINARIO for Kids** entitled "IL POSTO DOVE VIVO" (*The place where I work*), a workshop held in Fabriano and developed by the artistic duo Bianco-Valente (Giovanna Bianco and Pino Valente) for the seventh edition of E-STRORDINARIO for Kids, which saw the participation of over fifty kids (children of Elica employees). The result was the creation of three large maps which, no longer having the function of guiding and indicating places, reflect a new geography of the soul in which the experiences of all participants are mixed.

**E-STRORDINARIO, HAND#4** a workshop held in Milan conceived and conducted by Francesca Grilli with the goal of helping the students taking part understand how the character of the person can be represented by the body, stimulating a more instinctive and free style of reading. The workshop allowed the students taking part to work on the value of change, of breaking with convention and the importance of communication as a necessary tool for teamwork.

HAND#4 is part of the course, completely in English, held by Chiara Paolino, researcher in Business Organization and author, with

Marcello Smarrelli and Deborah Carè, of the book "Innovare l'impresa con l'arte" (Business Innovation through Art).

**Opening of the Ermanno Casoli Prize Museum** in collaboration with the Municipality of Serra San Quirico and funded by the Marche Region. The project included a renewed arrangement of the existing spaces and the donation, by the Ermanno Casoli Foundation, of the work "The Relay" by the artist Patrick Tuttofuoco.

The Ermanno Casoli 1998-2007 Museum Prize collects the winning works of art in this period. The Ermanno Casoli Prize, in fact, was established in 1998 by Gianna Pieralisi, wife of Ermanno Casoli, Elica's founder, and her children Francesco and Cristina, to honour and keep alive the memory of her husband and father, who passed away prematurely.



### Iris Garden Learning Center

Iris Garden is an Italian/English learning center 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 center is the brainchild of Francesco Merloni, with support from Ariston Thermo and Elica, and is run by the social cooperative Mosaico.

The initiative is of considerable social value and offers a strategic vision focused on the youngest members of society. The center, whose teaching staff include native speakers of both English and Italian, is a place where children can develop their cognitive abilities and hone the skills required to become bilingual in a setting offering full immersion in the English language. The initiative seeks to foster access by children aged three to six to an avant-garde educational institution with deep roots in the community, based on an internationally recognized pedagogical approach developed in Italy (the Reggio Children Approach) and bilingual teaching (in Italian and English), which together facilitate a positive process of growth and learning from an early age.

Elica believes that excellence should not be promoted by focusing on the business environment alone, but also by ensuring excellence in the local communities from which the company springs. Accordingly, the Group is committed to facilitating the development of tools and actions aimed at achieving wellbeing both in the workplace and in society as a whole.



## THE SUPPLY CHAIN

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

The central organisation has departments dedicated to the two main business divisions, *Cooking* and *Motors*.

Its main areas of activity are:

- Customer Demand and Finished product inventory management, Customer support for own brand and third-party brand customers;
- Master Planning Schedule for the production facilities and suppliers of both finished products and spare parts;
- Material Management and logistics supplier management in coordination with the Purchasing department for both production and introduction of new products;
- Shipping, Storage and Distribution;
- Processes and ongoing improvement

of systems with a focus on Information Technology instruments and global management platforms (SAP, Air SIOP, Air Factory, Alfresco, etc.)

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

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

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

Products are distributed both directly by the first-tier warehouses located near the production facilities and by the second-/

third-tier warehouses located in the various geographical areas.

The extensive variety and complexity of the product line entails the management of approximately 600 different suppliers based throughout the world. Approximately 40% of current spending on the purchase of materials and components originates in low-cost countries (China, Poland, Mexico, etc.), whereas the remaining 60% originates with EMEA suppliers.

The Motors division produces approximately 30% of products for internal use, meaning they are used in hoods sold by the Group itself (captive production), and 70% for external clients.

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

- *Ventilation* (27% of units produced)
- Home appliances (37% of units produced)
- *Heating* (36% of units produced)

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





## THE GOVERNANCE SYSTEM

Elica S.p.A. is a joint-stock company as defined in article 1.1 of the By-Laws which governs its scope of activities and operation. Article 2.1 of the company's By-Laws states that the company has the sole purpose of carrying out the following activities: the exercise, on its own behalf and on behalf of third parties, of the industry of construction of electro-mechanical and mechanical articles, steel production and the production of articles in synthetic resins and similar, the trade, including electronic trade, of the products deriving from the aforementioned activities and processing, even if produced by others; the production and sale of household appliances and components for the electromechanical and mechanical industries; the creation of services and the processing of accounting data on behalf of subsidiaries and associated companies, including via the use of IT systems, accounting machines and computers of all kinds; the creation of consultancy services within the scope of its own activity, including the activity of product testing. As per art. 2.2, the Company may also, in serving the corporate purpose: carry out, in general, all commercial, industrial, financial, securities-related and real estate transactions that the Board of Directors deems useful and/or necessary to achieve the corporate purpose; acquire shareholdings and interests in other companies or enterprises of any nature having a similar or related corporate purpose; oversee the technical, financial and administrative coordination of the investees

and their financing in general in any form and by any act that serves even only indirectly the corporate purpose; grant secured guarantees, sureties and endorsements in favour of third parties in the interest of the Company or its subsidiaries or associated companies. The exclusion of all financial and fiduciary activities reserved under the law and the implementing ministerial decrees remains unaffected.

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

The By-Laws also set out Elica's corporate governance system: it is structured according to the traditional administration and control model, which requires a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. According to the Self-Governance Code, two Committees are established within the Board of Directors: the Appointments and Remuneration Committee (pursuant to articles 4.P.1., 5.P.1. and 6.P.3. of the Self-Governance Code) and the Control, Risks and Sustainability Committee (pursuant to articles 4.P.1. and 7.P.4. of the Self-Governance Code).



The Committees are made up of Independent Directors and both have mainly propositional and investigative duties.

The Appointments and Remuneration Committee in particular:

- provides opinions in relation to the size and composition of the Board of Directors;
- proposes candidates to the same Board;
- chairs the process for the succession of executive directors, ensuring compliance with the Self-Governance Code;
- reports to the Shareholders' Meeting through the Corporate Governance and Ownership Structure Report and Remuneration Report.

In 2019, the following Independent Directors were members of the Committee: Elio Cosimo Catania (as Chairperson), Barbara Poggiali and Davide Croff.

The Control, Risks and Sustainability Committee in turn:

- plays a role in supporting the Board of Directors' assessments and decisions relating to the internal control and risk management system, and those relating to the approval of the periodic financial reports;
- following consideration by the Board

of Directors, it also expresses its opinion on Related Party Transactions in accordance with the Related Party Transactions Policy adopted by Elica S.p.A.;

- from April 2017, the function has also carried out propositional and consultative functions with regard to the Board of Directors as per Legislative Decree 254/2016, in application of the European non-financial reporting regulation, i.e. the processes, initiatives and activities required to communicate the company's commitment to sustainable development throughout the supply chain.

For example purposes:

- a. reviews and assesses: (i) sustainability policies aimed at ensuring the creation of value over time for the collectivity of shareholders and for all other stakeholders over a medium-long term period in accordance with the principles of sustainable development; (ii) the guidelines, objectives and consequent processes of sustainability and sustainability reporting submitted annually to the Board of Directors;
- b. examines any sustainability initiatives submitted to the Board of Directors;
- c. expresses an opinion on other sustainability issues at the Board's request.

In 2019, the following Independent Directors were members of the Committee: Davide Croff (as Chairperson), Elio Cosimo Catania and Cristina Finocchi Mahne.

Reference should be made to the Corporate Governance and Ownership Structure Report published on the company website for details on the functions and activities carried out during the year.

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.  
and at the registered office.

## COMPOSITION OF THE CORPORATE BOARDS AND PERFORMANCE ASSESSMENT

The Company's Board of Directors, as per Article 2.P.1 of the Self-Governance Code, has executive and non-executive directors in possession of the appropriate skills and professional expertise. 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. On April 27, 2018, the Board of Directors of Elica, chaired by Francesco Casoli, has:

- appointed Francesco Casoli and Antonio Recinella as executive directors of Elica S.p.A., appointing the latter as C.E.O.; he remained in this role until July 8, 2019, on which, by Board of Directors' motion, he was replaced by Mauro Sacchetto;
- assessed the independence of the Directors Elio Cosimo Catania, Davide Croff, Barbara Poggiali, Cristina Finocchi Mahne and Federica De Medici, declaring them independent in accordance with Article 148, paragraph 3 of the CFA (restated in Article 147-ter, paragraph 4 of the CFA) and under Article 3.C.1. of the Self-Governance Code for listed companies;
- appointed Elio Cosimo Catania (Chairperson), Davide Croff and Barbara Poggiali, independent/non-executive directors, as members of the Appointments and Remuneration Committee;
- in addition, appointed Davide Croff (Chairperson), Elio Cosimo Catania and Cristina Finocchi Mahne, independent/non-executive directors, as members of the Control, Risks and Sustainability Committee;
- appointed Independent Director Federica De Medici as Lead Independent Director;
- appointed the Executive Director, Francesco Casoli, as responsible for the Internal Control and Risk Management System.



The composition of the administrative body, as indicated above, provides for:

- 2 male independent directors;  
3 female independent directors;
- 2 male executive directors (the Executive Chairman and the Chief Executive Officer);
- 1 male non-executive director.

This composition remained unchanged until two important changes affected the administrative body in 2019:















- with motion of July 8, 2019, the Board of Directors of Elica appointed Mauro Sacchetto as the new Chief Executive Officer of Elica S.p.A. with immediate effect. The appointment, in accordance with the succession plan adopted by the company, concludes a selection process and is based on the proposal of the Appointments and Remuneration Committee, reflecting its opinion and follows approval by the Board of Statutory Auditors;
- on September 26, 2019, the Board of Directors co-opted Giovanni Tamburi as a non-executive director. This appointment followed the resignation, for personal reasons, of the Non-Executive Director Gennaro Pieralisi. The co-option took place alongside the transaction, announced on July 24, 2019, through which Tamburi Investment Partners S.p.A. (of which Giovanni Tamburi is Chairman and Chief Executive Officer) acquired a minority holding in Elica S.p.A. with the purchase of the shares held by Whirlpool EMEA S.p.A. and the treasury shares of the company. Giovanni Tamburi shall remain in office until the next Shareholders' Meeting of the company. On October 31, 2019, the Board of Directors assessed the independence of the new Non-executive Director Giovanni Tamburi, declaring his independence in accordance with the CFA and the Self-Governance Code.

Therefore, at December 31, 2019, the administrative body of Elica comprise six independent directors and the Internal Board of Director Committees comprises 3 members, of which 1 female on each Committee.

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

The Company's By-laws provide that the Board of Statutory Auditors consist of three standing auditors and two alternate auditors. The Board of Statutory Auditors of Elica S.p.A. comprises 3 members, of which 1 female. For details on the appointment process and criteria, reference should be made to the Corporate Governance and Ownership Structure Report.

## Performance Indicators

	1	2	3	
<b>Composition of the Board of Directors of Elica S.p.A.</b>				<b>2 male Executive Directors</b> Executive Chairman Chief Executive Officer
				<b>3 female Independent Directors</b>
				<b>2 male Independent Directors</b>
				<b>1 male Non-Executive Director</b>
<b>Control, Risk and Sustainability Committee</b>				<b>2 male Independent Directors</b>
				<b>1 female Independent Director</b>
<b>Board of Statutory Auditors of Elica S.p.A.</b>				<b>2 male Members</b>
				<b>1 female Members</b>

Performance Indicators

Board of Directors of Elica S.p.A.

Name	Age	Gender	Position	Executive	Independent	Any other positions within the Group
Francesco Casoli	58	M	Executive Chairman	YES	NO	Director at Ariaфина
Antonio Recinella	51	M	C.E.O.	YES	NO	C.E.O. and Director with subsidiaries until July 8, 2019
Mauro Sacchetto	60	M	C.E.O.	YES	NO	Appointed by motion of July 2019: replaces Antonio Recinella - Director at subsidiaries
Gennaro Pieralisi	81	M	Director		NO	Director until September 26, 2019
Giovanni Tamburi	65	M	Director		YES	Co-opted by motion of September 2019 - Replaces G. Pieralisi
Elio Cosimo Catania	73	M	Director		YES	-
Davide Croff*	72	M	Director		YES	-
Cristina Finocchi Mahne	54	F	Director		YES	-
Barbara Poggiali	56	F	Director		YES	-
Federica De Medici	47	F	Director		YES	-

\*The director Davide Croff resigned from his position on February 11, 2020.

Composition		2019			2018		
Age	Unit	Male	Female	TOTAL	Male	Female	TOTAL
less than 30 years	No.	-	-	-	-	-	-
between 30 and 50 years		-	1	1	1	1	2
over 50 years		5	2	7	4	2	6
TOTAL		5	3	8	5	3	8

Appointments and Remuneration Committee

Name	Age	Gender	Position	Executive	Independent	Any other positions within the Group
Davide Croff*	72	M	Director	NO	YES	-
Elio Cosimo Catania	73	M	Director	NO	YES	-
Barbara Poggiali	56	F	Director	NO	YES	-

\*The director Davide Croff resigned from his position on February 11, 2020.

Composition		2019			2018		
Age	Unit	Male	Female	TOTAL	Male	Female	TOTAL
less than 30 years	No.	-	-	-	-	-	-
between 30 and 50 years		-	-	-	-	-	-
over 50 years		2	1	3	2	1	3
TOTAL		2	1	3	2	1	3



Performance Indicators

Control, Risk and Sustainability Committee

Name	Age	Gender	Position	Executive	Independent	Any other positions within the Group
Elio Cosimo Catania	73	M	Director	NO	YES	-
Davide Croff*	72	M	Director	NO	YES	-
Cristina Finocchi Mahne	54	F	Director	NO	YES	-

\*The director Davide Croff resigned from his position on February 11, 2020.

Composition		2019			2018		
Age	Unit	Male	Female	TOTAL	Male	Female	TOTAL
less than 30 years	No.	-	-	-	-	-	-
between 30 and 50 years		-	-	-	-	-	-
over 50 years		2	1	3	2	1	3
TOTAL		2	1	3	2	1	3

Board of Statutory Auditors of Elica S.p.A.

Name	Age	Gender	Position	Executive	Independent	Any other positions within the Group
Giovanni Frezzotti	75	M	Chairman			-
Massimiliano Belli	47	M	Statutory Auditor			-
Monica Nicolini	56	F	Statutory Auditor			-

Composition		2019			2018		
Age	Unit	Male	Female	TOTAL	Male	Female	TOTAL
less than 30 years	No.	-	-	-	-	-	-
between 30 and 50 years		1	-	1	1	-	1
over 50 years		1	1	2	1	1	2
TOTAL		2	1	3	2	1	3

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

The evaluation process, which is also covered by the Self-Governance Code for Listed Companies of Borsa Italiana, examines the Board’s achievements and the processes followed, as the Board itself is responsible for assessing the areas of governance. The board evaluation is undertaken annually and involves a structured analysis of the functioning, size and composition of the Board of Directors and its committees that also takes account of elements such as professional qualifications, experience (managerial and otherwise) and the gender balance of its members, in addition to their seniority of service. The analysis seeks to identify possible weaknesses in order to improve the quality of governance. Each Board should ensure a balanced mix of professionalism and skills that are systematically reflected in the choices that govern the functioning of the company. Therefore, the evaluation’s objective is to understand whether this balance is also respected in numerical terms: it is of paramount importance to assess the functioning, efficiency and effectiveness of the decisions taken in relation to the objectives achieved in order to identify possible shortcomings and overcome them. As per paragraph 1.C.1. of the Self-Governance Code, in December 2017 and January 2018, the Board of Directors of Elica carried out its own self-assessment, utilising the external support of GC Governance Consulting, an independent and specialised corporate governance company.

The results were presented to the Board of Directors at the meeting of March 7, 2019, during which a positive overall picture emerged and the composition of the Board was deemed adequate in terms of number, professionalism, diversity and balance between executive, non-executive and independent directors. For 2019, at a meeting of the Board of Directors on October 31, 2019, the Chairperson of the Board of Directors and the Chief Executive Officer, acting severally and with the power to subdelegate, were granted the power to appoint third parties to carry out the Board’s self-assessment, including the power to identify the best proposal and assign the appointment in order to receive self-assessment results prior to the approval of the financial statements proposal by the Board of Directors. For the results of the 2019 Board Evaluation, as well as the related outcome, please refer to the Corporate Governance and Ownership Structure Report.

REMUNERATION POLICIES

The remuneration of directors and, in particular, those holding executive office, is a key incentive and control mechanism to ensure the integrity and efficacy of the corporate governance mechanisms. These remuneration policies target the achievement of the Group strategy and are an essential tool to align the interests of shareholders with those of management. The remuneration system is in addition part of a wider framework to attract, satisfy and maintain the most suitable personnel to ensure the company’s success. Development of the individual and equal opportunities, which have always been at the heart of Elica’s culture, are the “ethical” base on which the remuneration systems are built. With regards to the instruments utilized, the “annual remuneration policy” in the Group remuneration report - to which reference should be made - comprehensively outlines the Remuneration Policy and its implementation at the company with regards to the members of the management bodies and the senior executives. Elica’s remuneration system, always based on the principles of the Self-Governance Code, is a key instrument to:

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

With regards to senior executives, this goal is achieved also through linking a significant part of remuneration to the reaching of the pre-set performance objectives, established through “management by objectives” (MBO) and long-term incentive (LTI) plans. For the other executives, as well as for many professionals, variable remuneration is based on “Management by Objectives” plans, which, linked to the “Personal Behaviours Review Policy (PBR<sup>7</sup>)” and the evaluation of behaviours enabling the achievement of objectives, incentivize the contribution of everyone regarding not only quantitative but also quality performance indicators. Fixed remuneration is generally defined according to the content of the positions and a market benchmark for each role, weighted according to professional expertise and seniority, where applicable. In Italy, the national collective bargaining contract for the metalwork and plant installation industry, or that for Industry Executives for executive roles, is applied to both Elica and Airforce.

<sup>7</sup> The Performance Behaviours Review (PBR) process is Elica Group's main People Development and assessment process.



Performance Indicators

Ratio between higher compensation and total median compensation

Ratio	Unit	2019	2018
Italy	No.	64,67	45,26
France		4,16	3,37
Germany		2,53	2,50
The Americas		40,15	32,74
Poland		9,85	9,40
Russia		14,81	16,99
China		35,46	34,91
India		92,69	107,36

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, Airforce S.p.A., Elica PB India Private Ltd..

DEFINITION OF THE GROUP’S STRATEGIES, OBJECTIVES AND VALUES: THE ACTIONS OF THE BOARD OF DIRECTORS

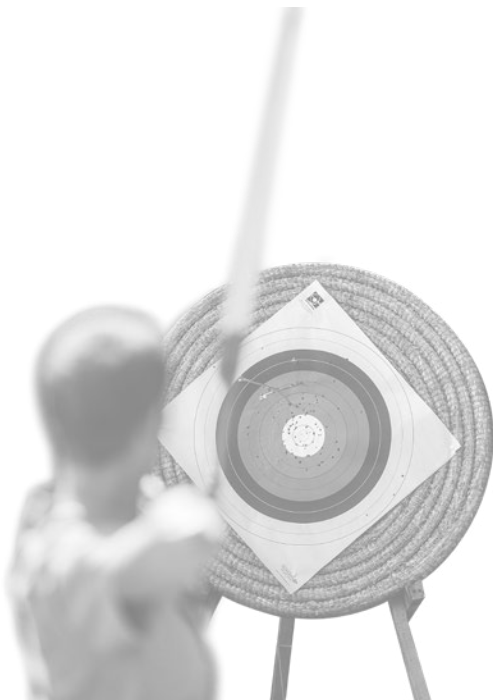
The role of the Elica Board of Directors is crucial in identifying and pursuing the company’s strategic objectives. The By-Laws effectively grants it the widest powers for the management of the Company: it may carry out all acts and operations that it considers necessary to achieve the company object,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

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

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

Based on the powers conferred, the Board of Directors:

- examine and approve the strategic, industrial and financial plans of the Company and of the Group, periodically monitoring their implementation; establish the corporate governance of the Company and the structure of the Group;



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

## CONFLICT OF INTEREST CONTROL POLICIES

Corporate governance measures, aimed at contrasting situations of conflicts of interest that might prejudice the position of shareholders, are common to many of the companies listed on the electronic market of Borsa Italiana SpA, and stipulate that in case of any conflict of interest, the management shall refrain from making any related decision. Furthermore, with regard to conflicts of interest, art. 20.2 of the By-Laws provides that the executive bodies, if appointed, shall report to the Board of Directors, even orally and at least quarterly, on the exercise of their respective powers, as well as on the most significant transactions, due to their size or characteristics, carried out by the Company and its subsidiaries; in particular, they shall report on transactions in which they have an interest, on their own behalf or on behalf of third parties. Article 19.5 of the same By-Laws states that the directors must report to the Board of Statutory Auditors on a timely and at least quarterly basis at the meeting of the Board of Directors or the Executive Committee, if appointed, or via written notes sent directly to the Chairman of the Board of Statutory Auditors, on the activities carried out and their general management and foreseeable evolution, as well as on the most significant transactions, in terms of size or characteristics, carried out by the company and its subsidiaries. In particular, they must report on transactions

in which one or more of them have an interest, on their own behalf or on behalf of third parties, or which are influenced by the person exercising the management or coordination activity, where applicable.

Elica furthermore guarantees the independence of decisions through a Board of Directors made up largely of independent directors (as of December 31, 2019: 6 of 8).

Principles enshrined in corporate regulations with the purpose of preventing and handling conflicts of interest include the Code of Conduct, the Procedure for Transactions with Related Parties and the Anti-corruption Policy. For example, all recipients of the Policy are expected to operate with professionalism, transparency, impartiality and promptly report situations from which any conflict of interest may arise.

A further commitment to protecting stakeholders from the effects of any conflicts of interest comes from preparing financial statements according to IFRS standards and reporting all the necessary information directly in the management report.

Finally, Article 2.P.2. of the Self-Governance Code, to which Elica complies, states that: “the non-executive directors provide their specific expertise in the board meetings, contributing to the undertaking of informed decisions and providing particular attention to areas which may give rise to conflicts of interest”.





## EFFECTIVENESS OF THE RISK MANAGEMENT MODEL

The Internal Control and Risk Management System (“SCIGR” or “ICR-MS”) is a set of guidelines, rules and organizational structures designed to safeguard stakeholders by facilitating the identification, measurement, management and monitoring of significant risks. The ICRMS works on three levels:

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

The ICRMS is subject to periodic reviews by the Internal Audit service, taking into account the evolution of business operations and the reference context, as well as existing best practices.

Until September 2019, Internal Audit was outsourced to Protiviti S.r.l., a leading consultancy firm in analysing and designing governance, organisation and control models. In October 2019, an Internal Manager was appointed for the service, with a duty to report directly to the Board of Directors.

Risk prevention and management is carried out in accordance with the audit plan approved by the Board of Directors, which systematically receives updates on the activity performed through the Control, Risks and Sustainability Committee.

The Board of Directors, aided by the Control, Risks and Sustainability Committee, Internal Audit, the competent company departments and the Supervisory Board, plays a fundamental, crucial role in designing and assessing the internal control system and the risk prevention and management policy.

For further information, reference should be made to the Corporate Governance and Ownership Structure Report.



# ELICA'S SUSTAINABILITY FOOTPRINT

A CORRECT  
APPROACH TO SOCIAL  
RESPONSIBILITY AS A  
KEY TO UNDERSTANDING  
BUSINESS PERFORMANCE





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

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

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

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

## THE DIRECTION TRACED BY OUR FOOTPRINTS

Year-in year-out measurements and analyses of sustainability performances give us a greater awareness of the direction we are tracing with our sustainable footprints. The effective implementation of qualitative and quantitative management improvements and of socio-environmental impact and risk reductions demonstrates to the whole group and its stakeholders the direction we are taking, of which some examples are given below.

→ During 2019, the Group reviewed the mapping of its stakeholders and their roles. The mapping is the result of the considerations of the top management, which conducted a series of interviews to identify interaction risks and opportunities, and different methods of communication and dialogue, with a view to improving them not only for the short but also the medium and long term. Accordingly, the organisation is in a po-

sition not only to plan actions and methods of handling the risks and opportunities identified, but also to monitor their effects in terms of the extent of their actual or potential impact on the Group's Sustainability. During 2019, Elica S.p.A. implemented the Vittoria RMS management system software, which integrates various management systems, and has specific tools for analysing corporate risk. The system was used to initiate a new and more in-depth mapping of the business and its operating context, with a view to monitoring and promptly updating the evolving needs of stakeholders, and identifying actions for the effective management of risks and opportunities.

→ During the reporting cycle of the 2019 financial year, Elica Group carried out a new Materiality Analysis, in order to review the external and internal relevance of ethical and environmental issues, and thus gain a fuller and clearer picture of material economic, environmental and social impacts.

→ The Board of Directors appointed on April 27, 2018 was enriched with

the addition of persons possessing qualified and proven sustainability assessment and analysis experience. This allows the group's top management to dedicate greater expertise to the guidance and reporting of sustainability issues and impacts.

→ The group's capacity and commitment to generating innovation has a significant medium/long-term strategic value, both in economic





- and social terms. The activity is managed centrally by the parent company through a dedicated role, the Advanced Engineering and Innovation Manager, who oversees a team of 7 to 10 people. The development status of technology is classified by the Elica Technology Readiness Level (ETRL), from a pure research Orientation Phase right through to Prototype Validation.
- In 2019, three new sensor innovation projects with electronics relevance were initiated, and added, for the first time, to the Advanced Engineering and Innovation area.
- The maturation of a wider awareness of the impacts of the organization's activity guaranteed, in 2019, constancy in the monitored boundaries of our sustainable footprint, allowing us to extend auditing activities, including social criteria, to 128 suppliers, bringing the percentage of monitored suppliers to as much as 17% of the total suppliers of the Group.
- The continuous application of the Eco-compatible packaging redesign system has allowed the Group to develop projects with innovative solutions that contribute to minimizing indirect CO<sub>2</sub> emissions, and define best practices for subsequent projects.
- The waste produced by the industrial cycle is composed almost entirely of non-hazardous waste. One of Elica's main goals is to reduce logistics waste by using reusable containers for the movement of production materials on-site or between different sites.
- One of the most significant results in reaching socio-economic objectives was the considerable improvement in all global health and safety indices concerning the people who form part of Elica Group. The close management and monitoring system of all activities, supported by the central EHS function, allowed a considerable reduction in the safety indexes through various initiatives and specific instruments, such

as the Heinrich Pyramid<sup>9</sup>. The Accident Frequency Index decreased by 14% compared to the same period of 2018; the Severity Index decreased by 7% compared to the same period of 2018; the number of accidents decreased by 14% compared to the same period of 2018. Furthermore, in October 2019, the FIME factory, representing Elica Group's electric motor division, in Castelfidardo, achieved the first ISO45001-2018 certification for the application of its "Occupational Health and

Safety Management System" on an Italian site. This represents a crucial step forward in applying proven methodology to the management of occupational health and safety risks, with the transversal goal of improving the well-being of personnel at all levels of the company.

This certification will now be extended across all Italian sites in 2020, and subsequently across all foreign sites.

<sup>9</sup> See "Health and Safety" for further details.



WHO ARE OUR STAKEHOLDERS?

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

The periodic mapping of stakeholders takes a multidisciplinary approach that engages the entire top management in interviews to identify risks and opportunities relating to interactions with various interlocutors, and different communication methods, with a view to improving them not only for the short but also the medium and long term. Accordingly, the Group is in a position to plan actions and appropriate methods of confronting the risks and opportunities identified, monitoring their effects through the many tools managed at the various levels of the organization in proportion to their actual or potential impact on the Group’s sustainability. The main goal is to redouble the organisation’s commitment where there is found to be a need to improve or to continue with the positive approaches previously implemented.

As there were no significant changes in the Group’s activities during 2019, the stakeholder mapping substantially conforms to that already elaborated in the second half of 2018.

The following table provides an overview of the Group’s main stakeholders and the precise criteria used to assess their importance:

Stakeholders	Boundary	Possible influence or impact on the PERFORMANCE of the organisation	Ability to create RISKS AND OPPORTUNITIES	Possible influence or impact on the MARKET	Ability to influence the organisation through their DECISIONS AND ACTIVITIES
Chief Executive Officer (C.E.O.)	Internal	x	x	x	x
Board of Directors (BoD including Committees)	Internal	x	x		x
Internal control bodies	Internal				x
Personnel	Internal	x	x		
Top management	Internal	x	x	x	x
Envinronment	External	x		x	
Trade Associations/ Consumers	External		x	x	
External Control Bodies/ Authorities	External		x		x
Stakeholders	External		x	x	x
Customers	External	x	x	x	x
Competitors	External	x	x	x	
Local communities	External				x
Suppliers	External	x	x	x	
Providers of Capital	External	x	x		
Media	External		x	x	
Trade unions	External	x	x		x



## 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 8 members whose mandate will expire when the 2020 financial statements are approved, is made up as follows:

- **Francesco Casoli:** Chairman
- **Mauro Sacchetto:** Chief Executive Officer
- **Barbara Poggiali:** Independent Director
- **Davide Croff\*:** Independent Director
- **Elio Cosimo Catania:** Independent Director
- **Cristina Finocchi Mahne:** Independent Director
- **Federica De Medici:** Independent Director
- **Giovanni Tamburi:** Independent Director

*\*The director Davide Croff resigned from his position on February 11, 2020.*

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

## Relations with the investors

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

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

Once again in 2019, financial communication activities saw the organization of quarterly conference calls coinciding with the presentation of results and numerous meetings with investors, such as the Star Conference organized by Borsa Italiana in Milan and London in the months of March and October respectively, and the Milan Lifestyle Conference in September. The number of investors met during the year 2019 totalled over 120.

Significant importance is also attributed to the web as a communication tool, with the Group's website promptly updated to coincide with the presentation of results and market communications.

Stock coverage was guaranteed during the year by three primary brokers. Elica Group closed 2019 with a market capitalization of approximately Euro 191.8 million (average market capitalization in December), more than doubling 2018's Euro 87.8 million.

## Media

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

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

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

- **Mandatory communications:** the disclosure of periodic and price-sensitive financial data to stakeholders and the general public as required by law and relevant authorities (e.g. the Italian Companies and Exchange Commission, CONSOB);
- **Business communications:** 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 2019, financial communication activities also included the management and dissemination 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.

During 2020, in combination with media relations activities, relationship building meetings will be organized with top management, particularly in light of the appointment of the new CEO, Mauro Sacchetto in July 2019.

PUTTING SUSTAINABILITY INTO PRACTICE AT ELICA

In choosing the subject-matter and impacts to be included in its report, in the calendar 2019 reporting cycle the Elica Group implemented the Materiality Analysis method of the issues to be discussed, in order to provide a full, clear representation of the economic, environmental and social impacts deemed to be material.

MATERIALITY IS KEY TO ASSESSING A COMPANY’S SUSTAINABILITY

Materiality is the threshold beyond which a topic becomes sufficiently important to be reported.

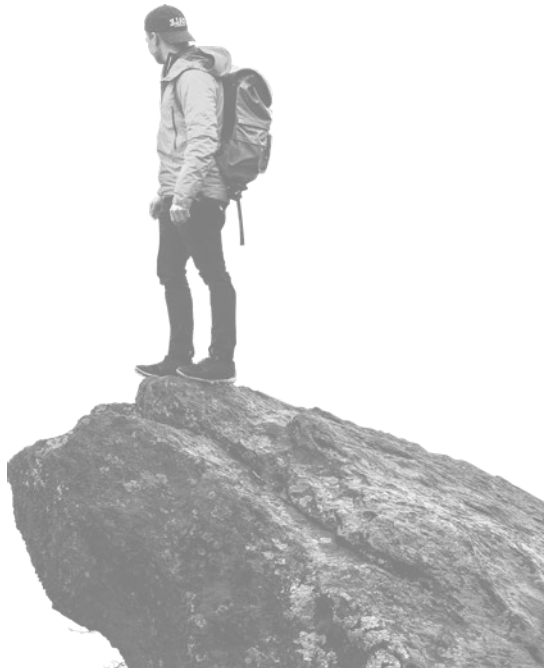
Through a dedicated workgroup at the corporate level, the organisation has internally identified the tools, sources and criteria for assessing a very wide range of topics, which are measured according to various metrics.

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

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

It bears emphasizing that all information of a general nature<sup>10</sup> regarding the Group – assumed to be highly relevant to stakeholders in the interest of a complete, clear picture of the overall organizational structure of the Elica Group, from which the topics subject to reporting arise organically – have been excluded from the periodic materiality analysis process.

<sup>10</sup> This expression refers to the GRI standards marked with number 102.



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:

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

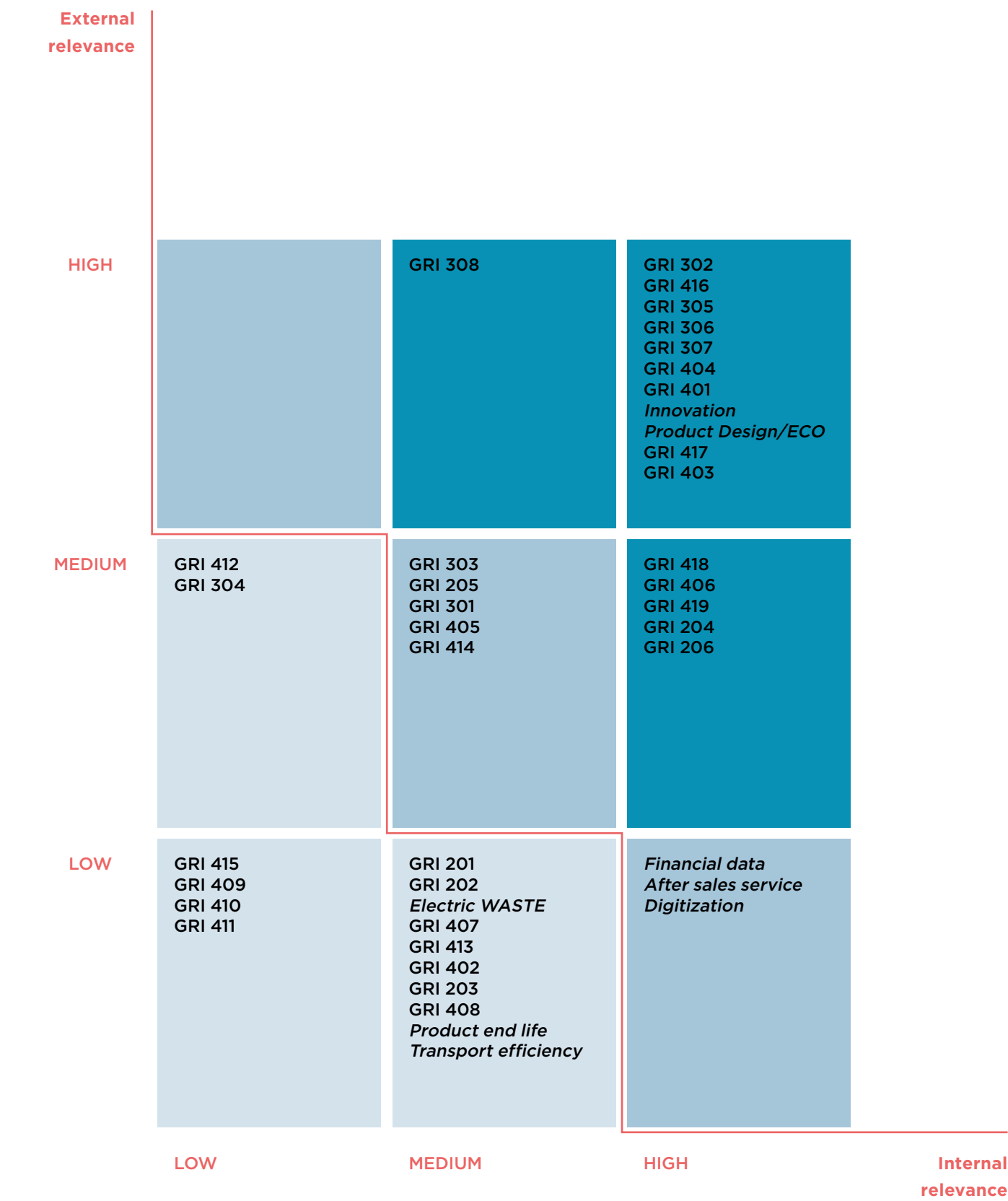
Assessment of internal relevance

A team representing all company departments at the corporate level collectively assessed 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.

As many as 41 topics were considered, 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.

The result was the Elica Group’s Materiality Matrix for the reporting year 2019, which was used to draw the specific boundaries of the reporting scope, consisting of all high-priority topics, whether internal or external, and all topics that were found to be at least medium priority in both types of analysis, as shown in the following matrix:





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

Material Topic	Number of the GRI standard	Title of the GRI standard
Supplier management	204	Procurement practices
Fight against corruption	205	Anti-corruption
Respect for the competitive system	206	Anti-competitive behaviour
Use of raw materials and of materials	301	Materials
Energy consumption	302	Energy
Water consumption	303	Water
Emissions into the atmosphere	305	Emissions
Waste	306	Effluents and waste
Compliance with environmental laws	307	Environmental compliance
Environmental checks on the supply chain	308	Supplier environmental assessment
Group employees	401	Employment
Workplace health and safety	403	Occupational Health&Safety
Training	404	Training and Education
Diversity and Equal Opportunities	405	Diversity and Equal opportunities
Fight against discrimination	406	Non-discrimination
Checks on application of ethics code by the supply chain	414	Supplier social assessment
Consumer Health and Safety	416	Customer Health&Safety
Correctness of the information provided to the consumer	417	Marketing and labeling
Consumer privacy protection	418	Customer privacy
Application of socio-economic regulations	419	Socio-economic compliance
Innovation	CUSTOM	Innovation
Product design (eco_friendly)	CUSTOM	Eco Design
Economic and financial performance of the Group	CUSTOM	Financial highlights
Product digitization	CUSTOM	Digitization
After sales customer care	CUSTOM	After Sales Service

Note: "CUSTOM" 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

All changes relating to the GRI Disclosures presented in the following table are the product of the application of the materiality analysis process carried out in 2019. The numbering of the data pages for which the restatement is performed refer to the 2018 NFR.

GRI Disclosures not reported in 2018 and reported in 2019

GRI Standards	GRI Disclosure	GRI Topic	Reported in 2018	Reported in 2019
Socioeconomic compliance	103-2	The management approach and its components	NO	YES
Socioeconomic compliance	102-15	Key impacts, risks, and opportunities	NO	YES
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	NO	YES
Digitization	103-2	The management approach and its components	NO	YES
Digitization	102-15	Key impacts, risks, and opportunities	NO	YES
Digitization	Custom new	Performance indicator of Digitization process for Elica products	NO	YES
After Sales Service	103-2	The management approach and its components	NO	YES
After Sales Service	102-15	Key impacts, risks, and opportunities	NO	YES
After Sales Service	Custom new	Performance indicator of Elica After Sales Service process	NO	YES

No GRI disclosures were reported for 2018 that have not been reported for 2019.

The text of the paragraph entitled “Energy consumption and emissions” (page 101)

data on the amount of electricity produced from renewable sources for the reporting year increases from 3,000 GJ to 4,000 GJ, taking the percentage of renewable energy over the total energy used from 3% to 4%.

GRI 302-1 Fuel consumption in countries with production activities (offices and sites) from non-renewable sources (pag.103)

Energy data expressed in “joules” for the different types of fuel, for both 2018 and 2019, are to be understood as expressed in “GJ” (giga joules).

GRI 302-2 Business Travel (pages 104-105)

2018’s data is modified as follows:

The NUMBER OF AIR FLIGHTS increases from **1,739** to **1,832**

The TOTAL number of kilometres covered increases from **5,187,054** to **5,398,708**

The data relating to LITRES OF FUEL is modified as follows:

for DIESEL CAR  
from L **261,619.46** to L **337,453.21**

for GASOLINE CAR  
from L **44,077.52** to L **45,530.26**

The TOTAL LITRES consumed increases from L **305,696.98** to L **382,983.47**

GRI 305-3 Business Travel Emissions (page 105)

2018’s data is modified as follows:

TOTAL EMISSIONS for AIR FLIGHTS increased from tCO<sub>2e</sub> **1,302.70** to tCO<sub>2e</sub> **1,356.14**

The TOTAL EMISSIONS for CAR TRAVELS increases from tCO<sub>2e</sub> **793.25** to tCO<sub>2e</sub> **1,026.20**

TOTAL GENERAL BUSINESS TRIP EMISSION INCREASE: from tCO<sub>2e</sub> **2,095.96** to tCO<sub>2e</sub> **2,382.34**



# THE SUSTAINABILITY FOOTPRINT IN THE ECONOMIC ARENA

ECONOMIC AND  
FINANCIAL SOLIDITY  
SUPPORTS AND NURTURES  
SUSTAINABLE OBJECTIVES



## THE GROUP'S ECONOMIC "WEIGHT"

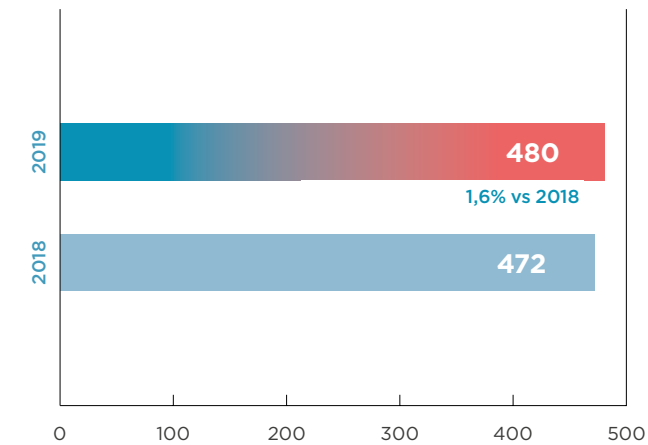
In 2019, Elica Group attained a consolidated revenue of Euro 480 million, up 1.6% on Euro 472.4 million in 2018.

This growth was driven by the increasing market success of own brands, particularly the "Elica" brand, which showed a 10% increase in net revenue over 2018, and particularly in Europe, Middle East and Africa (EMEA) and Asian regions. Such results, and the improvement in the product-channel mix, with positive effects on Group margins, are in line with the medium-term strategic goals communicated by top management.

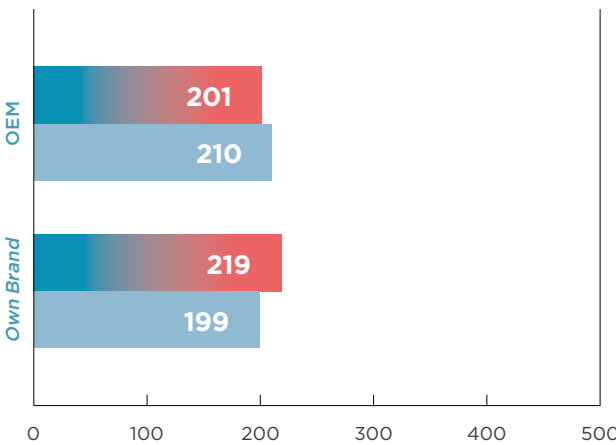
The progressive increase in the influence of own-brand sales, seeing some acceleration over the last two years and supported by a constant operating cost control and reduction policy, has led to both an increase in the overall margins of the Group (up 12.7% on 2018 in terms of normalized EBITDA) and a parallel growth in brand value, managed directly by the organization, with benefits for both internal and external stakeholders.

One of the clearest indicators of the validity of the strategic choices underpinning such results is the increasing financial strength of the Group, and its increased ability to generate liquidity, as evidenced by the significant improvement in Net Financial Position, by rationalizing overall investments yet maintaining investments in product and process design and innovation, while focusing on reducing waste and improving environmental sustainability through reductions in emissions, noise, energy consumption and plastics use.

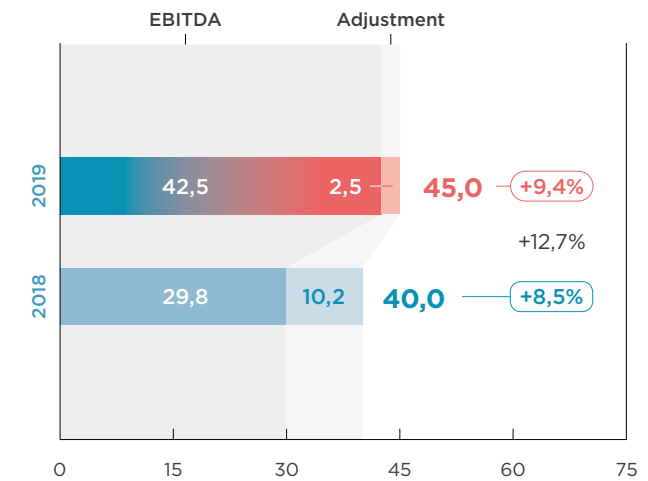
Consolidated net revenue



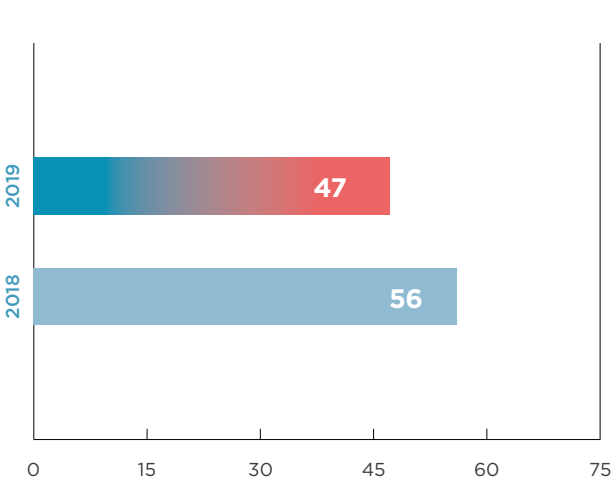
Breakdown net cooking revenue by Business Model



Margin: adjusted EBITDA



Net financial position\*



\*The Net financial position does not include the impact of IFRS 16 and the impact of derivatives.  
All graphs are expressed in millions of euros.

SUPPORTING CONTINUOUS INNOVATION

The Technical innovation pursued by Elica for the entire Group's benefit is intended to create a constant stream of innovative solutions based on a strategy of the early adoption of technologies, with the aim of forming a pool of technologies from which to draw components, modules and techniques to be used to develop the competitive new products of tomorrow.

The Elica Technology Readiness Level (ETRL) development model focuses its key priorities on general product features, such as powering (performance and noise), filtering (grease and odours), user experience, lighting, cooking, sensors, and so on, with the aim of introducing or improving features to better satisfy the needs of the consumer using the product.

Research and innovation are incorporated into the processes of the R&D area of the business management system MOS<sup>11</sup> various types of monitoring tools are applied and all information is recorded.

The ETRL<sup>12</sup> is divided into four phases of progress and oversight:

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

<sup>11</sup> Management Operation System.

<sup>12</sup> Elica Technology Readiness Level.

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:

→ **Visual Management Innovation Monitoring Tool:** the organisation has created a visual management environment (accessible solely to authorised personnel) in which each project is visually situated in its phase of the

process, together with the basic development information and the preliminary results achieved.

→ **Document management system:** through the use of CAD<sup>13</sup> and Windchill PDM Link<sup>14</sup> technical documents, used to store the three-dimensional models deriving from projects in their partial or definitive forms.

→ **Laboratory test system** (Elica Propulsion Laboratory), where all tests generated during the prototyping and pre-testing phases are stored.

Performance Indicators

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

	Unit	2019	2018
Innovation projects introduced in business	No.	9	13
Innovation projects developed		49	48
Number of persons employed in the project		10	10
Percent effective innovation implementation index	%	18%	27%

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

13 Computer-Aided Design.

14 Data, document and product development process management software.

The total number of innovative projects under development increased as a result of the team’s integration of new sensor-related activities, although the total number of projects realized fell, mainly due to the seasonality of sector events, such as the absence of the main sector event Eurocucina FTK in 2019, at which Elica usually launches new products.

Against the numerous opportunities created by this innovation development model for the organisation and its stakeholders is the risk that once highly innovative products and solutions have been investigated

and developed, they might not immediately be identified by the market as necessary or functional and it may therefore be essential to create simple, yet concrete, storytelling that explains the technology and/or feature to the clients clearly and completely.

This activity – carried out transversally across the organization by dedicated teams – has successfully turned this risk into a further opportunity to solicit feedback and increase awareness of Elica’s brand.

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

	Unit	2019	2018
New patent applications filed	No.	12	13
Number of overall active documents (granted and subject to evaluation)		207	185
Percent of existing patents generated during the reporting year	%	5,80%	7,03%

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



SUPPORTING PRODUCT DIGITIZATION

The digital transformation of products and their integration into the world of the Internet of Things (IoT) are crucial steps in continuous product evolution, for which integration, interoperability and predictive analysis are key drivers. This activity is managed by a dedicated

Group R&D team, independent from yet closely connected to both the ELECTRIC, ELECTRONICS & MOTORS DEVELOPMENT and GROUP IT teams. The team's goal is to guide the development of a new range of IoT products compatible with the market's standard interoperability ecosystems.

Performance Indicators

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

	Unit	2019	2018
Digitization projects realized	No.	6	n.a.
Digitization projects developed and under development		24	n.a.
Number of persons employed in the project		5	n.a.
Percent effective innovation implementation index	%	25%	n.a.

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

SUPPORTING AFTER-SALES SERVICES QUALITY

Elica Group considers it a priority to maintain the high quality of its offering of products and related services, in response to the evolving needs of consumers and in line with the highest standards on the market. This priority is an integral part of maintaining loyalty and protecting the company's image and reputation, in accordance with the Group's Code of Conduct. In this regard, the renewed commitment to a structured and geographically distributed organization drove the need to review the entire Customer Support process and all related aspects. After all, "Love customers, and serve them with passion" is first among the company's values. The need for an After-Sales process is thus synonymous with "Customer Orientation", going far beyond mere legal obligations. For this reason, a more structured After-Sales organization came into play in 2019 with a new team capable of responding quicker and more decisively in resolving customer issues. The contact centre network, outsourced from our Service Providers or directly implemented in Italy and Spain, employs a dedicated Customer Relationship Management system to manage support requests

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

15 Specialist after-sales service management software.

Each technical training session features a formal test and evaluation.

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

→ **Service Level:** time (in work days) between the customer’s first call and the final resolution of the issue.

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

Performance Indicators

	Unit	2019	2018
Service Level: Days between the customer’s 1 <sup>st</sup> call and issue resolution	work days	10,6	n.a.
Speed of Service: Days between the customer’s 1 <sup>st</sup> call and 1 <sup>st</sup> customer appointment		5,6	n.a.
Right First Time: % of interventions resolved on the 1 <sup>st</sup> appointment	%	66%	n.a.

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

SUPPLIER MANAGEMENT

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

The total amount of purchases undertaken by the Elica Group in 2019 was Euro 323.8 million, of which 69.9% was represented by purchases from local suppliers. The percentage of expenditure from local suppliers remained stable in Italy, where the largest purchase volumes are concentrated, increased in India and China, and fell slightly in Mexico and Poland, essentially due to variability in the mix of volumes and production.

Performance Indicators

	Unit	2019	2018
Procurement budget spent with local suppliers	€	226.273.058	241.397.240
Total procurement budget		323.755.709	331.543.269
% spend on local suppliers	%	69,9%	72,8%



All the Elica Group’s suppliers are compliant with the RoHS II<sup>16</sup> and REACH<sup>17</sup> regulations governing the presence of substances deemed hazardous to health in goods purchased.

Elica constantly monitors the RoHS II Directive compliance of its suppliers via a dedicated portal, through which suppliers submit all necessary documentation, separately from the risk matrix drawn up according to the reference procedure. The average percentage of Elica Group’s direct suppliers evaluated according to environmental criteria was 67%, from which no situations of real or potential negative impacts on the environment emerged.

Performance Indicators

	Unit	2019	2018
Suppliers assessed according to environmental criteria	No.	525	319
Total direct suppliers		780	631
% suppliers assessed according to environmental criteria	%	67%	51%

Scope: All Elica Group companies.  
Note: Direct suppliers are defined as those providing materials forming part of the bill of materials.

<sup>16</sup> Restriction of Hazardous Substances Directive.  
<sup>17</sup> Registration, Evaluation, Authorization and restriction of Chemical.

By requesting compliance with its Code of Conduct and 231 Model, the Elica Group demands of its main suppliers a firm commitment to respecting human rights. As the Elica Group mainly deals with multinational groups whose global scale does not permit social discrimination, in 2019 the percentage of suppliers assessed according to social criteria was substantially unchanged on the previous year. Furthermore, the Group also carries out annual production process verification and qualification audits, which have never identified situations of risk.

Performance Indicators

	Unit	2019	2018
Suppliers assessed according to social criteria	No.	128	142
Total suppliers		757	816
% suppliers assessed according to social criteria	%	17%	17%

Scope: All Elica Group companies.

FIGHT AGAINST CORRUPTION

Corruption is one of the main global challenges. For public administrations and private companies alike, corruption is one of the main obstacles to sustainable development, and significantly impacts the poorest of communities. In the private sphere, corruption not only slows growth and economic development, but it also entails considerable costs. Indeed, it is estimated that many areas businesses experience a mark-up of around 10% precisely due to corruption. The emergence of corporate governance rules has led many companies to adopt specific anti-corruption measures and policies. Elica, just as its subsidiaries, is exposed to multiple corruption related risks. Within the context of policies governing the company and Group, the issue of corruption is managed in various ways. The main pillar of mitigation of corruption events is the adoption and constant updating of the Organization and Management Model, Model 231 (in conformity with Legislative Decree of June 8, 2001, No. 231), which foresees a specific Code of Conduct (the “Code”). Accordingly, both Elica and the Italian subsidiary Airforce S.p.A. have mapped potential situations that might lead to offences, including corruption,

envisaged by the model. The Organization and Management Model adopted by Elica is based on the following principles:

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

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

The Code has been made available to the entire Group, with subsidiaries implementing it and holding it to be a fundamental reference for their proper functioning. The subsidiary Elica Trading provides one example of its implementation and adaptation to local circumstances. Operations in Mexico, a country particularly exposed to corruption, also follow Elica’s Code of Conduct. Furthermore, Group companies that sell to OEM customers adhere to its general principles, including measures offering protection from corruption risks, through their own codes of conduct. Elica’s corporate notice board indicated where to consult the Code made available on the corporate website: <https://elica.com/corporation/it/corporate-governance/area-231>. Corruption is also an issue considered during employee inductions and training updates, for example, through special courses and training sessions provided, particularly for administrative staff, in Mexico and Poland. Additionally, the Polish subsidiary performs an annual employee and contract assessment during budgetary preparations in order to identify and mitigate any poten-

tial irregularities. Elica has, in addition, prepared a specific policy, also shared with the various subsidiaries, which expressly states that the purpose of the document is to set out the rules for preventing and combating corruption, with the ultimate goal of ensuring that all employees and associates are aware of the rules to be followed and the behavior to be adopted to avoid involvement in cases of corruption.

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>18</sup> ;	-	traceability: all activities performed and the relevant controls must be traced and verifiable after the fact;
- recruitment and hiring of Personnel;	-	know your partner: all company departments responsible for a given process must:
- non-profit initiatives and sponsorships;		
- accounting records.		
For Policy purposes, all Group companies are required to abide by the following principles in the organisation of personnel and the definition of company processes:		
- segregation of duties: the person responsible for an operating activity is different from the person who controls the activity concerned (and/or from the person who authorizes it, where applicable), particularly in issuing orders and executing payments;	1.	implement, within their process of competency, methods of monitoring the reliability and reputation of those who come into contact with the Company,
- formalization and definition of signing authority;	2.	include specific contractual clauses requiring third parties to comply with the principles laid down in the Ethics Code, including the adoption of behavior aimed at preventing corruption,
- 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;	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. The Internal Audit service, now internal to Elica S.p.A., provides added risk limitation value.

Lastly, the Whistleblower Protection Procedure forms part of the aforementioned prevention system: the employees of both Elica S.p.A. and Airforce S.p.A. have several channels, including a dedicated e-mail address,

for report any offence. In Poland, in addition to a dedicated e-mail address, a multi-purpose box has been made available for making suggestions to improve process and for reporting any irregularities, anonymously or otherwise.

As for 2019, no episodes of corruption were detected.

18 Merger & Acquisition.



Performance Indicators

Processes and Group companies subject to corruption risk assessment

Processes	Unit	2019	2018
Total number of processes assessed*	No.	5	5
Total number of processes**		11	11
Percentage of processes assessed	%	45%	45%

Group Companies	Unit	2019	2018
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, Airforce S.p.A., Elica PB India Private Ltd., Elica Group Polska Sp. z o.o., Elica GmbH.  
\*The companies who have adopted the 231 Model and/or who undertake audits - even qualitatively - on the matter, are considered as assessed, while the companies which have anti-corruption similar or equivalent policies are not considered as assessed.  
\*\*At least one process for each Group company was identified which directly or indirectly seeks to prevent the risk of corruption.



Communications and training on anti-corruption policies and procedures

	Unit	2019	2018
Employees to whom anti-corruption policies and procedures have been circulated	No.	2.311	2.282
% Employees to whom anti-corruption policies and procedures have been circulated	%	71,4%	67,5%
Employees who have received anti-corruption training hours by professional category	No.	872	963
% Employees who have received anti-corruption training hours by professional category	%	26,9%	28,5%
Average anti-corruption training hours by professional category	No.	1.399	1.532

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 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	2019	2018
Total number of incidences of declared	No.	-	-

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, Airforce S.p.A., Elica PB India Private Ltd., Elica Group Polska Sp. z.o.o., Elica GmbH.

THE COMMITMENT TO PREVENT ANTI-COMPETITIVE BEHAVIOR

Competition is essential for companies to survive and the market to evolve. A competitive market is one that stimulates companies to make and supply better goods and services at more competitive prices. Competition must, nonetheless, comply with principles of professional and legislative propriety. Article 2595 of the Italian Civil Code, for example, states that competition must not harm national economic interests or violate applicable current legislation. The constant race to develop competitive, cutting-edge catalogues and products, however, exposes Elica Group to unfair competition risks.

The value of competition according to the principles of correctness, fairness and transparency in dealing with all operators on the market is outlined in the Group's Ethics Code. The Organization and Management Model (231 Model), as well as the Code of Conduct that forms part of it, plays a part in limiting occurrences of unfair competi-

tion by promoting of fair and transparent conduct. Although Elica does not have a specific policy dedicated to the subject, in drafting other policies and defining commercial relations with its main customers, it adopts clauses to prevent occurrences of unfair competition, does not compare its products or prices with those of its competitors, and avoids relationships of any kind with competitors, except with OEM customers. The commercial policy is oriented to avoiding agreements or situations of risk. Based on the information available to the organisation, there is no evidence of anti-competitive conduct.





# THE ENVIRONMENTAL SUSTAINABILITY FOOTPRINT

A FOCUS ON  
ENVIRONMENTAL  
ISSUES SHAPES THE  
ECO-SUSTAINABLE  
FOOTPRINT





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>19</sup> certified.

The planet we live on and impact is a finite resource, and we have an obligation to deliver it to future generations in conditions that will not compromise their well-being. The Group's business processes have been designed and organized and are conducted with utmost respect for the environment, with a view to implementing strategies that minimize the risk of environmental damage through the progressive reduction of impacts generated by its business activities.

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

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 en-

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

The environmental management systems operate in full synergy with improvement plans developed through the "World Class Manufacturing" programme, particularly in reference to its Environment and Energy Pillars, with structured methodologies aimed at identifying and reducing, over the medium to long term, inefficiencies in transformation processes which, in relation to environmental issues, translate into a more responsible use of resources.

The Group is constantly committed to ensuring compliance with environmental rules at the local, national and international levels, with the aim of minimising the risk of incurring penalties of an administrative and/or criminal nature for its directors and to protect its reputation as a company. To do this, the organization 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. During 2019, there were no cases of non-compliance, fines or proceedings against the Elica Group with regards to environmental laws and/or regulations.

<sup>19</sup> International standard indicating requirements for an effective environmental management system.



The Milestones

Development of Elica  
Packaging's Eco-compatible  
Design system



ECO-COMPATIBLE DESIGN








Design has always been one of Elica Group's most distinctive features and strategic processes. Bringing an environmentally sustainable approach to this pervasive element in all our products, especially those intended for end-consumers, was a natural choice. Fruit of this constant commitment is the continuing development of Elica's Eco-friendly Packaging Design System.

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

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

Criteria

Parameters

 <b>Raw material saving</b>	Containment of raw materials used in packaging and consequent reduction of weight against similar product and performance.
 <b>Reuse</b>	Reusing packaging several times, for the same use for which it was conceived.
 <b>Use of recycled material</b>	Substitution of a portion or the totality of virgin raw material with recycled material to support a reduction in the use of natural resources.
 <b>Logistics optimisation</b>	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.
 <b>Facilitating recycling activities</b>	All innovations to simplify the recovery and packaging recycling phases, such as the production of single material packaging.
 <b>Packaging system facilitations</b>	Achieved by integrating multiple functions in a single packaging component, eliminating elements and thus simplifying the system.
 <b>Energy saving / CO<sub>2</sub> reduction</b>	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 resources used for the distribution of the product from the production point to the point of sale, the use of renewable energy and the reduced use of raw materials.

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

To redouble its focus on sustainable packaging in 2019, Elica equipped itself with an additional tool, a plotter, for the rapid prototyping of corrugated cardboard packaging, in order to evaluate and study various technical solutions, and reduce the use of plastic parts already at the product development phase, without having to resort to reengineering.

For this purpose, and in order to optimize the Trial and Error<sup>20</sup> approach, certain analysis tools were integrated in the initial stages of development, before the project freeze:

- Customer needs analysis;
- Analysis of the robustness of the project in a virtual environment (DFM<sup>21</sup>, FEA<sup>22</sup>);
- Analysis of the robustness of the project via rapid internal prototyping (using a corrugated cardboard cutting plotter) and preliminary packaging tests.

Performance Indicators

Packaging reengineering projects concluded during the year

	Unit	2019	2018
Number of packaging re-engineering projects	No.	–	2

Scope: Elica S.p.A..

Total reduction in CO<sub>2</sub> from reengineering solutions affecting products developed during the year

Product family	Unit	2019
Range hoods	tCO <sub>2e</sub>	36

Scope: Elica S.p.A..

<sup>20</sup> 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.

<sup>21</sup> Design For Manufacturing.

<sup>22</sup> Finite Element Analysis.

ENERGY CONSUMPTION AND EMISSIONS

All the Elica Group’s production facilities associated with significant environmental risks relating to transformation and production activities – with the exception of the Airforce facility – have adopted 14001:2015 compliant Environmental Management Systems. The Group uses energy from both renewable and non-renewable sources in its activities. The consumption of energy carriers during transformation phases are constantly monitored in order to analyse trends and benchmark specific efficiency improvement projects.

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

In 2019, the Group’s second highest electricity consuming site, Mergo, successfully exceeded its efficiency improvement goals, attaining a reduction in normalized consumption of 2.6%, against a target of 2%. The Polish Jelcz L. site, whose paint process is responsible for the Group’s second highest consumption of natural gas, attained a significant reduction in normalized consumption of around 7% in the second half of the year (-0.5% on an annual basis).

Every year improvement projects are identified, implemented and monitored by management at monthly MOS Energy and EHS Staff Meetings.

Projects implemented during 2019 include:

- Progressive replacement of traditional lighting fixtures with LED ceiling lights (in Mergo, Castelfidardo, Jelcz L. and Querétaro);
- Installation of automated controls for optimal configuration of utilities such as light sources and other utilities and presence sensors (Mergo-Castelfidardo);
- Installation of a sun shade system to lower internal room temperatures and thus limit air conditioning usage (in Mergo); Installation of new sunlight diffusers to reduce artificial lighting consumption (Querétaro);
- Installation of air/water free cooling chillers to optimize the operating temperatures of injection moulding presses (in Mergo);
- Thermal insulation of paint booths (in Jelcz L.);
- Internal audits to verify operational and behavioural conditions.



Furthermore, during 2019, the Energy Diagnoses required by Legislative Decree 102/2014 on a four-year basis were carried out at the Italian sites of Mergo, Cerreto and Castelfidardo. Just as with the 2015 diagnoses, the reports issued by the qualified ESCo23 offer valuable information for taking advantage of all identified opportunities.

The Italian production facilities in Castelfidardo and Cerreto d’Esi include three photovoltaic systems whose renewable electricity output (approx. 4,300 Gj in 2019, approx. 5% of the total energy used) contributed to reducing indirect CO<sub>2</sub> emissions by over 630 ton-equivalents.

The constant reduction of the environmental impact of the energy consumption of Elica’s products in use – in particular those intended for the EU market – is a goal that Elica pursues both during the new product design phase and the reengineering of existing products. By deploying the competencies and assets of its EPL24 Laboratory, the organization can measure the impact of each finished product placed on the market and then study and implement all technical improvement solutions that may reduce its energy consumption. In order to monitor this activity, products marketed by Elica S.p.A. and Elica Group Polska are monitored in terms of average consumption, which

fell by as much as 8% in 2019 in comparison with 2018 (-31% since 2014).

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

Elica S.p.A. therefore adopts a business trip policy which encourages employees to consider video and teleconferencing as an alternative to travel, thereby containing as much as possible consumption and indirect emissions and also delivering cost savings. The higher emissions relating to Elica Group’s business trips in 2019, in comparison with 2018, is due to the intensification of Elica’s presence in strategic markets for the development of its own-brand products.

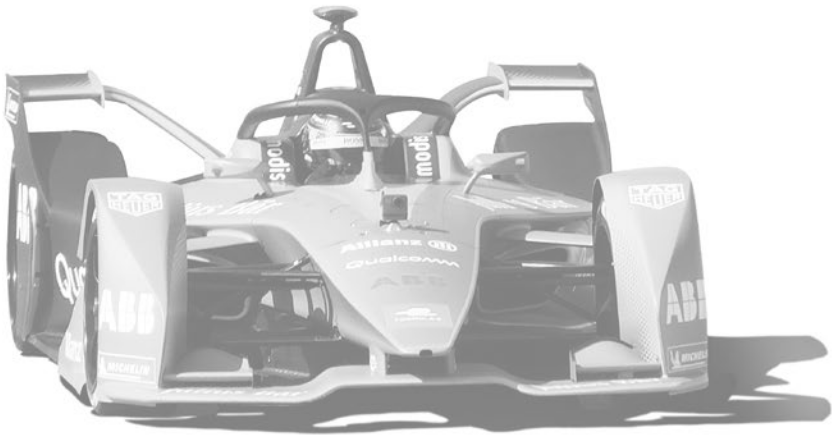
23 Energy Service Company.  
24 Elica Propulsion Laboratory.

Performance Indicators

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

Consumption of fuels from non-renewable sources	Unit	2019	2018
Natural gas	Mc	2.297.991	2.341.484
Diesel	L	7.403	1.029
Petrol		-	-
LPG		37.652	41.666
Natural gas	GJ	82.843	84.411
Diesel		266	37
Petrol		-	-
LPG		894	989
TOTAL		84.004	85.438

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



Consumption of fuels from renewable sources	Unit	2019	2018
Bioethanol	L	820	n.a.
Biodiesel		-	n.a.
Bioethanol	GJ	17	n.a.
Biodiesel		-	n.a.
TOTAL		17	n.a.

Scope: Elica, Elicamex, Elica Group Polska, Putian, Airforce, Elica India.  
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	2019	2018
Natural gas	t CO <sub>2</sub> e	4.703	4.792
Diesel		20	3
Petrol		-	-
LPG		57	63
TOTAL		4.780	4.858

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

Emissions from consumption of fuels from renewable sources	Unit	2019	2018
Bioethanol	t CO <sub>2</sub> e	0,007	n.a.
Biodiesel		-	n.a.
TOTAL		0,007	n.a.

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

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

Consumi di energia	Unit	2019	2018
Energy consumption	kWh	25.819.555	26.098.111
From non-renewable sources		23.803.443	25.231.250
From renewable sources		953.314	866.861
District Heating		1.062.798	n.a.
TOTAL		25.819.555	26.098.111

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



CO<sub>2</sub> emissions from energy consumption in countries with production activities (offices and sites)

Emissions from non-renewable sources	Unit	2019	2018
Electricity	t CO <sub>2</sub> e	11.943,18	12.645,69
District Heating		199,23	n.a.
TOTAL		12.142,41	12.645,69

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

Business trips and atmospheric CO<sub>2</sub> emissions

Number of flights and km travelled	Unit	2019	2018
Flights	No.	1.858	1.832
Air km travelled	Km	6.313.141	5.398.708

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, Airforce 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	2019	2018
Diesel	L	349.040	337.453
Petrol		58.179	45.530
TOTAL		407.219	382.983

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, Airforce 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	2019	2018
Car	t CO <sub>2</sub> e	1.072,27	1.026,20
Diesel		938,15	907,00
Petrol		134,12	119,20
Air		1.541,81	1.356,14
TOTAL		2.614,07	2.382,34

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

CONSUMABLES

Elica Group policies in production materials selection aim, first of all, to exclude all materials and substances that are harmful or hazardous to people and the environment. Such materials are clearly identified in Elica’s Restricted Material List, which is elaborated in compliance with the RoHS II and REACH regulations. A dedicated SAP portal, shared between the Procurement department and the EPL Laboratory, allows the RoHS II risk index to be continuously assessed for each product.

Already during the product development phase, the Group constantly prioritises the optimization of raw materials and off-the-shelf components use, the reduction of process waste and the integration of packaging components with lower environmental impact.

In order to further reduce its “environmental footprint”, Elica is also committed to considering the environmental impacts of its products after they have been placed on the market. Accordingly, during the design phase, Elica devotes increasingly close attention to ever-greater use of recycled materials (particularly iron, steel, paper/cardboard, plastic and wood) and components or materials that may be reused at the end of their lives.



Performance Indicators

Purchase of goods for production

Material	Unit	2019	2018
Iron	t	29.183,71	31.019,64
Stainless steel		13.717,27	14.345,68
Copper		4.297,61	4.786,96
Plastics		3.400,43	3.570,08
Aluminium		1.921,36	2.241,51
Tin		5,38	4,94
Cardboard for packaging		16.091,98	13.348,42
Wood packaging materials		3.086,61	3.195,74
Plastics for packaging		1.703,41	683,96
TOTAL		73.407,30	73.196,93

Scope: Elica S.p.A., Elicamex, Elica Group Polska, Putian, Airforce, Elica India.

WASTE AND WATER MANAGEMENT

Elica pays great attention to the issue of waste. The recording of site process and activity generated waste types and quantities, with classification and accounting through specific indicators in accordance with local legislation, allows the Group to constantly monitor volumes and to identify alternative solutions for reducing quantities.

The personnel of the local EHS functions based at the various production facilities are tasked with monitoring document deadlines and requirements relating to waste management. Particular attention has been devoted to identifying, disposing of and storing waste, as well as to all practices relating to the transport and disposal of hazardous and non-hazardous waste.

In all processes and activities that produce waste, Elica is committed to management methods that envisage reusable containers for the movement of production materials on-site or between different sites, in order to reduce, wherever possible, secondary and tertiary packaging waste. Over 99.5% of the waste generated in 2019 is not hazardous. In 2019, the quantity of waste produced was substantially similar to the previous year. Although there was an increase in hazardous waste, which accounts for only 0.5% of the total waste produced and is largely the result of maintenance activities, 2019 saw a significant, approximately 5% reduction in total waste sent to landfill.

Performance Indicators

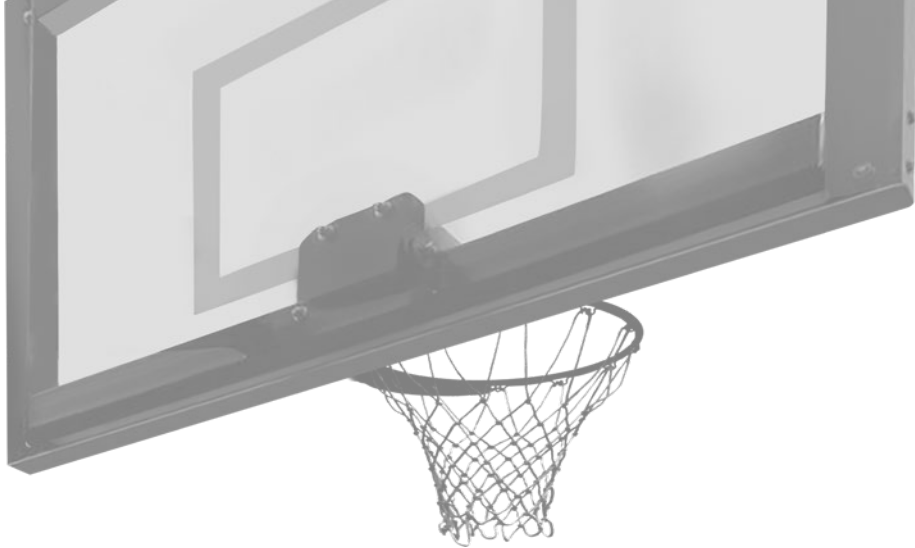
Hazardous waste

Hazardous waste produced by disposal method	Unit	2019	2018
Recycling	t	37	27
Recovery, including energy recovered		19	16
Landfill		22	25
TOTAL		78	68

Non-hazardous waste produced by disposal method	Unit	2019	2018
Reuse	t	58	69
Recycling		13.330	13.404
Landfill		647	680
TOTAL		14.035	14.153

Scope: Elica, Elicamex, Elica Group Polska, Putian, Airforce, Elica India.





Regarding water consumption, it is of note that the Elica Group does not use significant quantities of water in its production processes. Water resources are used only for the powder coating process, the washing efficiency control parameters for which are managed automatically in order to minimize unnecessary water consumption. Although production processes do not require considerable water usage, monthly monitoring is applied to both water meters and indirect consumption relating to disposal of waste water-based solutions created in the powder coating

processes, at sites where this is present. The remaining, majority water use is for sanitary and cooking purposes (i.e. toilets and canteens) or for the replenishment of the fire prevention system. In view of increasingly efficient, attentive water usage, bathroom consumption is also subject to monthly monitoring. There was a significant increase in consumption in 2019 due largely to an anomaly identified in the fire prevention system at the Fabriano site.

Performance Indicators

Water consumption

	Unit	2019	2018
Waste water from other companies	L	-	-
Water from municipal and other public and private services		31.556.916	28.209.930
TOTAL		31.556.916	28.209.930

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





# THE SUSTAINABILITY FOOTPRINT IN THE SOCIAL ARENA

INDIVIDUAL PERSONNEL  
CARRY THE ENTERPRISE'S  
CULTURAL VALUES  
AND VISION





## SUPPORTING OUR ASSOCIATES

At December 31, 2019, Elica Group personnel numbered 3,237<sup>25</sup>, of which 38% women - with 71% involved in productive activities and 29% involved in support roles; open-ended contracts at the end of the year numbered 2,804 and fixed-term contracts 433. During the year, 962 people were hired, with an outgoing personnel turnover rate of 34% (comparison of the number of departures against the total number of employees), against an incoming turnover rate of 29.7%.

The countries with the most critical turnovers are Poland and Mexico, which however improved in 2019 compared to 2018. Such turnovers are mainly determined by blue-collar dynamics, strongly influenced by extremely low unemployment rates, as well as high industrialization and economic growth in areas where the group's facilities are located.

The main risks of a non-virtuous turnover management are loss of corporate know-how and labour cost increases for the replacement of resources leaving group companies.

The main activities implemented by group companies to improve personnel and workplace conditions.

2019 saw the fulfilment of the seventh successful edition of the "We Are" programme, for children aged 12 to 16 of employees of Elica S.p.A. and Elica Group Polska. This programme combines an English language

course, recognized by the British Council, with fun extra-curricular activities, such as climbing, archery, fencing, quad biking, and more. The "WeAre" programme represents an excellent opportunity for young people to improve their understanding and use of the language in real-life situations, as a continuation and extension of the language course.

Airforce is committed to a programme of interviews, training and development plans, reward and incentive systems and staff engagement through a corporate communication plan structured to achieve the specific goals set by the organization.

Elica Americas has reviewed its employee transportation service and salaries, implemented opportune corrective actions, analysed reasons for leaving the organization, and implemented weekly turnover monitoring and a talent attraction plan with a larger geographical catchment area. Elica Group Polska carries out periodic salary reviews, provides a health insurance plan, surveys employee satisfaction and holds a number of inclusive, relationship-building events, such as Family Days.

<sup>25</sup> Excluding temporary workers.



Performance Indicators

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

Employees (headcount) by function and gender	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Employees engaged in production activities	No.	1.188	887	2.075	1.270	980	2.250
below 30 years of age		292	180	472	394	229	623
between 30 and 50 years of age		626	474	1.100	625	540	1.165
over 50 years of age		270	233	503	251	211	462
Employees engaged in support activities		803	359	1.162	794	339	1.133
below 30 years of age		215	117	332	200	103	303
between 30 and 50 years of age		459	203	662	460	195	655
over 50 years of age		129	39	168	134	41	175
TOTAL		1.991	1.246	3.237	2.064	1.319	3.383

Employees (headcount) by level and gender	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Executives	No.	32	-	32	34	2	36
below 30 years of age		-	-	-	-	-	-
between 30 and 50 years of age		22	-	22	24	1	25
over 50 years of age		10	-	10	10	1	11
Managers		142	24	166	134	22	156
below 30 years of age		6	3	9	4	2	6
between 30 and 50 years of age		106	17	123	103	16	119
over 50 years of age		30	4	34	27	4	31
White-collar		721	345	1.066	652	326	978
below 30 years of age		241	118	359	197	110	307
between 30 and 50 years of age		380	192	572	356	183	539
over 50 years of age		100	35	135	99	33	132
Blue-collar		1.096	877	1.973	1.244	969	2.213
below 30 years of age		260	176	436	393	220	613
between 30 and 50 years of age		577	468	1.045	603	535	1.138
over 50 years of age		259	233	492	248	214	462
TOTAL		1.991	1.246	3.237	2.064	1.319	3.383

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, Airforce S.p.A., Elica France S.A.S, Elica GmbH, Elica PB India Private Ltd.



Employees by gender and contract type (excluding temporary workers)

Employees (headcount)	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Temporary employees	No.	273	160	433	350	230	580
Italy		8	13	21	15	4	19
France		-	1	1	1	3	4
Germany		-	1	1	-	1	1
Poland		91	86	177	103	122	225
Russia		-	-	-	-	-	-
The Americas		58	22	80	120	63	183
India		47	15	62	48	11	59
China		69	22	91	63	26	89
Japan		-	-	-	-	-	-
Permanent employees		1.718	1.086	2.804	1.714	1.089	2.083
Italy		763	463	1.226	773	474	1.247
France		8	7	15	5	2	7
Germany		8	5	13	8	5	13
Poland		137	286	423	125	270	395
Russia		10	20	30	10	22	32
The Americas		400	231	631	458	260	718
India		357	43	400	287	25	312
China		35	31	66	48	31	79
Japan		-	-	-	-	-	-
TOTAL		1.991	1.246	3.237	2.064	1.319	3.383

Source: Company payrolls.

Employees (headcount)	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Full-time employees	No.	1.989	1.212	3.201	2.062	1.280	3.342
Part-time employees		2	34	36	2	39	41
TOTAL		1.991	1.246	3.237	2.064	1.319	3.383

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, Airforce S.p.A., Elica PB India Private Ltd., Elica France S.A.S..

New hires (excluding temporary workers)

Employees (headcount)	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Italy	No.	23	19	42	29	7	36
below 30 years of age		10	11	21	9	4	13
between 30 and 50 years of age		12	8	20	19	3	22
over 50 years of age		1	-	1	1	-	1
France		2	4	6	1	7	8
below 30 years of age		-	-	-	-	-	-
between 30 and 50 years of age		1	4	5	1	7	8
over 50 years of age		1	-	1	-	-	-
Germany		1	2	3	1	6	7
below 30 years of age		-	1	1	-	1	1
between 30 and 50 years of age		-	1	1	1	4	5
over 50 years of age		1	-	1	-	1	1
Poland		97	88	185	109	90	199
below 30 years of age		52	40	92	51	33	84
between 30 and 50 years of age		41	40	81	48	45	93
over 50 years of age		4	8	12	10	12	22
Russia		-	1	1	1	2	3
below 30 years of age		-	1	1	1	2	3
between 30 and 50 years of age		-	-	-	-	-	-
over 50 years of age		-	-	-	-	-	-
The Americas		307	161	468	604	357	961
below 30 years of age		191	121	312	407	218	625
between 30 and 50 years of age		113	40	153	189	130	319
over 50 years of age		3	-	3	8	9	17



Employees (headcount)	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
India	No.	140	46	186	118	19	137
below 30 years of age		96	34	130	53	14	67
between 30 and 50 years of age		43	12	55	57	5	62
over 50 years of age		1	-	1	8	-	8
China		48	23	71	41	18	59
below 30 years of age		17	7	24	26	8	34
between 30 and 50 years of age		29	14	43	13	10	23
over 50 years of age		2	2	4	2	-	2
Japan		-	-	-	-	-	-
below 30 years of age		-	-	-	-	-	-
between 30 and 50 years of age		-	-	-	-	-	-
over 50 years of age		-	-	-	-	-	-
TOTAL		618	344	962	904	506	1.410
below 30 years of age		366	215	581	547	280	827
between 30 and 50 years of age		239	119	358	328	204	532
over 50 years of age		13	10	23	29	22	51

Number of employees leaving the Group (excluding temporary workers)

Employees (headcount)	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Italy	No.	40	21	61	35	14	49
below 30 years of age		6	2	8	2	1	3
between 30 and 50 years of age		19	8	27	26	10	36
over 50 years of age		15	11	26	7	3	10
France		-	1	1	1	4	5
below 30 years of age		-	-	-	-	-	-
between 30 and 50 years of age		-	1	1	1	3	4
over 50 years of age		-	-	-	-	1	1
Germany		1	2	3	2	-	2
below 30 years of age		-	-	-	-	-	-
between 30 and 50 years of age		1	2	3	2	-	2
over 50 years of age		-	-	-	-	-	-
Poland		97	108	205	108	145	253
below 30 years of age		40	37	77	43	61	104
between 30 and 50 years of age		45	52	97	50	57	107
over 50 years of age		12	19	31	15	27	42
Russia		-	3	3	3	1	4
below 30 years of age		-	1	1	1	-	1
between 30 and 50 years of age		-	2	2	1	1	2
over 50 years of age		-	-	-	1	-	1
The Americas		427	231	658	496	284	780
below 30 years of age		275	143	418	326	178	504
between 30 and 50 years of age		143	84	227	167	100	267
over 50 years of age		9	4	13	3	6	9

Employees (headcount)	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
India	No.	71	24	95	58	17	75
below 30 years of age		38	17	55	27	11	38
between 30 and 50 years of age		31	7	38	29	5	34
over 50 years of age		2	-	2	2	1	3
China		55	27	82	97	44	141
below 30 years of age		16	8	24	38	9	47
between 30 and 50 years of age		37	17	54	54	34	88
over 50 years of age		2	2	4	5	1	6
Japan		-	-	-	-	-	-
below 30 years of age		-	-	-	-	-	-
between 30 and 50 years of age		-	-	-	-	-	-
over 50 years of age		-	-	-	-	-	-
TOTAL		691	417	1.108	800	509	1.309
below 30 years of age		375	208	583	437	260	697
between 30 and 50 years of age		276	173	449	330	210	540
over 50 years of age		40	36	76	33	39	72

Incoming turnover rate (excluding temporary staff)

Incoming turnover rate	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Italy	%	0,71%	0,59%	1,30%	0,86%	0,21%	1,06%
France		0,06%	0,12%	0,19%	0,03%	0,21%	0,24%
Germany		0,03%	0,06%	0,09%	0,03%	0,18%	0,21%
Poland		3,00%	2,72%	5,72%	3,22%	2,66%	5,88%
Russia		-	0,03%	0,03%	0,03%	0,06%	0,09%
The Americas		9,48%	4,97%	14,46%	17,85%	10,55%	28,41%
India		4,32%	1,42%	5,75%	3,49%	0,56%	4,05%
China		1,48%	0,71%	2,19%	1,21%	0,53%	1,74%
Japan		-	-	-	-	-	-
TOTAL		19,09%	10,63%	29,72%	26,72%	14,96%	41,68%

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

Outgoing turnover rate (excluding temporary staff)

Outgoing turnover rate	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Italy	%	1,24%	0,65%	1,88%	1,03%	0,41%	1,45%
France		-	0,03%	0,03%	0,03%	0,12%	0,15%
Germany		0,03%	0,06%	0,09%	0,06%	0,00%	0,06%
Poland		3,00%	3,34%	6,33%	3,19%	4,29%	7,48%
Russia		-	0,09%	0,09%	0,09%	0,03%	0,12%
The Americas		13,19%	7,14%	20,33%	14,66%	8,39%	23,06%
India		2,19%	0,74%	2,93%	1,71%	0,50%	2,22%
China		1,70%	0,83%	2,53%	2,87%	1,30%	4,17%
Japan		-	-	-	-	-	-
TOTAL		21,35%	12,88%	34,23%	23,65%	15,05%	38,69%

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

## GROUP SOCIO-ECONOMIC COMPLIANCE

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

- The Mexican subsidiary undertakes to comply with the recently introduced NOM 035 legislation on the prevention of workplace psychological risks. Furthermore, the company has implemented the new economic and labour law requirements (Government - Economic Indicators).
- The Polish subsidiary undertakes to comply with the local labour code (Kodeks Pracy), which envisages additional days off for the care of children. In addition, the company is committed to compliance with legislation on employee remuneration and social contributions. The Polish company is periodically audited by the National Labour Inspectorate (PIP<sup>26</sup>).

In 2019, the number and amount of fines for non-compliance with economic and social legislation and regulations was negligible.



## EQUAL OPPORTUNITIES AND THE FIGHT AGAINST DISCRIMINATION

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

Furthermore, certain contractual agreements with customers envisage Elica's adherence to principles contained in their Codes of Conduct and compatible with its own Code of Conduct. Consistent with these codes and internal policies, Elica had no instances of discrimination throughout the whole of 2019. Human Resources Management at Elica has always been compliant with employee diversity and equal opportunity guarantees, with a zero-tolerance policy on discrimination.

Concrete testament to this commitment are the accolades and accreditations both the Parent Group and the individual subsidiary companies have achieved over the years (e.g. "Top Employers" certification and the "Great Place to Work" Award). The Organi-

zation and Management Model (Model 231) envisages various methods for employees to report any episodes of discrimination. Furthermore, group companies have launched a number of local anti-discrimination initiatives (e.g. an Anti-discrimination Declaration signed by Polish management, a dedicated telephone line for reporting discrimination, multi-purpose suggestion and reporting boxes, and diversity awareness-raising events in India).

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





## TRAINING

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

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

Compared to the previous year, approximately 9,000 hours extra of training were provided, continuing the focus on management, teamwork, language and soft skills development.

In 2019, a new Talent Acquisition strategy was introduced, designed in part to attract graduates through a special training scheme entitled the "Upside Down Programme". This six-month internship programme involves managerial training organized in collaboration with some of the most prestigious Italian and European business schools. The second year of the Talent Acquisition Strategy envisages a week of behavioural training entirely in English entitled "International Week" and focusing on the three Elica behavioural clusters. The initiative, implemented for the first time in 2019, involved all Elica's European branches, and aims to raise

awareness and train participants on one of the two main pillars of the Performance Behaviour Review process, as well as promoting virtuous in-company global networking mechanisms.

The training management model adopted by Elica S.p.A. is that of continuous learning. Human resources are incorporated and supported by growth and consolidation goals and are a valuable asset the company is committed to developing through specialist training and involvement in team building activities, with particular attention paid to safety and soft skills.

The Group has set itself the goal of training excellence. Finally, its choice of qualified teachers is underpinned by verifying qualifications and accreditations. The training programmes are furthermore based on mapped needs, in line with projected needs and levels of priority.

While respecting priority and urgency criteria, the goal is to guarantee training for as many employees as possible. As far as mandatory training is concerned, an e-learning platform guaranteeing safety and privacy training for all new recruits has been in operation since 2019.

The training plans are presented following budget estimates at the end of the year. Each corporate area assesses and communicates its training needs to the HR<sup>27</sup> Department,

which draws up an annual training plan allocating financial resources for each individual action (e.g. technical, linguistic, managerial).

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

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

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

All investments in managerial training are aimed at developing skills for the optimal coverage of roles and succession planning.

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

The Group's training and development plans



aim to transmit satisfaction while stimulating employees not only to improve in what they do, but also to rise to new challenges. Under the company’s firm commitment to personnel development, training thus becomes an essential tool in motivating staff and making them feel valued and focused on the roles they play within the organization. In Poland, a specific procedure regulates the training process, from budgetary planning through to the monitoring and evaluation of courses, with a special focus placed on the most critical positions within the organization. Furthermore, a standard induction course is given to all new recruits. Finally, particular attention is paid to language training.

Performance Indicators

Training hours and employees involved (excluding temporary workers)

Training hours by gender and level	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Executives	Hours	303,0	-	303,0	288,0	110,0	398,0
Managers		2.845,5	1.060,0	3.905,5	1.290,5	406,1	1.696,6
White-collar		13.533,5	6.450,3	19.983,8	9.593,0	6.509,0	16.102,0
Blue-collar		11.283,1	7.995,8	19.278,8	9.198,9	6.733,0	15.391,9
TOTAL		27.965,1	15.506,1	43.471,1	20.370,4	13.758,1	34.128,5

Average training hours by gender and personnel category	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Average training hours provided to executives	Hours /No.	9,5	-	9,5	8,5	55,0	11,1
Average training hours provided to managers		20,0	44,2	23,5	9,6	18,5	10,9
Average training hours provided to white-collars		18,8	18,7	18,7	14,7	20,0	16,5
Average training hours provided to blue-collars		10,3	9,1	9,8	7,4	6,9	7,2

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, Airforce S.p.A. Elica PB India Private Ltd..

## HEALTH AND SAFETY

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 stated in our Elica Quality, Environment and Safety Policy document.

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

The main tool included in the World Class Manufacturing 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 behavior.





These events are identified on the basis of reports submitted by all personnel involved and analysed to determine their root causes and plan appropriate corrective and/or preventative measures for the local Health & Safety teams to implement.

The presence at the corporate level of an EHS department provides a governance structure to overview and centrally coordinate health and safety aspects. This tool facilitates the constant monitoring of performance indices, such as the Frequency Index, Severity Index and Number of Accidents, at Monthly EHS Staff meetings, allowing improvement projects to be evaluated and monitored via Kaizen Safety Journalling.

In 2019 tangible results were achieved through the considerable resources deployed and actions taken by the Group, as witnessed by the improvement in workplace safety indicators:

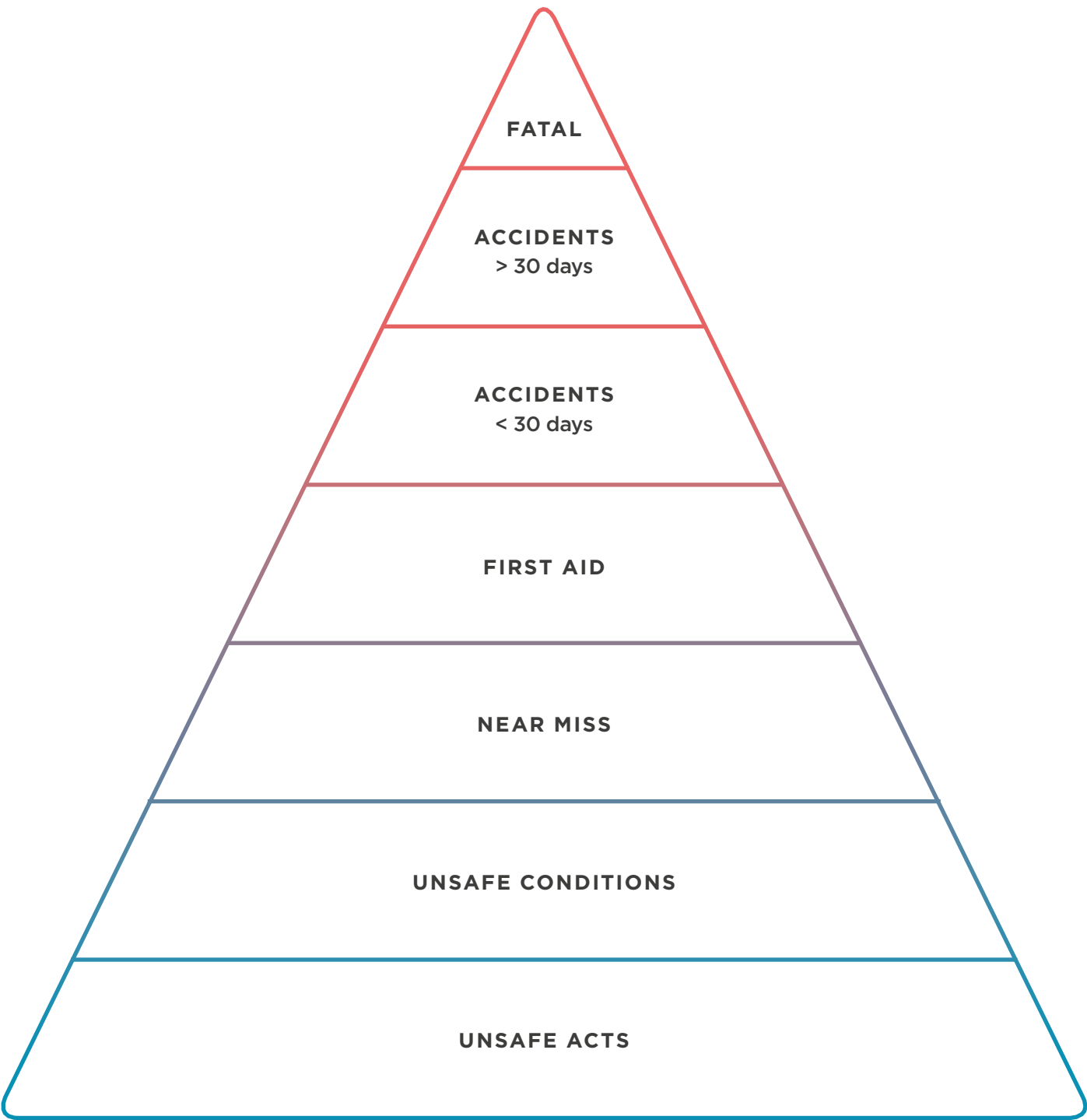
- 14% reduction in the Frequency Index compared with the same period of 2018,
- 7% reduction in the Gravity Index compared with the same period of 2018,
- 14% reduction in the number of accidents compared with the same period of 2018.

Another success for Elica in 2019 was the Group's first achievement of ISO45001-2018 certification for the Occupational Health and Safety Management System implemented at Elica's motor division in Castelfidardo.

This certification represents a crucial step forward in supporting all management in dealing with occupational health and safety risks through an international standard in line with the ongoing globalization process and the latest management goals aimed at guaranteeing the well-being of personnel transversally across all levels of the company.

This certification will be extended across all Italian sites in 2020, and subsequently across all foreign sites.

Heinrich Pyramid



Performance Indicators

Accident indicators

Employees	Unit	2019	2018
		TOTAL	
Accidents			
At work			
Italy		7	8
of which on commute		-	-
Poland		-	2
of which on commute		-	-
Mexico		4	3
of which on commute		-	-
India		-	-
of which on commute		-	-
China		1	1
of which on commute		-	-
Deaths	No.		
At work			
Italy		-	-
Poland		-	-
Mexico		-	-
India		-	-
China		-	-
Occupational illness cases			
Italy		7	-
Poland		-	-
Mexico		-	-
India		-	-
China		-	-

Employees	Unit	2019	2018
		TOTAL	
Number of days of absence due to accidents			
At work	No. days	156	167
On commute		-	-
Total number of hours worked			
Italy	Hours	1.902.533	1.860.878
Poland		1.589.357	1.672.977
Mexico		1.712.652	1.736.767
India		897.436	755.776
China		229.381	295.471
Rate of work hours lost (GI) Gravity Index		0,025	0,026
Rate of occupational illnesses (ODR)	No.	0,221	-
Rate of accidents (FI) Frequency Index		1,895	2,215

Scope: Countries with production sites.  
Rate of work hours lost: (days of absence due to workplace injury/hours worked)\*1,000.  
Accident rate: ((number of workplace accidents + number of workplace deaths)/hours worked)\*1,000,000.  
The calculation of the Frequency and Severity indices in 2019 includes off-site accidents within the perimeter of Italy.

Absenteeism Index (excluding temporary workers)

Absenteeism rate	Unit	2019			2018		
		Male	Female	TOTAL	Male	Female	TOTAL
Italy	% hours of absence /workable hours	8,9%	13,7%	10,6%	7,7%	10,6%	8,8%
Poland		4,4%	4,4%	4,4%	4,6%	4,6%	4,6%
Mexico		1,8%	1,0%	1,4%	3,2%	3,2%	3,2%
India		2,5%	7,8%	3,1%	3,9%	6,3%	4,1%
China		2,6%	1,7%	2,3%	3,6%	2,4%	3,2%

Scope: Countries with production sites.  
Absenteeism index: total number of days lost in the period / total number of workable days.

INDUSTRIAL RELATIONS

Industrial and trade union relations are coordinated centrally but managed locally and conducted according to applicable legislation and existing frameworks in the individual countries. The issues that may arise depend on specific challenges that emerge from time to time in the different countries.

The main themes dealt with in collaboration with the trade unions include (concerning Italy):

- during 2019, the company negotiated a solidarity agreement with union representatives in order to avoid the dismissal of 541 resources. The agreement, with an initial validity from February 18 to July 14, 2019, affected several Elica S.p.A. sites by providing for an average work time reduction of 60% of total contractual hours, and, in any case, a maximum average reduction of 70% in individual contractual hours.
- On June 17, 2019, given the new regulatory context, an extension of this regime was agreed with the Ministry of Labour and Social Policies for a further period of one year from July 15th, 2019.

Performance Indicators

Collective bargaining agreements

	Unit	2019	2018
Employees covered by collective bargaining agreements	No.	2.042	2.262
Total employees		3.237	3.383
Percentage	%	63%	67%

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







SUPPORTING OUR CLIENTS AND QUALITY

All Group companies with production sites (except Airforce) implement management systems certified to standard ISO 9001: 2015<sup>28</sup>. In the case of finished products (hoods, ranges, fragrance dispensers and home air quality monitoring systems), Elica’s policy is essentially to bring to market products that are fully compliant with all applicable local and international legislation. Each year the Group certifies all new products brought to market and re-certifies all products that have seen changes in materials and/or components to ensure that they comply with health and safety standards and with all Regulations, Directives and Rules applicable in the countries of sale.

Performance Indicators

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

Product/Services	Unit	2019	2018
Products analyzed for risks relating to consumer health and safety	No.	2.771	3.321
Products in portfolio (number of SKUs)		8.771	9.038
Products previously analyzed for risks relating to health and safety (before the reporting year)		6.000	5.717
Percent of products analyzed for health and safety risk during the year	%	32%	37%
Percent of products analyzed for health and safety (total)		100%	100%

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

<sup>28</sup> International standard indicating requirement for an effective quality management system.

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<sup>29</sup>, a US organization that certifies products for safety and electromagnetic compatibility and a global leader in the appliance industry 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<sup>30</sup> for the testing of safety, electromagnetic compatibility, energy consumption, performance, acoustics and the reliability of finished products, materials and components. It has been certified CTF Stage 3<sup>31</sup> by UL for the issuance of CB<sup>32</sup> and DEMKO<sup>33</sup> certificates, CTDP<sup>34</sup> by UL for the issuance of UL and cULus<sup>35</sup> certificates, WMT<sup>36</sup> by CQC<sup>37</sup> for the issuance of the CCC mark and Chinese Energy Label (the only laboratory in the world outside of China) and finally ILAC-MRA Accredia<sup>38</sup> for the certification of the Safety, Performance, Electromagnetic and Acoustic Compatibility of finished products and Components (globally recognized certification issued by the Italian government).

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.

<sup>29</sup> UL is the certification body, or National Competent Body, for the USA. For further details, refer to the website [www.ul.com](http://www.ul.com) or [www.italy.ul.com](http://www.italy.ul.com).

<sup>30</sup> UNI EN ISO/IEC 17025 Certificate by Accredia ([www.accredia.it](http://www.accredia.it)), certified CTFst3 and CTDP compliant by UL International and certified WMT compliant by CQC.

<sup>31</sup> 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).

<sup>32</sup> 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.

<sup>33</sup> DEMKO is the certificate and marking issued by UL as evidence of the safety of products in conformity with European standards (EN).

<sup>34</sup> 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).

<sup>35</sup> The cULus certificate is issued by UL as evidence of the Safety of products in confor-

mity with US standards (established by UL) extended to Canadian standards, for the markets of the USA and Canada.

<sup>36</sup> 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.

<sup>37</sup> CQC is the certification body, or National Competent Body, for China. For further information, please see [www.cqc.com.cn/www/english](http://www.cqc.com.cn/www/english).

<sup>38</sup> ILAC-MRA Accredia accreditation, the Italian Accreditation Body is the only natio-

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

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 modest in extent. If loss claims filed with insurers are taken as the basis for evaluation, in 2019 there were just 4 cases.

Performance Indicators

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

Non conformità	Unit	2019	2018
Episodes of non-compliance with regulations entailing a penalty	No.	4	2
Episodes of non-compliance with voluntary codes		n.a.	n.a.
TOTAL		4	2

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, Airforce S.p.A., Elica France S.A.S, Elica GmbH, Elica PB India Private Ltd., Ariafina.





## WE PROTECT CLIENTS BY PROVIDING ACCURATE INFORMATION

### Cooking Division

For finished products in the cooking area (range hoods and induction ranges) and for kitchen hoods, the Elica Group provides consumers with a set of information aimed at protecting their main rights (health, safety, quality of products and services and adequate information). This information is provided in the form of labels affixed directly to the product or packaging and documentation accompanying the product, enabling safe use of the products and services and providing information about the contents and, in particular, about the substances that could generate a social impact, how to dispose of the product and the related environmental and social impacts and the product's energy consumption (Energy Label, Product Sheet and Ecodesign).

The origins of product components are not disclosed to consumers but is available from the company as it is included in specific certifications (appendix 1 to the CB test report on Safety certification).

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

In the cases of Elica 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 organization, even when marketed solely in the EU, where the EC self-certification would be sufficient. This procedure also applies to the finished products of the Chinese subsidiary sold within the European Union. In the case of Elicamex S.a.d. C.V, the accredited local internal laboratory validates and provides the documentation for the client, in concert with local certification, with support and coordination from EPL Italy.

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

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

### Motors Division

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

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

specifications, logistical specifications and/or specifications of another kind.

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

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



Performance Indicators

Product and service information and labelling requirements

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

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, Airforce S.p.A., Elica France S.A.S, Elica GmbH, Elica PB India Private Ltd., Ariaфина.

Region	Failure rate	Unit	2019	2018
Finished products*	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures**	%	61,5%	62,0%
Electric motors	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures		100%	100%

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





## WE PROTECT OUR CLIENTS' PRIVACY

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

Elica, in compliance with applicable legislation, and, in particular, with EU Regulation 679/2016 ("GDPR") and Legislative Decree 101/2018, is completing an alignment project involving subsidiaries with sites within the European Union.

In particular, Elica has adopted specific group policies to:

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

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

- Regulate the management of requests to exercise the data subjects rights referred to in Article 15 et seq. of the

EU Regulation ("Data Access");

- Establish rules, times, activities and roles for managing data breaches ("Data Breach Procedure").

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

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

The Group, also thanks to the actions and safeguards put in place, did not detect any privacy violations during 2019, except for one promptly resolved incident of third-party access to some employee and customer e-mail addresses, for which all necessary communications were made.

In particular, no complaints were received for actual or potential personal data violations in relation to questions, requests, disputes initiated by third parties or non-disclosures by the company.



GRI INDEX

GRI Standard	Disclosure		Paragraph at page	Omissions
General Disclosures				
GRI 102 General Disclosures 2016	Name of the organization	102-1	19	
	Activities, brands, products, and services	102-2	19	
	Location of headquarters	102-3	22	
	Location of operations	102-4	20	
	Ownership and legal form	102-5	19	
	Markets served	102-6	26	
	Scale of the organization	102-7	19	
	Information on employees and other workers	102-8	25	
	Supply chain	102-9	44	
	External initiatives	102-12	40	
	Membership of associations	102-13	32	
	Statement from senior decision-maker	102-14	10	
	Key impacts, risks, and opportunities	102-15	*	
	Values, principles, standards, and norms of behaviour	102-16	16	
	Governance structure	102-18	47	
	Composition of the highest governance body and its committees	102-22	51	
	Nominating and selecting the highest governance body	102-24	51	
	Conflicts of interest	102-25	63	
	Role of highest governance body in setting purpose, values, and strategy	102-26	61	
	Evaluating the highest governance body's performance	102-28	51	
	Effectiveness of risk management processes	102-30	65	
	Highest governance body's role in sustainability reporting	102-32	51	
	Remuneration policies	102-35	59	
	Process for determining remuneration	102-36	59	
	Annual total compensation ratio	102-38	60	
	List of stakeholder groups	102-40	75	
	Collective bargaining agreements	102-41	151	
	Identifying and selecting stakeholder	102-42	74	
	Entities included in the consolidated financial statements	102-45	13	
	Defining report content and topic Boundaries	102-46	78	
	List of material topics	102-47	81	

GRI Standard	Disclosure		Paragraph at page	Omissions
	Changes in reporting	102-49	82	
	Reporting period	102-50	12	
	Date of most recent report	102-51	12	
	Reporting cycle	102-52	78	
	Contact point for questions regarding the report	102-53	12	
	Claims of reporting in accordance with the GRI Standards	102-54	12	
	GRI content index	102-55	164	
Supplier Management				
GRI 204 Procurement practices 2016	The management approach and its components	103-2	95	
	Key impacts, risks, and opportunities	102-15	95	
	Proportion of spending on local suppliers	204-1	95	
Fight against corruption				
GRI 205 Anti-corruption 2016	The management approach and its components	103-2	98	
	Key impacts, risks, and opportunities	102-15	98	
	Operations assessed for risks related to corruption	205-1	102	
	Communication and training about anti-corruption policies and procedures	205-2	104	
	Confirmed incidents of corruption and actions taken	205-3	104	
The commitment to prevent anti-competitive behaviour				
GRI 206 Anti-competitive Behaviour 2016	The management approach and its components	103-2	105	
	Key impacts, risks, and opportunities	102-15	105	
	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	206-1	105	
Use of raw materials and of materials				
GRI 301 Materials 2016	The management approach and its components	103-2	120	
	Key impacts, risks, and opportunities	102-15	120	
	Materials used by weight or volume	301-1	121	
Energy consumption				
GRI 302 Energy 2016	The management approach and its components	103-2	113	
	Key impacts, risks, and opportunities	102-15	113	
	Energy consumption within the organization	302-1	115	
	Energy consumption outside of the organization	302-2	119	

GRI Standard	Disclosure		Paragraph at page	Omissions
Water consumption				
GRI 303 Water and Effluents 2016	The management approach and its components	103-2	124	
	Key impacts, risks, and opportunities	102-15	124	
	Water withdrawal by source	303-1	124	
Emissions into the atmosphere				
GRI 305 Emissions 2016	The management approach and its components	103-2	113	
	Key impacts, risks, and opportunities	102-15	113	
	Direct (Scope 1) GHG emissions	305-1	116	
	Energy indirect (Scope 2) GHG emissions	305-2	118	
	Other indirect (Scope 3) GHG emissions	305-3	119	
Waste				
GRI 306 Effluents and Waste 2016	The management approach and its components	103-2	122	
	Key impacts, risks, and opportunities	102-15	122	
	Waste by type and disposal method	306-2	123	
Compliance with environmental laws				
GRI 307 Environmental Compliance 2016	The management approach and its components	103-2	109	
	Key impacts, risks, and opportunities	102-15	109	
	Non-compliance with environmental laws and regulations	307-1	109	
Environmental checks on the supply chain				
GRI 308 Supplier Environmental Assessment 2016	The management approach and its components	103-2	96	
	Key impacts, risks, and opportunities	102-15	96	
	New suppliers that were screened using environmental criteria	308-1	96	
Group employees				
GRI 401 Employment 2016	The management approach and its components	103-2	129	
	Key impacts, risks, and opportunities	102-15	129	
	New employee hires and employee turnover	401-1	137	

GRI Standard	Disclosure		Paragraph at page	Omissions
Workplace health and safety				
GRI 403 Occupational Health and Safety 2016	The management approach and its components	103-2	145	
	Key impacts, risks, and opportunities	102-15	145	
	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	403-2	148	
Training				
GRI 404 Training and Education 2016	The management approach and its components	103-2	140	
	Key impacts, risks, and opportunities	102-15	140	
	Average hours of training per year per employee	404-1	143	
Diversity and Equal Opportunity				
GRI 405 Diversity and Equal Opportunity 2016	The management approach and its components	103-2	129	
	Key impacts, risks, and opportunities	102-15	129	
	Diversity of governance bodies and employees	405-1	131	
Fight against discrimination				
GRI 406 Non-discrimination 2016	The management approach and its components	103-2	139	
	Key impacts, risks, and opportunities	102-15	139	
	Incidents of discrimination and corrective actions taken	406-1	139	
Checks on application of ethics code by the supply chain				
GRI 414 Supplier Social Assessment 2016	The management approach and its components	103-2	95	
	Key impacts, risks, and opportunities	102-15	95	
	New suppliers that were screened using social criteria	414-1	97	
Consumer Health and Safety				
GRI 416 Customer Health and Safety 2016	The management approach and its components	103-2	153	
	Key impacts, risks, and opportunities	102-15	153	
	Assessment of the health and safety impacts of product and service categories	416-1	153	
	Incidents of non-compliance concerning the health and safety impacts of products and services	416-2	157	
Correctness of information provided to the customer				
GRI 417 Marketing and Labeling 2016	The management approach and its components	103-2	158	
	Key impacts, risks, and opportunities	102-15	158	
	Requirements for product and service information and labeling	417-1	160	

GRI Standard	Disclosure	Paragraph at page	Omissions
Consumer privacy protection			
GRI 418 Customer Privacy 2016	The management approach and its components	103-2	163
	Key impacts, risks, and opportunities	102-15	163
	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	163
Group socio-economic Compliance			
GRI 419 Socioeconomic compliance 2016	The management approach and its components	103-2	139
	Key impacts, risks, and opportunities	102-15	139
	Non-compliance with laws and regulations in the social and economic area	419-1	139
Economic and financial performance of the Group			
	The management approach and its components	103-2	87
	Key impacts, risks, and opportunities	102-15	87
	Financial Highlight of the Group	n.a.	88
Product design (eco-friendly)			
	The management approach and its components	103-2	111
	Key impacts, risks, and opportunities	102-15	111
	Packaging reengineering projects concluded	n.a.	112
	Reduction in annual indirect CO <sub>2</sub> equivalent amounts	n.a.	112
Innovation			
	The management approach and its components	103-2	89
	Key impacts, risks, and opportunities	102-15	89
	Patents	n.a.	91
	Innovation flow effective implementation index	n.a.	90

GRI Standard	Disclosure	Paragraph at page	Omissions
Digitization			
	The management approach and its components	103-2	92
	Key impacts, risks, and opportunities	102-15	92
	Digitization projects carried out at the business	n.a.	92
	Digitization projects developed and under development	n.a.	92
	Number of persons engaged in the projects	n.a.	92
	% effective implementation of the project	n.a.	92
After Sales Service			
	The management approach and its components	103-2	93
	Key impacts, risks, and opportunities	102-15	93
	Service Level: Days between 1 <sup>st</sup> customer call and closure of the action	n.a.	94
	Speed of Service: Days between 1 <sup>st</sup> customer call and date of 1 <sup>st</sup> appointment with the customer	n.a.	94
	Right First Time: % of actions closed on 1 <sup>st</sup> appointment	n.a.	94

\* The risks and opportunities related to each topic are reported.



ELICA

2019 CONSOLIDATED  
NON-FINANCIAL  
REPORT

**Graphic Design**  
MMG

**Coordination**  
Quality & Environment  
System Assurance

**Credits**

page 13 – Photo by Lucas Davies on Unsplash  
pages 14–15 – Photo by insung yoon on Unsplash  
page 27 – Photo by Sensei Minimal on Unsplash  
page 32 – Photo by Matteo Vistocco on Unsplash  
page 61 – Photo by Annie Spratt on Unsplash  
pages 84-85 – Photo by Alexander Yemchenko on Unsplash  
page 105 – Photo by Yifei Chen on Unsplash  
page 110 – Photo by Dmitrii Vaccinium on Unsplash  
pages 124–125 – Photo by Arm Bunlue on Unsplash  
pages 126-127 – Photo by Arindam Mahanta on Unsplash  
page 138 – Photo by Alex Motoc on Unsplash

