

ASPIRA, ISPIRA.

SUSTAINABILITY
REPORT
2022

Consolidated Non-Financial Report
drawn up in accordance with the provisions of Legislative Decree No. 254/2016



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MESSAGE TO THE STAKEHOLDERS

Dear Readers, At Elica we believe that only through effective management and appreciation of all Stakeholders can companies achieve lasting profitability and create and sustain value over the long term. For us this means paying close attention not only to the products and materials used in the production process by employing increasingly innovative solutions and design, but also to the communities in which we operate, our people, processes and necessarily the needs of our customers.

We may have entered a new year, but the challenges encountered in 2021 persisted into 2022. Despite not affecting the continuity of the Group's supplies, the ongoing global health emergency and the start of the Russian-Ukrainian War caused energy and raw material prices to rise.

To manage the potential impact of the conflict on our operating risks, Elica adopted a monitoring process in 2022 to analyse potential repercussions on business and identify possible mitigation actions.

Despite the challenging geopolitical climate, at Elica we had a successful year and, for the second consecutive period, maintained our leadership position, and beat our own records. At the same time, we doubled down on our Sustainability Roadmap with the creation of a Strategic Plan based on three pillars: Production and Processes with low environmental, social and governance impact.

As for our environmental efforts, we have made a formal commitment to improving energy efficiency in our pro-

duction processes, reducing the environmental impact throughout our supply chain, increasing the energy efficiency of our products, and researching and innovating more sustainable packaging in line with specific targets. As part of our efforts to provide people with attention and care, we will increasingly focus on upskilling employees and investing in training, ultimately becoming a learning organisation.

We have also defined and planned actions to involve our suppliers in the Group's sustainability commitments, as we strive to extend our social responsibility criteria to our entire supply chain. We plan to report our progress in 2023, which is the target year for many of our KPIs. In terms of disclosing our performance to our readers, we remain committed to the significant commitment we made when we published our first Report in 2017, which took further shape in 2022.

This year, we sought to provide a more transparent and comprehensive overview of our economic, environmental,

and social impact on our stakeholders, enabling readers to fully comprehend our performance. As evidence of our commitment to sustainability, we are proud to announce our transition to the "In accordance with" reporting approach, as defined in the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards).

In the sixth edition of our Group's Sustainability Report, we have a number of accomplishments that we wish to share with you.

Without a doubt, one of our most significant achievements is our return – after many years of major commitment and hard work – to rewarding those who have been at our side as patient and trusting partners. In October, Elica distributed a dividend of approximately Euro 3.8 million. Our success in achieving our aspirations has inspired our employees, and the strength of our team has enabled us to embark on a new chapter in our history and create and distribute value to both our shareholders and communities.



We have done this, as always, by maintaining our unwavering commitment to protecting the region in which we operate. Our previous efforts have yielded results, and we have achieved our ambitious yet attainable target.

In 2022, we were able to use 100% renewable energy at almost all of our Italian production sites and our Polish site, resulting in a reduction of approximately 9,900 tonnes of CO₂ emissions. However, we will not settle for that alone. Through our energy efficiency projects, we have reduced our environmental footprint by a further 399 tonnes. And we do not plan to stop there.

We have already begun a new project that involves developing our first GHG (greenhouse gas emissions) inventory for the entire production scope of the Group and its supply chain in 2023. This initiative will help us map our direct and indirect impacts so that we can define medium- and long-term mitigation strategies. The ultimate goal of this roadmap is to achieve “net zero emissions” by 2050, in line with the 2015 Paris Agreement target. While our products play a key role in supporting economic sustainability, we are also mindful of their environmental impact.

We have therefore established a current energy efficiency baseline for our “cooking products” and devised a plan to incorporate motorisation, which could make them up to 70% more efficient than traditional solutions.

In 2023 we also plan to further expand the “Hydrogen 100% Ready” product range and to accelerate in the heat pump segment.



WE HAVE ALREADY OBTAINED CERTIFICATION ON 50% OF THE RANGE OF MOTORS IN THE “PREMIX” SEGMENT FOR 100% HYDROGEN USE. THE ENTIRE RANGE IS ALREADY CERTIFIED TO USE “HYDROGEN 30% READY” BLENDS.

This will see even more efficient products brought to market in the last quarter of the year. Finally our people are the resource with whom we share our vision and values and we strive to contribute to their well-being. Here too, in 2022, we reaped the fruits of our efforts to inspire our employees, reward merit, and nurture talent. The numbers pay testament to our work in this regard. The Group recorded an increase in the percentage of women in our workforce, from 39% in 2021 to 45% in 2022. We have also invested in the training of all employees, with an increase in training hours per person from 16.8 to 20.

We believe that social responsibility towards our suppliers is an equally important topic. In 2022, we defined and shared the first “Elica Group Supplier Code of Conduct” with our suppliers, and launched a process to monitor its effective adoption. Although this may seem like an obvious step, we believe that our focus on human rights and

working conditions must never waver, especially given the times we are living in.

In 2022, we also set ourselves the goal of obtaining ISO 45001:2018 certification for our Mexican site in Queretaro. We successfully achieved this in May, but are not content with that alone. We also plan to obtain certification for our Polish site by the end of 2023.

These are only a few of the accomplishments we have made and the objectives we seek to fulfil in the near future. Although 2023 will likely present challenges, our innovative products, capacity to predict market trends, and opportunities from an ever-growing Motors Division will enable us to continue expanding and leading change, in addition to promoting sustainable initiatives that satisfy the needs of our Stakeholders. As such, we invite you to read this document in the hope that you will continue to share in our enthusiasm.

Francesco Casoli - Chairperson
Giulio Cocci - Chief Executive Officer

METHODOLOGICAL NOTE AND REPORTING SCOPE

METHODOLOGICAL NOTE

This Non-Financial Report (or also “Sustainability Report”, “Report” or “NFR”) seeks to provide the reader with clear, accurate, transparent and understandable information on the impacts generated by the Elica Group in the environmental and social spheres, in addition to impacts pertaining to personnel, respect for human rights and the fight against corruption caused directly or indirectly by the Company, or to which the Company contributes. In addition, through this document, the Company intends to provide an accurate understanding of the main risks associated with the Group’s business activities, in addition to the results achieved and the performances in the area of sustainability during 2022.

This document, prepared in accordance with Article 4 of Legislative Decree No. 254/2016, was approved by the Board of Directors of the Elica Group on March 16, 2023.

IDENTIFYING MATERIAL TOPICS

For reporting upon the year ending December 31, 2022, the materiality analysis was updated in accordance with the new requirements of the GRI 2021 Standard and approved by the Company’s Board of Directors on October 27, 2022.

For a more in-depth look at the process of identifying material topics, please see “Shaping Elica’s Sustainability.”



THE REPORTING SCOPE

This Statement has been prepared “in accordance with” the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards), defined by the Global Reporting Initiative (GRI) - using the “In accordance” approach.

The qualitative and quantitative data and information contained within this document refer to the fiscal year ending December 31, 2022.

The reporting scope, in accordance with Article 4 of Legislative Decree No. 254/2016, coincides with that of the 2022 Consolidated Financial Statements of the Elica Group, i.e. it includes the data for the Parent Company (Elica S.p.A.) and the fully consolidated companies for non-financial reporting, with certain clarifications for some indicators, summarised in the following table.

INDICATOR	REPORTING SCOPE 2022	NOTES
GRI 2-7: Employees	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	Temporary employees were excluded from the reporting.
GRI 2-21: Annual total compensation ratio	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	Within the Italian area, the consideration of highest remuneration includes total remuneration, including the component linked to uncertain multi-year performance (LTI Plans)
GRI 2-27: Non-compliance with laws and regulations	Elica Group*	
GRI 2-30: Collective bargaining agreements	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	
GRI 201-1: Direct economic value generated and distributed	Elica Group*	
GRI 205-1: Operations assessed for risks related to corruption	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	
GRI 205-2: Communication and training about anti-corruption policies and procedures	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	
GRI 205-3: Confirmed incidents of corruption and actions taken	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	
GRI 207-1: Approach to tax	Elica Group*	
GRI 301-1: Materials used by weight or volume	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l.	
GRI 302-1: Energy consumption within the organization	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l.	The figure for district heating refers only to the Elica Group Polska site.
GRI 302-2: Energy consumption outside of the organization	Travel by car - Elica S.p.A., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd and Elica France S.A.S., Elica GmbH, Air Force S.p.A, Elica Trading LLC, EMC FIME S.r.l. Air travel - Elica S.p.A., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S., Elica GmbH, Air Force S.p.A, Elica Trading LLC, EMC FIME S.r.l.	
GRI 305-1: Direct (Scope 1) GHG emissions	Elica S.p.A., Elicamex S.a.d. C.V. S.a.d. C.V, Elica Group Polska Sp.z o.o., Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Elica France S.A.S., EMC FIME S.r.l.	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l.	The figure for district heating refers only to the Elica Group Polska site.
GRI 305-3: Other indirect (Scope 3) GHG emissions	Travel by car - Elica S.p.A., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd and Elica France S.A.S., Elica GmbH, Air Force S.p.A, Elica Trading LLC, EMC FIME S.r.l. Air travel - Elica S.p.A., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S., Elica GmbH, Air Force S.p.A, Elica Trading LLC, EMC FIME S.r.l.	

INDICATOR	REPORTING SCOPE 2022	NOTES
GRI 306-3: Waste produced	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l.	
GRI 306-4: Waste not for disposal	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l.	
GRI 306-5: Waste directed to disposal	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l.	
GRI 308-1: New suppliers that were screened using environmental criteria	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., EMC FIME S.r.l.	
GRI 401-1: New employee hires and employee turnover	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	Temporary employees were excluded from the reporting. Infracompany transfers were not considered in the calculation of entry/exit rates)
GRI 403-9: Work-related injuries	Work-related injuries - Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l. Near miss - Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Airforce S.p.A., EMC FIME S.r.l.	Temporary employees were excluded from the reporting.
GRI 404-1: Average hours of training per year per employee	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	Temporary employees were excluded from the reporting.
GRI 405-1: Diversity of governance bodies and employees	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	Temporary employees were excluded from the reporting.
GRI 406-1: Incidents of discrimination and corrective actions taken	Elica S.p.A., Elicamex S.a.d. C.V., Elica Inc., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S. Elica GmbH, Airforce S.p.A., Elica Trading LLC, EMC FIME S.r.l.	
GRI 414-1: New suppliers that were screened using social criteria	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp.z o.o., EMC FIME S.r.l.	
GRI 416-1: Assessment of the health and safety impacts of product and service categories	Elica S.p.A., Elicamex S.a.d. C.V., Elica Group Polska Sp. z o.o, Air Force S.p.A., Zhejiang Elica Putian Electric Co. Ltd, Aria fina Co. Ltd	
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	Elica S.p.A., Elica Group Polska Sp.z o.o., Zhejiang Elica Putian Electric Co. Ltd, Elica France S.A.S., Elica GmbH, Airforce S.p.A., Elica Trading LLC	
GRI 417-1: Requirements for product and service information and labeling	Elica S.p.A., Elica Group Polska Sp. z o.o, Elica France S.A.S., Elica GmbH, Arafina Co. Ltd	The reporting scope covers the following finished products: extractor hobs, induction hobs and kitchen hoods of the Elica Group.
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Elica Group*	
Non-GRI indicator: Innovation	Innovation projects - Elica S.p.A. (Cooking business) for the entire Group because the activity is performed for the benefit of all subsidiaries; Patents - Elica S.p.A. (Cooking business and Motors business) for the entire Group because the activity is performed for the benefit of all subsidiaries	
Non-GRI indicator: Quality of after-sales services	Elica S.p.A. for items produced by Elica S.p.A., Elica Group Polska, sold on the market	
Non-GRI indicator: Product Design	Elica S.p.A.	

(*) The term "Elica Group" refers to all companies within the reporting scope of this Non-Financial Report.

We note that the Indian Company Elica PB India Private Ltd. is excluded from the reporting scope of this Report following the sale of 87% of the Indian subsidiary's share capital to Whirlpool of India Limited on September 29, 2021.

CALCULATION METHODOLOGIES AND ASSUMPTIONS

The main calculation methodologies and assumptions used are indicated below:

Rate of deaths resulting from work-related injuries

This indicator is the ratio of the total number of deaths resulting from work-related injuries to the number of hours worked, multiplied by 1,000,000. Temporary workers and employees of contractors were excluded from the reporting because their respective hours of employment are not directly accounted for by the organisation.

Rate of work-related injuries with serious consequences

This indicator is the ratio of the total number of work injuries with serious consequences to the number of hours worked, multiplied by 1,000,000. Specifically, the term “work-related injury with serious consequences” refers to a workplace injury that leads to death or injury from which the worker cannot recover, does not recover, or is not realistically expected to recover fully by returning to pre-injury health within six months. Temporary workers and employees of contractors were excluded from the reporting because their respective hours of employment are not directly accounted for by the organisation.

Recordable work-related injury rate

This indicator is the ratio of the total number of recordable work-related injuries to the number of hours worked, multiplied by 1,000,000. Temporary workers and employees of contractors were excluded from the reporting because their respective hours of employment are not directly accounted for by the organisation; the

on-commute injuries reported refer to the Elicamex and Elica Group Polska sites where transportation was arranged by the Company.

Energy consumed within the organisation

Points c. and d. of the indicator requirements have not been included within the tables in the section “Energy consumption and emissions” within the text, as the value is 0 for all the types mentioned.

Direct (Scope 1) GHG emissions

Fuel consumption was calculated based on data provided by the supplier, invoices and consumption monitoring software.

For natural gas, diesel, petrol, LPG, bioethanol and biodiesel consumption, emission factors from the 2022 report of the UK Department for Environment Food & Rural Affairs (DEFRA) were used. The percentages of global warming potential used (GWP) are expressed in terms of CO₂ equivalent and consider the contributions of CO₂, CH₄ and N₂O, whose GWPs are derived from the IPCC’s 4th Assessment Report, as defined within the methodological note of the above report.

Indirect GHG emissions (Scope 2)

Energy consumption was calculated based on data provided by the supplier, invoices and consumption monitoring software.

“Location-based” emissions were calculated by multiplying electricity purchased from the national grid and electricity from district heating by country-specific emission factors, which were taken from the 2022 “Carbon Footprint” report, published at www.carbonfootprint.com. Specifically, for China, India and Mexico the emission factors used were taken from the 2021 “Climate Transparen-

cy” report, and for Poland and Italy from the 2021 report published by the Association of Issuing Bodies (AIB). The global warming potential (GWP) percentages used are defined within the methodological note of the above report.

Other indirect (Scope 3) GHG emissions

For the calculation of kilometres travelled by air, distances were estimated based on routes taken by employees via the http://www.worldatlas.com/travelaids/flight_distance.htm. On the other hand, with regard to car miles driven, distances were calculated based on the refuelling done by employees using fuel cards.

Emission factors from the 2022 report of the UK Department for Environment Food & Rural Affairs (DEFRA) were used to calculate emissions generated by business travel by car and plane and diesel and petrol consumption. The percentages of global warming potential used (GWP) are expressed in terms of CO₂ equivalent and consider the contributions of CO₂, CH₄ and N₂O, whose GWPs are derived from the IPCC’s 4th Assessment Report, as defined within the methodological note of the above report.

Communication and training about anti-corruption policies and procedures

The term “training” has been identified as any activity that is different and/or additional to the mere communication of policies. For the purpose of quantifying the figure, where the training hours were not identifiable, half an hour/one hour of training per employee was considered. Since the classification of categories is not homogeneous, it cannot be determined and is, therefore, not reported.

Operations assessed for risks related to corruption

With respect to processes and Group companies subjected to corruption risk assessment, companies that

have adopted the 231 Model and/or conducted audits - even if only qualitative - on the subject are considered assessed; while companies that have anti-corruption, similar or equivalent procedures are not considered assessed.

Product Design

For eco-design projects related to packaging analysed, the figure was estimated based on projected sales of models for which the new reengineering solutions are applicable. The carbon footprint savings figure, on the other hand, was estimated based on the report “Comparing the carbon footprint of carton packaging against alternative solutions” published in June 2021 by Pro Carton (Association of European Cartonboard and Carton manufacturers).

Employees

The figure for the number of employees was calculated from the payroll of the Companies within the reporting scope of the Elica Group. Temporary employees were excluded from the reporting.

Materials used by weight or volume

Figures for the amount of materials purchased were calculated based on information and specifications shared with suppliers or based on best estimates made by Elica S.p.A. Technical Sector.

Requirements for product and service information and labelling

With respect to the evaluation of products and services in relation to their compliance with the

adopted procedures on information and labelling, the product type “Fragrance diffuser” is excluded from the calculation, as subject only to Safety and not to Energy Label and Ecodesign.

In quantitative terms, the percentage of significant product and service categories covered and evaluated for compliance with these procedures was calculated as the ratio of net sales generated by the finished products analysed (scope of finished products) to the Group Elica’s net sales for the following finished product categories: range hoods, extractor hobs and induction hobs.

RECONCILIATION TABLE - LEGISLATIVE DECREE NO. 254/2016 - MATERIAL TOPICS - GRI TOPICS

Legislative Decree No. 254/2016 scope	Material topics	GRI Topic	Scope	
				External
Environment	Combatting climate change	GRI 302 GRI 305	Group	-
	Circular economy and waste management	GRI 301 GRI 306	Group	-
Personnel management	Growth and development of human capital	GRI 401 GRI 404 GRI 405	Group	-
	Health and Safety	GRI 403	Group	-
Human rights	Growth and development of human capital	GRI 406	Group	-
Social Impacts	Consumer health and safety	GRI 416 GRI 417	Group	Customers
	Sustainable supply chain management	GRI 308 GRI 414 GRI 408 GRI 409	Group	Suppliers
	Data privacy and security	GRI 418	Group	Customers
Combatting corruption	Responsible business management	GRI 201 GRI 205 GRI 207	Group	-
-	Product innovation and eco-design	Non-GRI Topic	Group	Customers

For clarification or additional information regarding this document, you may contact the QHSE Assurance & Sustainability Manager by sending an e-mail to the address elicaehs@sicurezzapostale.it with “Non-Financial Report” in the subject line or by writing to:

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+39 0732 6101

WE INSPIRE SUSTAINABILITY

Every great idea, and every great undertaking, is born of inspiration. Inspiration is the foundation for new projects, visions for the future, and the ability to imagine new and unprecedented solutions. **Elica is a company that both inspires and is inspired.** Which is why our entire production process is designed to reduce our environmental footprint. This is a goal that guides Elica in everything it does, including in its search for innovative and sustainable solutions for the energy transition in the heating and ventilation sectors.

We began by improving air quality. Inspiring people and the target market is the natural, essential next step.

ELICA GROUP PROFILE

Elica, a market player for over 50 years, is the leading global manufacturer of kitchen aspiration systems, thanks to the production of range hoods and extractor hobs. It is also the leading European manufacturer of electric motors for home appliances and heating boilers.

Chaired by Francesco Casoli and led by Giulio Cocci, the Group has seven plants, including in Italy, Poland, Mexico and China and employs approx. 2,600 people. **A meticulous care for design and a judicious choice of high-quality materials and cutting-edge technology to guarantee maximum efficiency and low energy consumption make the Elica Group the prominent market figure it is today.** This has enabled the Group to revolutionise the traditional image of kitchen extractor systems: they are no longer seen as a simple accessory but as a design element that improves the quality of life.

Through its subsidiary EMC FIME S.r.l., the Elica Group is also a leading European manufacturer of motors for home appliances and heating boilers for domestic use. EMC FIME develops in-house co-designed solutions with the major industrial groups in the heating and ventilation industry, responding to the growing demands for energy savings, comfort, digitalisation, connectivity and indoor air quality in the environments in which we live.





ELICA GLOBALLY

Over the years, the Elica Group has steadily increased its market share to become a truly global player. It leads the kitchen aspiration systems market and is currently gaining leadership positions in the European heating boilers motor market.

UNIONE EUROPEA

The Group has been in Italy since 1970 at its long-standing Fabriano (AN) headquarters, alongside the EPL research and development laboratory and the subsidiary Air Force. Also in the Marche region, Elica's Italian production plant is located in Castelfidardo (AN) and EMC FIME in Castelfidardo (AN). The Elica Group is also present in Poland with Elica Group Polska S.p. z o.o. at Wrocław (Jelcz Laskowice), one of Eastern Europe's main industrial hubs. In Germany, the distribution company Elica GmbH directly serves the market, with Elica France S.A.S. distributing to the French market. Elica manages the Spanish market through a dedicated organisation.

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 Elica Trading LLC, which markets own-brand products, such as those of Elica, Jet Air and Turboair. Elica Trading LLC, with head offices in St. Petersburg and Moscow, directly serves a dense, locally based distribution network.

THE AMERICAS

The Elica Group has a presence in Querétaro, Mexico, through Elicamex S.A. de C.V., its production and distribution facility for Latin America and North America, with the company Elica Inc. based in Chicago. The Mexican site is part of the

strategic move by the Group in recent years to operate even closer to customers in this market and to take advantage of significant growth opportunities both through the third party brands business ("OEM") 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., the leading producer in Japan of aspirating range hoods. Ariaфина Co. Ltd. emerged from the joint venture, a flagship brand for the Japanese high-end range hood market, and which Elica has controlled since 2006.

In 2010, Elica entered the Chinese market, the world's largest range hood market, by acquiring a majority holding in the Chinese company Zhejiang Elica Putian Electric Co. Ltd., which operates under the PUTI brand and through which the Elica Group manufactures and markets products on the Chinese market. The production site is located in Shengzhou, a major Chinese industrial district for the production of home appliances. In 2012, Elica sold to Fuji Industrial Co. Ltd. a stake in Zhejiang Elica Putian Electric Co. Ltd., now held for over 99% by Elica. The transaction with Fuji, which underlines the strategic importance of having a direct presence in this area, consolidated and strengthened the co-operation with our Japanese partner.

Finally, Elica maintains a stake of approx. 6% in the Indian company Elica PB Whirlpool Kitchen Appliances Private Limited, a subsidiary of Whirlpool.

In markets where it does not have a direct presence, Elica relies on business partnerships that enable a global availability of Group products.

GROUP COMPANIES AND NUMBER OF EMPLOYEES

Group employees by company	Unit	2022	2021
Elica S.p.A.	No.	674	1,073
Airforce S.p.A.		104	105
EMC FIME		263	50
Elica Group Polska Sp.z.o.o		798	689
Elica France S.A.S.		18	14
Elica Gmbh		9	14
Elica Trading LLC		25	27
Zheliang Elica Putian Electric Co. Ltd.		108	120
Ariaфина Co. Ltd.		-	-
Elica PB India Private Ltd.		-	468
Elicamex S.a.d. C.V.		574	713
Leonardo Services S.a. de C.V.		-	-
Elica Inc.		5	5
Total		2,578	3,278

NUMBER OF EMPLOYEES AND CONTRACT TYPE

Employees	Unit	2022					2021				
		Male	Female	Other	Not stated	Total	Male	Female	Other	Not stated	Total
Permanent contract	No.	1,158	916	-	-	2,074	1,751	1,118	-	-	2,869
Fixed-term contract		250	254	-	-	504	225	184	-	-	409
On-call contract		-	-	-	-	-	-	-	-	-	-
Total		1,408	1,170	-	-	2,578	1,976	1,302	-	-	3,278

Employees	Unit	2022					2021				
		Male	Female	Other	Not stated	Total	Male	Female	Other	Not stated	Total
Part-time contract	No.	2	27	-	-	29	3	22	-	-	25
Full-time contract		1,406	1,143	-	-	2,549	1,973	1,280	-	-	3,253
Total		1,408	1,170	-	-	2,578	1,976	1,302	-	-	3,278



TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY EMPLOYMENT TYPE, GENDER, AND GEOGRAPHIC AREA

Employees	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Full-time contract	No.	1,406	1,143	2,549	1,973	1,280	3,253
Italy		626	386	1,012	738	465	1,203
France		11	7	18	8	6	14
Germany		6	3	9	9	5	14
Poland		317	481	798	270	419	689
Russia		11	14	25	11	16	27
The Americas		368	211	579	454	264	718
India		-	-	-	409	59	468
China		67	41	108	74	46	120
Japan		-	-	-	-	-	-
Part-time contract		2	27	29	3	22	25
Italy		2	27	29	3	22	25
France		-	-	-	-	-	-
Germany		-	-	-	-	-	-
Poland		-	-	-	-	-	-
Russia		-	-	-	-	-	-
The Americas		-	-	-	-	-	-
India		-	-	-	-	-	-
China		-	-	-	-	-	-
Japan		-	-	-	-	-	-
Total		1,408	1,170	2,578	1,976	1,302	3,278

NUMBER OF NON-EMPLOYEE WORKERS

Workers who are not employees	Unit	2022	2021
Interns	No.	16	25
Temporary staff		107	461
Self-employed workers		-	16
Total		123	502



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



COOKING

of which:

- production and sale of third-party brand home appliances (accounting for approximately **42%** of Cooking revenues)
- production and sale of own brand home appliances (accounting for approximately **58%** of Cooking revenues)



MOTORS

production and sale of electric motors (accounting for approximately **22%** of total revenues)



The countries served at the commercial level are divided into five main geo-clusters for a total of 109 nations:

Geo Cluster	Markets Served (no. countries)
North America	2
South America	14
Estern Europe	29
Western Europe	21
Rest of the World	43
Total	109

In particular, the Eastern Europe geo-cluster includes the geographical area that extends from the Balkans to the former Soviet Union, including Turkey and the former Soviet Republics. The “Rest of the World” geo-cluster comprises India, China, APAC, Africa and others.

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

Cooking own brand cluster	Share
Distributors	43%
Kitchen manufacturers	38%
Chains and specialised furniture/home appliance store	14%
Internet	3%
Small OEMs	1%
Other	1%
Motors cluster	Share
Large OEMs	58%
Small OEMs	34%
Other	7%
Distributors	1%



BRANDS AND PRODUCTS

KITCHEN ASPIRATION SYSTEMS

Elica

The Elica brand was created in 1970 with an ambitious goal: to bring well-being to kitchens throughout the world. In more than 50 years, it has revolutionised the image of kitchen aspiration systems, from simple home appliances to uniquely designed objects that improve air quality in the home.

Turboair

With a strong presence in EMEA, Turboair has been a kitchen hood player for more than 45 years. The solidity, safety and reliability of the products tell the story of Italian quality and design.

Ariaфина

The brand, emerging from the joint venture with Fuji Industrial, is distributed in the high-end Japanese market, combining the beauty of Italian design, functionality, the impeccable quality of Japanese industrial tradition, and the craftsmanship that makes each piece produced unique and exclusive.

Arietta

Arietta is 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 expertise, translating into excellent technical features and high aesthetic quality.

Puti

Puti is one of the leading brands in the industry in the Chinese province and manufactures range hoods, cooking hobs and dish sterilisers. The brand, which was acquired by a Chinese JV, offers highly competitive, functional and technological products that cover the mid and upper ranges of the Chinese market.

Airforce

Airforce makes high-quality range hoods, extractor hobs and cooktops. Professionalism and "Made in Italy" production, combined with efficiency and reliability are the pillars supporting the continuous search for solutions to meet the demands of consumers.

ELECTRIC MOTORS

EMC Fime

More than 40 years of experience in designing, manufacturing and selling electric motors and fans for the heating, ventilation and home appliance markets. EMC FIME has an ongoing key focus on the welfare of people and the environment. From January 2022, in addition, the "PREMIX" line of boiler fans has obtained the first international certification of compliance for the use of hydrogen, a key milestone that will enable the Group to stand alongside major global manufacturers on the path to energy transition.

TARGET-SETTING AND THE MANAGEMENT MODEL

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

The Group's strategic plan is monitored by setting and verifying (monthly, quarterly and annually) targets for the dedicated commercial organisations (Markets, OEM and Own Brand Channels and the Motors Division), the Operations area (Manufacturing, Logistics, Quality and Purchasing), Research and Development and the staff functions (Finance EHS², Human Resources and IT). **From 2022, the goals regarding the strategic plan will be complemented by those regarding the Sustainability topics identified in the Group Roadmap**, defined at the same time as the establishment of the Sustainability Board, linked to the various actions that make up the Group Sustainability Plan.



ELICA'S ECONOMIC NETWORK

VALORE D

The first association of companies in Italy to advocate for gender equality, which has been promoting an inclusive culture for the growth of companies and the country. Valore D provides companies, through an integrated approach, with effective tools and inter-company and institutional comparison.

MAIN ACTIVITIES carried out with Elica

Elica partners with Valore D with the goal of **promoting and developing a culture of inclusion to support Elica's innovation**, progress and growth. This partnership provides Elica with a concrete tool to measure the effectiveness of diversity, equality and inclusion policies and to update its managers on training paths and programmes through testimonials, e-learning, talks and newsletters.

CONFINDUSTRIA

Confindustria is the main association representing manufacturing and service businesses in Italy. Confindustria's voluntary members include over 150 thousand small, medium and large companies with a total workforce of 5 million.

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

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

MAIN ACTIVITIES carried out with Elica

Advisory activity: **employment law**.

ASSONIME

Assonime is an association that represents Italian joint-stock companies. It was founded on November 22, 1910, and pursues the mission of studying and solving problems that directly and indirectly affect the interests and development of the Italian economy. To this end, the association:

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

MAIN ACTIVITIES carried out with Elica

Institutional relations and networking activity.

THE LEONARDO COMMITTEE

The Leonardo Committee was formed in 1993 at the initiative of Confindustria, ICE³ and a group of businessmen and men of culture, including Gianni Agnelli and Sergio Pininfarina, with the aim of promoting and establishing Italian quality throughout the world.

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

It is no coincidence that the name “Leonardo” evokes the magical intersection of art, science and technology: three forms of expression of human ingenuity that reflect Italy’s success at an international level. The Committee brings together over 160 renowned businessmen, artists, scientists and men of culture wanting to join together in furtherance of Italy’s development and originality through high-profile cultural and economic events.

In its activity, the Leonardo Committee cooperates with all institutions responsible for promoting Italian companies abroad and their international expansion efforts. Its members also include top government officials such as the Prime Minister, Minister of Foreign Affairs, Minister of Economic Development and Minister for Cultural Heritage and Activities.

AIDAF

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

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

The association is active in three main areas:

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

AIDAF is the Italian Chapter of FBN⁴, - Family Business Network.

MAIN ACTIVITIES carried out with Elica Institutional relations and networking activity.

4. Family Business Network.

5. Consiglio Nazionale delle Ricerche.

ISTUD

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

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

MAIN ACTIVITIES carried out with Elica

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

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 CNR⁵.

The Institute has always taken inspiration for the culturally and civically oriented training of its managerial students from the figure of Adriano Olivetti himself, who championed entrepreneurship as a moral and productive duty.

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

MAIN ACTIVITIES carried out with Elica

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

THE INDUSTRY NETWORK OF ELICA AND THE GROUP

Elica S.p.A. is a member of the CFI - the “Intelligent Factory” National Technology Cluster, an association of stakeholders (companies, universities, research centres and business associations) involved in the advanced manufacturing sector.

The CFI is acknowledged for its role in driving the sustainable economic growth of communities throughout Italy, fostering innovation and specialisation in national manufacturing systems. Its main areas of activity are: automation, industrial efficiency and sustainability, innovation in production processes and the optimal use of human resources in production facilities.

Elica currently forms part of the organisation’s Coordination and Management Body. Elica S.p.A. is also part of the “Marche Manufacturing Cluster - Industrial Innovation Cluster”, which is currently chaired by an Elica representative. The same Elica representative is also Chairperson of the Board of the Marche Cluster Foundation, the operating arm of the Marche Technology Clusters.

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

It is also a member of APPLIA - the Home Appliances Manufacturers Association. APPLIA Italia contributes to enhancing the competitiveness and sustainable development of industry manufacturers and aims to ensure access to all the knowledge needed to design innovative, sustainable (i.e., energy-efficient) and high-performance products. By complying with the Code of Conduct, members ensure that consumers and customers receive data on product performance (as stated in manufacturer’s catalogues and

websites) that has been scientifically measured according to a structured testing process in line with European regulations.

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

In reference to its Motors division, EMC Fime S.r.l. is a member of EVIA - European Ventilation Industry Association, an association of manufacturers and stakeholders focusing on the residential and non-residential indoor ventilation industry.

At European and domestic level, EVIA promotes the application of energy-efficient ventilation systems which closely consider the environmental, health and comfort aspects that ensure good indoor air quality in facilities and buildings.

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

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

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

EXTERNAL INITIATIVES AND ROLE OF THE FOUNDATION

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

ERMANNIO CASOLI FOUNDATION

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

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

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

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

The works of art in the Elica Corporate Collection are the product of interaction between employees and internationally renowned artists. This unique, specific collection of works has been featured in the volume Global Corporate Collections (2015), dedicated to the world's one hundred most beautiful corporate art collections. At Elica the Foundation finds fertile ground for experimenting with the processes and outcomes of all its activities, so that they may then be applied in other settings.

The Ermanno Casoli Foundation has been collaborating with Elica for many years in order to contribute to the professional growth and well-being of employees, providing specific training courses to consolidate and enhance the skills and knowledge acquired and organising cultural events and social initiatives in which the latter are actively involved.

Fondazione Ermanno Casoli



MAJOR INITIATIVES INVOLVING THE FEC IN 2022

F E C



SEPTEMBER 2022 ESTRAORDINARIO FOR KIDS

After a two-year hiatus due to the pandemic, Elica has returned to providing **education for employees' children through contemporary art**. The artist, Marta Roberti, involved the children in a creative journey that led to the creation of a cartoon: a single moving drawing representing a wolf, generated by combining hundreds of drawings made by the young participants during the workshop.



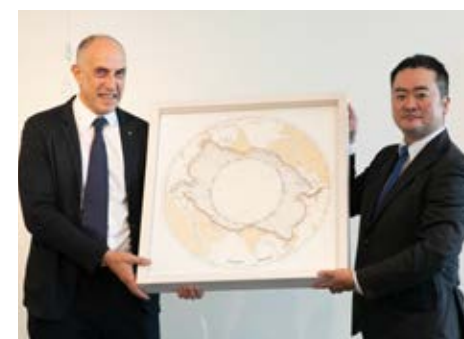
OCTOBER 2022 ELICA AT THE VENICE BIENNALE

A training activity dedicated to Elica's management who, through a fascinating tour among the works of artists from around the world exhibited at the Venice Biennale, participated in three days of workshops with the objective of developing lateral thinking, curiosity, aptitude for breaking existing patterns and strengthening aesthetic sensitivity.



OCTOBER 2022 ERMANNO CASOLI AWARD

Opening of the site-specific environmental artwork "Marshy," created by artist Eugenio Tibaldi at EMF FIME headquarters in Castelfidardo. The installation is presented as a body of water from which emerges vegetation characteristic of a marsh environment: shrubs, bamboo, flowers, populated by a colony of 200 birds; all built entirely through the reuse of waste from the company's production and the involvement for the first time of the entire Elica world, a testimony to doing business by bringing together art and innovation.



NOVEMBER 2022 IRIDE ARIAFINA

On the occasion of the 20th anniversary of the Joint Venture between Elica and Fuji (Japan), Elica donated a work of art, created in collaboration with the Ermanno Casoli Foundation, named "Iride"; the composition ideally recalls two eyes, a double vision, a common and shared goal, and becomes a metaphor for the bond between the two companies that is not only professional but also emotional between the two families of entrepreneurs.

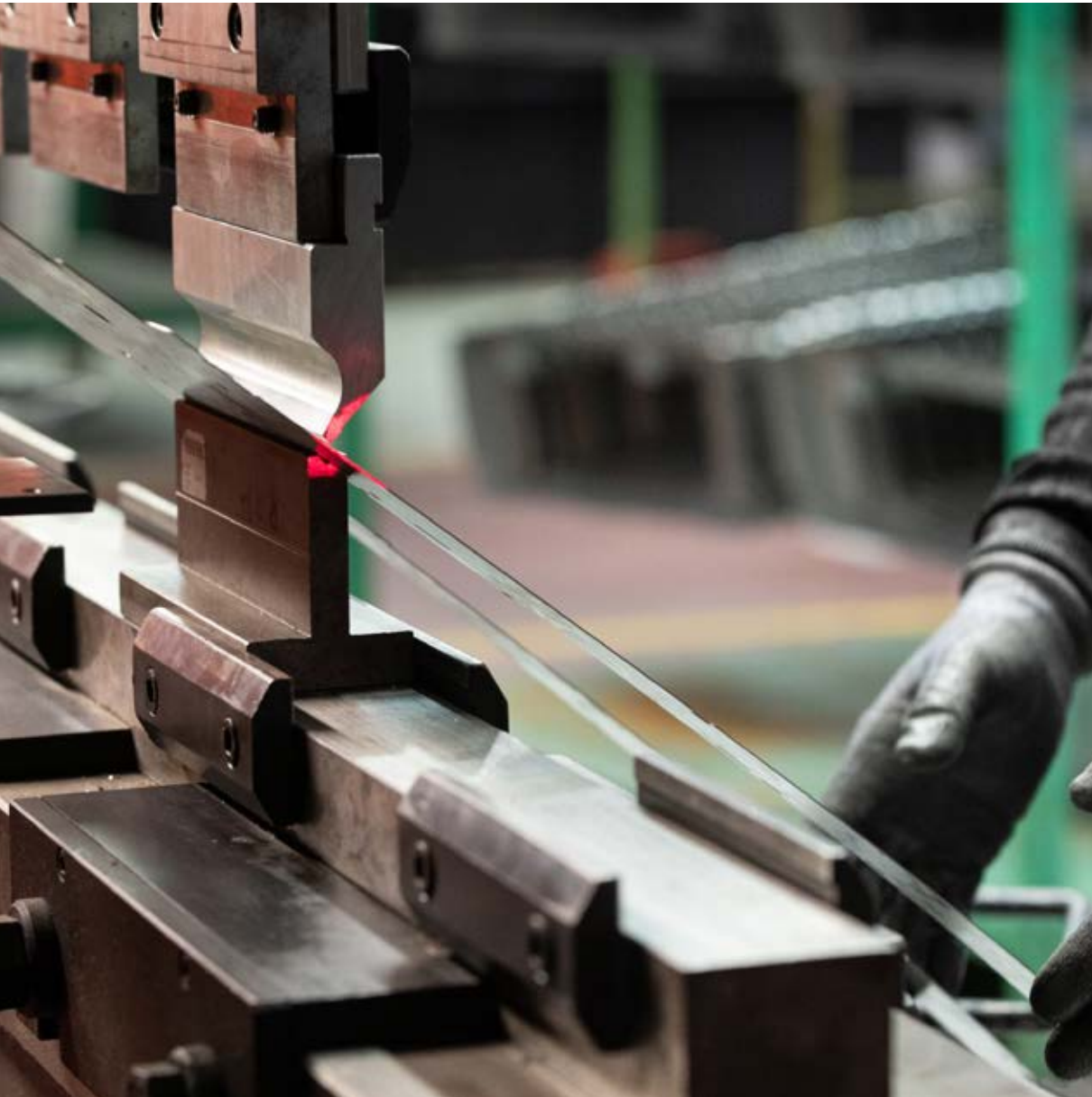
IRIS GARDEN LEARNING CENTRE

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

The initiative is of considerable social value and offers a strategic vision focused on the youngest members of society. The centre, whose teaching staff include native speakers of both English and Italian, is a place where children can develop their cognitive and social abilities and hone the skills required to become bilingual in a setting offering full immersion in the English language. The Reggio Children Approach education project is based on the participation of families, collaboration between all staff, the work of the studio and the studio teacher and combines pedagogic and didactic coordination to encourage a positive, cutting-edge growth path from the early stages of the child's life. Elica believes that excellence can be promoted by focusing both on the development of people within the company and by promoting growth in the area and social context in which the company operates.

*ACCORDINGLY,
THE GROUP IS COMMITTED TO FACILITATING
THE DEVELOPMENT OF TOOLS AND ACTIONS AIMED
AT ACHIEVING WELL-BEING BOTH IN THE WORKPLACE
AND IN SOCIETY AS A WHOLE.*





THE SUPPLY CHAIN

The Elica Group's global logistics organisation is responsible for managing the entire sequence of businesses processes, from order receipt to delivery of the product to the customer.

It plays a central coordinating role aimed at ensuring that all affected processes are fully aligned with the Group's strategies and promote their standardisation and ongoing improvement. During 2022, several changes were made in the structure and mode of supply chain management. The impact post-Covid has caused numerous slowdowns within the Elica Group's supply chain. The Group has therefore also decided to undertake **a supply chain relocation in Europe**, with a focus on raw material sourcing.

A second major change relates to the **relocation of certain supplies linked to the shift of some production lines from the Italian plant to the Polish plant**. In fact, with the exception of certain strategic components, some suppliers of packaging, plastic moulding, metalwork, subcontractors and wireworkers have been reallocated to suppliers located in the Polish plant area. In 2023, the supply chain restructuring process will be completed, as the Group seeks to make the two industrial hubs in Italy and Poland autonomous. This will establish multiple advantages for Elica in terms of logistics and operations, while supporting the strengthening of local suppliers.

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, Alfresco, etc.).

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

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

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

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

The extensive variety and complexity of the product line entails the management of approximately 480 direct and indirect suppliers based throughout the world. Approximately 40% of current spending on the purchase of materials and components originates in low-cost countries (China, Mexico, etc.), whereas the remaining 60% originates with EMEA suppliers.

The Motors business produces approximately 17% of products for internal use, meaning they are used for the cooking products sold by the Group itself (captive production), and 83% for external customers. For this business line, the organisation distributes motors to customers throughout the world directly from the tier-one warehouse.

Regarding the situation arising in February 2022 with the outbreak of the Russian-Ukrainian conflict, since Elica has no suppliers geographically located in the conflict zones (or otherwise affected by the measures decided by the international community against the two states involved), there has been no negative impact on the continuity of supplies.

480
direct and
indirect suppliers



ELICA'S GOVERNANCE SYSTEM AND PROCEDURAL DIVISION

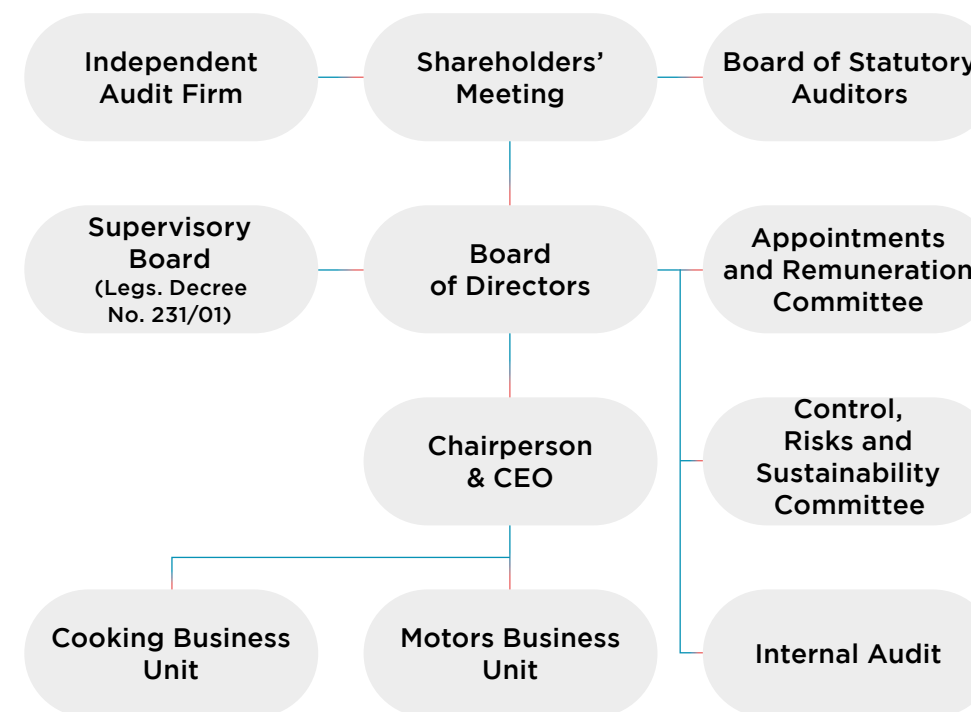
Elica S.p.A. is a joint-stock company listed on the Italian Stock Exchange since 2006 on the EURONEXT STAR MILAN segment. The Casoli family exerts control over Elica S.p.A. indirectly through Fintrack S.p.A., the majority shareholder of FAN S.r.l., in turn majority shareholder of Elica S.p.A.. Elica S.p.A. has adopted the Corporate Governance Code of January 2020.

A traditional administration and control model is followed:

- corporate management is exercised by a Board of Directors (assisted by internal Board Committees: the Appointments and Remuneration Committee and the Control, Risks and Sustainability Committee);
- the supervisory functions are carried out by a Board of Statutory Auditors;
- the statutory audit and accounting control are carried out by the independent audit firm appointed by the Shareholders' Meeting;
- a Supervisory Board has been set up in accordance with Legislative Decree No. 231/2001.

For further details on the appointment and replacement of the Directors and the Board of Statutory Auditors, 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.

The Company has also adopted specific Governance procedures which guide the operations of the corporate boards. These are assessed annually by top management, the internal Board committees and the Board of Directors, establishing which among them need updating. In this regard, we note the Shareholders' Meeting Regulations, Board of Directors' Regulation, the Committee Regulations, Internal Dealing Code, Related Party Transactions Policy, Insider Information Policy, and Shareholder Communication Policy, which are subject to periodic assessment by the relative corporate boards.





GOVERNANCE AT THE SUBSIDIARIES

As the majority shareholder, Elica constantly monitors the adequacy of governance at the Group companies. When organisational changes or changes in the corporate structure affecting subsidiary companies occur, Elica assesses and approves the most appropriate changes, taking into account the need for compliance with relevant regulations and business needs.

Most commonly, governance changes involve the issuance of Group policies or the appointment of new Directors at subsidiaries. New Directors are normally chosen from among the Group's senior managers, a choice that helps ensure consistency in management and compliance with shared consolidated guidelines and goals.

With particular reference to changes in the corporate boards of subsidiaries that occurred during 2022:

- the Board of Directors of EMC FIME underwent changes following the sale by Elica of the motors business unit of EMC FIME and, most recently, following organisational changes in October that led to the appointment of the subsidiary's current General Manager;
- AIR FORCE's Board of Directors underwent changes on the natural conclusion of the term of office of the Directors at the end of 2021 and following Elica's acquisition of a 100% stake;
- the Board of Directors at Elica Group Polska and Elicamex were changed to reflect inter-company organisational changes;
- with reference to the Chinese subsidiary, and taking into account the organisational changes that have taken place, Elica approved the amendment of the local By-Laws and confirmed the General Manager, effective 2021, as head of the Company;
- also in connection with organisational changes, Elica appointed a new legal representative at the French trading company.

Due to the escalation and continuation of the Russian-Ukrainian conflict, the risk of which is constantly being monitored, Elica is considering changes in the board composition of its Russian subsidiary.

COMPOSITION OF THE CORPORATE BOARDS AND PERFORMANCE ASSESSMENT

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

The current composition of the Board of Directors was approved by the Shareholders' Meeting on April 29, 2021. **The Board of Directors comprises seven members, of which five are independent as per the Corporate Governance Code and the CFA⁶.**

The Company's By-Laws provide that the Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors. It was most recently appointed at the Shareholders' Meeting of April 29, 2021.

For details on the process and the corporate board 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 and of the Board of Statutory Auditors, reference should be made to the Corporate Governance and Ownership Structure Report.

6. Consolidated Finance Act.



Francesco Casoli
Director & Chairperson BoD



Giulio Cocci
Director and CEO



Susanna Zucchelli
Non-Executive
Independent Director



Elio Cosimo Catania
Non-Executive
Independent Director



Liliana Fratini Passi
Non-Executive
Independent Director



Angelo Catapano
Non-Executive
Independent Director



Monica Nicolini
Lead Independent Director

REMUNERATION POLICIES

The remuneration of Directors (particularly those holding executive office) and top management is a key incentive and control mechanism to ensure the integrity and efficacy of the corporate governance mechanisms.

These remuneration policies target the achievement of the Group strategy and are an essential tool to align the interests of shareholders with those of management. The remuneration system is in addition part of a wider framework to attract, satisfy and maintain the most suitable personnel to ensure the Company's success. **Development of the individual and equal opportunities, which have always been at the heart of Elica's culture, are the "ethical" base on which the remuneration systems are also built.**

With regards to the instruments utilised, the Annual remuneration policy 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 is always based on the principles of the Corporate Governance Code and is a key instrument to:



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

As regards senior Executives, this goal is achieved also through linking a significant part of remuneration to the reaching of the pre-set performance objectives, established through "management by objectives" (MBO) and Long-Term Incentive (LTI) plans.

For further details on the content of the Remuneration Policy, please refer to the "Remuneration Policy and Report", approved by the Board of Directors on March 16, 2023, which is available for public consultation at www.elica.com.

Also with regard to other employees, the remuneration policies adopted by the Company are established in terms of content and ways that help attract, reward and retain people and support the Company's sustainable development strategy. **Elica focuses on merit-based policies that encourage the internal growth of employees, fostering the local area in the places where the Group operates.** Fixed remuneration is defined according to the professional and managerial content of the roles and considering market benchmarks with the aim of being competitive in the relative locations.

Variable compensation, awarded to managers, is again based on "management by objectives" plans that incentivise each person's contribution to quantitative and qualitative performance.

RATIO BETWEEN HIGHER COMPENSATION AND TOTAL MEDIAN COMPENSATION

Ratio	Unit	2022	2021
Italy	No.	In Italy, the “Annual Total Compensation” ratio of the employee with the highest compensation - the Chairperson - and the employee with the median compensation is 69x. Given that a significant component of the Chairperson's total compensation relates to variable multi-year performance (LTI Plans), basing the same ratio on Fixed Compensation and Short-Term Variable Incentive (Annual) only returns a figure of 45x.	In Italy, the “Annual Total Compensation” ratio of the employee with the highest compensation - the Chairperson - and the employee with the median compensation is 87x. Given that a significant component of the Chairperson's total compensation relates to variable multi-year performance (LTI Plans), basing the same ratio on Fixed Compensation and Short-Term Variable Incentive (Annual) only returns a figure of 44x.
France		3.93	3.54
Germany		1.71	1.78
The Americas		12.72	28.43
Poland		11.37	13.25
Russia		12.67	16.24
China		36.79	35.00
India		-	88.14

Ratio of the percentage increase in the annual total compensation of the highest-paid individual in the organisation to the median percentage increase in the annual total compensation of all employees (excluding the highest-paid).

Ratio	Unit	2022	2021
Italy	No.	0.80	1.28
France		1.11	1.00
Germany		0.96	0.72
The Americas		0.45	1.33
Poland		0.86	1.50
Russia		0.78	1.02
China		1.05	0.99
India		-	1.01



CONFLICT OF INTEREST CONTROL POLICIES

Elica adopts conduct and control principles which seek to avoid possible conflicts of interest.

The By-Laws establish that the competent bodies report on at least a quarterly basis to the Board of Directors and the Board of Statutory Auditors on the exercise of their powers and in particular on operations in which they have an interest, on their own behalf and on behalf of third parties.

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

The Related Party Transactions Policy (available on the Company's website [Corporate Governance | Elica](#)), in addition to the Mapping of Related Parties and transactions with the latter are assessed at least annually by the Control, Risks and Sustainability Committee and the Board of Directors.



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

The role of the Elica Board of Directors is crucial in identifying and pursuing the Company's strategic objectives.

The By-Laws effectively grants it the widest powers for the management of the Company: it may carry out all acts and operations that it considers necessary to achieve the Company's purpose, except for those attributed by law to the Shareholders' Meeting or arising from specific authorisations required by the By-Laws.

Based on the powers conferred, the Board of Directors:

- on a quarterly basis examines, assesses and monitors operating performance, the Group's strategic transactions, monitors the exercise of delegated powers, the progress of strategic projects and business plans, the Group's growth and sustainable development strategies, including related risks and, on a semi-annual basis, the adequacy of the Internal Control and Risk Management System, the Governance and Compliance system and the significant transactions for the Group;
- defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all risks, including those that have an impact on sustainability;
- defines the Company's corporate governance system and the structure of the Group, evaluating the adequacy of the Company's organisational, administration and accounting system, and that of its strategically significant subsidiaries, prepared by the Chief Executive Officers, with particular reference to the Internal Control and Risk Management System;
- ensures maximum transparency to the market and investors, paying special attention to significant changes in business prospects, in addition to risk situations to which the Group is exposed;

- evaluates the general operating performance, taking into account, in particular, the information received from executives, as well as periodically comparing the results with the budgets;
- considers operations of the Company and its subsidiaries, when such operations have a significant strategic, economic, equity or financial importance for the Company or when the Executive Directors consider the involvement of the Board appropriate.

With regard to the training and skill development of Directors, **the Company encourages the participation of Board members in events dedicated to sustainable development** (such as sharing the Sustainability Roadmap and Plan, Sustainability Board activities, etc.). The Board of Directors, the Chief Executive Officer and members of the Control, Risks and Sustainability Committee, each in the exercise of their duties, are responsible for assessing and approving the Non-Financial Report as a whole, the letter to the stakeholders, and the results of the materiality analysis, having expertise in sustainability reporting. Given the high level of knowledge of Board members on the subject, no additional measures, further to those already mentioned, were introduced in 2022 to broaden the collective knowledge of the highest governing body on sustainable development. The Board of Directors does not currently undergo direct performance assessment with reference to its oversight of the management of impacts on the economy, the environment, and people. However, Elica's Sustainability Plan provides that **an independent company will be entrusted with the task of carrying out the activities for the issuance of a "Solicited" ESG Rating** to be used as a method of indirectly assessing its performance, as mentioned above.

EFFECTIVENESS OF THE RISK MANAGEMENT MODEL

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

The ICRMS works on three levels:

- **FIRST LEVEL:** controls built into operational processes carried out by Management;
- **SECOND LEVEL:** operational, financial and compliance risk monitoring and management controls etc. Carried out through the coordination of the Risk & Compliance Director, the Financial Reporting Officer (as per Law No. 262/05), the individual managers of the Company, and other control and monitoring figures (e.g. Health and Safety, Quality and Legal Officers);
- **THIRD LEVEL:** independent and objective assurance carried out by the Internal Audit service on the adequacy and effective operation of first and second control levels and of the risk management methods.

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

RISK MANAGEMENT

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

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

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



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



OPERATIONAL

INFORMATION TECHNOLOGY
HUMAN RESOURCES
PROCESSES AND PROCEDURES
PRODUCTION PROCESSES
HEALTH, SAFETY AND THE ENVIRONMENT
LOGISTICS MANAGEMENT
WAREHOUSE MANAGEMENT
FRAUD AND ILLICIT INTERNAL BEHAVIOUR
BUSINESS CONTINUITY
NATURAL DISASTERS / ACCIDENTS
SUPPLIERS
EXTERNAL ILLICIT BEHAVIOUR



LEGAL & COMPLIANCE

LEGAL AND REGULATORY COMPLIANCE
LEGAL DISPUTES
FINANCIAL DISCLOSURE
ETHICS CODE AND CODE OF CONDUCT



STRATEGIC

GOVERNANCE
REPUTATION AND STAKEHOLDER
RELATIONS
CORPORATE TRANSACTIONS
MACROECONOMIC AND
SOCIO-POLITICAL CHANGE
NORMATIVE
COMPETITION



FINANCIAL

LIQUIDITY
ACCOUNTING AND REPORTING
FINANCING
TAX
EXCHANGE RATES
INTEREST RATES
COMMODITIES MANAGEMENT



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

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

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

Risk Quantification activities are carried out in parallel, i.e. associating values or indices with key business risks that represent their level of potential risk to the Company.

UPDATES FROM 2021

The Risk Assessment conducted during IVQ 2022 showed no major changes from the previous year. In detail, the various categories referred to in the Group's Risk Model are confirmed, while Elica's Risk Register sees the inclusion of a new risk in the area of "export control."

From a risk profile development point of view, however, the following main points of interest should be noted:

- the outbreak and exacerbation of the Russian-Ukrainian conflict has resulted in a notable increase in fuel costs, generating significant impacts on the transportation costs incurred by Elica;
- the adoption of the Elica Group's Supplier Code of Conduct, which took place during 2022, has enabled the Company to strengthen its supply chain oversight, contributing to a reduction in exposure with respect to potential supplier sustainability issues.

With specific reference to the developments in the Russian-Ukrainian conflict and given the potential repercussions of this conflict on specific risks related to Elica's operations (e.g. increased commodity costs, increased transportation costs), we also note that in 2022 Elica established a process to monitor the potential consequences of the conflict. This process takes the form of conducting specific meetings to be held monthly attended by the functions of Managing Director, COO, Logistic Director, General Counsel, CFO, Tax & Administration, Group Controlling, B2C Sales Director, and Risk Manager, with the aim of analysing any repercussions on Elica's situation arising from the current conflict and identifying and directing any mitigation actions to be implemented to reduce the potential negative effects arising from the conflict.

INTEGRATION OF RISK MANAGEMENT AND SUSTAINABILITY

The Enterprise Risk Management Model applied by Elica includes integration with sustainability issues. Specifically, integration between Risk Management and Sustainability is particularly explicit in the following phases of the Risk Management process:

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

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





INTEGRATION OF RISK MANAGEMENT AND 231 MODEL

In parallel with the annual risk review process, the Company updates the 231 Management and Control Organisational Model in accordance with the impact that any new criminal offences may have on the control safeguards of the relevant business processes.

Since Elica's 231 MCOM is structured by Business process and since the periodic Risk Assessment activities include a survey and evaluation of the main control safeguards, the two processes are conducted in an integrated manner, through synergistic work and constant dialogue between the corporate functions involved, and by providing for the consultation of external experts.

The organisation's governance system stipulates that the relevant bodies report at least quarterly to the Board of Directors on any critical issues detected that may in some way affect stakeholders. All information relating to: any conflicts of interest or transactions that have occurred with related parties, the participation of members of the Company's Board of Directors and Board of Statutory Auditors in other Boards of Directors, their ownership of Company shares, and the existence of shareholders with controlling powers, is disclosed to stakeholders in the financial statements or related documents and in particular in the "Remuneration Policy and Report" or the "Corporate Governance Report."

TOTAL NUMBER OF SIGNIFICANT CASES OF NON-COMPLIANCE
WITH LAWS AND REGULATIONS

	Unit	2022	2021
Instances for which fines were incurred	No.	-	-
Instances for which non-monetary sanctions were incurred		-	-
Total		-	-

TOTAL NUMBER AND MONETARY VALUE OF FINES FOR CASES OF NON-COMPLIANCE
WITH LAWS AND REGULATIONS

	Unit	2022	2021
Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period	No.	-	-
Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods		-	-
Total		-	-

CRITICAL ISSUES RELATED TO ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON THE
ORGANISATION’S STAKEHOLDERS GENERATED THROUGH GRIEVANCE MECHANISMS
AND OTHER PROCESSES

	Unit	2022	2021
Total number and nature of critical concerns that have been reported to the highest governing body	No.	-	-



ELICA'S SUSTAINABILITY FOOTPRINT

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

The “sustainability footprint” is a way of analysing the management system for an organisation's activity that can be used to determine its economic, environmental and social impacts based on specific indicators. Properly measuring the nature of the effects and context for the organisation's activities is essential to an increasingly thorough analysis and increasingly informed management of such a strategic aspect of the Elica Group.

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

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

Following the issuance of the Corporate Governance

Code for Listed Companies, Elica decided to adapt its sustainability governance model so that sustainable success is now a fundamental objective and stakeholders have a say in corporate decision making. With the entry into force of Legislative Decree No. 254, our organisation has evolved further in relation to sustainability topics and non-financial reporting with the involvement of the Control, Risks and Sustainability Committee (CRSC) and the Board of Statutory Auditors. With the aim of maintaining a high level of Sustainability Governance and appropriately managing any possible impact arising from its activities and strategies, the Group has established its own managerial Sustainability Board reporting directly to the Chief Executive Officer.

The Board is assigned with identifying possible sustainable development strategies and their integration to the business plan. The Board, which meets monthly, analyses the progress of actions in the Plan, monitors indicators associated with detailed actions and determines the need for new actions. Minutes are taken at the end of each meeting with decisions made and an indicative agenda for the following month's meeting. On a quarterly basis, the Board reports to the

Control, Risks and Sustainability Committee and the Board of Directors on the status of actions under the Sustainability Plan and the performance achieved. In particular, the establishment of the Sustainability Board has enabled greater coordination among the functions involved in corporate activities related to sustainability, in addition to the structuring of the process of assessing and defining initiatives to be presented to the Control, Risks and Sustainability Committee and the Board of Directors.



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

- **Board of Directors:** approves the Consolidated Non-Financial Report annually;
- **Chief Executive Officer:** evaluates and approves sustainability proposals;
- **Control, Risks and Sustainability Committee (CRSC):** assists the Board of Directors in assessing and deciding on sustainability issues, with particular reference to the approval of the Non-Financial Report, stakeholder management activities and the Sustainability Plan;
- **Sustainability Board:** comprising the main corporate and business functions, it meets periodically and assesses strategic and operational sustainability-related proposals. It also reviews and validates the draft Consolidated Non-Financial Report, defines stakeholder engagement strategies and assesses actions to support the macro-objectives in the sustainability plan, conducting a review of the plan's progress at the end of the fiscal year;
- **CFO and Sustainability Manager:** calls the Sustainability Board, proposing additional new actions and any emerging priorities on ESG issues.

In particular, the establishment of the Sustainability Board has enabled greater coordination among the functions involved in corporate activities related to sustainability, in addition to the structuring of the process of assessing and defining initiatives to be presented to the Control, Risks and Sustainability Committee.

The centrality of the person and the social and environmental habitat in which s/he lives is thus at the heart of the Group's strategy development.

Over the long term, it intends to develop and pursue sustainable growth as much as possible, which is considered a strategic factor in generating social as well as economic value, by integrating the Sustainable Development Goals promoted by the United Nations into its business model in an ever-more structured way.

This is therefore where the Sustainability Plan seeks to include sustainability topics in every business

activity, centring on the following three key pillars:

- Processes with low environmental impact
- Products with low environmental impact
- People and Governance

The actions of the plan referring to the three key pillars will contribute to the achievement of the following Sustainable Development Goals of the 2030 Agenda:



REDUCING ENVIRONMENTAL IMPACTS



Process and product-related goals can be achieved through the implementation of actions related to increasing energy efficiency and reducing GHG emissions from its production processes and throughout the value chain, but also by fostering the combination of innovation and sustainability of products and their Design with a view towards circularity.



PROVIDING PEOPLE WITH ATTENTION AND CARE



Goals centred on our people, the people of our partners, and the communities in which we operate can be pursued with actions aimed at upskilling employees and investing in training, as we increasingly become a learning organisation. Develop the target region by extending our responsibility to integrate social responsibility criteria first and foremost to our Supply Chain.

WHO ARE OUR STAKEHOLDERS?

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

During 2022, the Elica Group updated the mapping of its stakeholders and the engagement channels dedicated to them. **By 2023, the Group plans to evolve its stakeholder engagement processes based on clustering and prioritising stakeholders into macrocategories for the purpose of selecting the best engagement channels for each macrocategory.**

For the purpose of prioritisation, stakeholders will be assessed according to their ability to influence Group activities and decisions and their level of dependence on the Group. Based on the clustering, relevant channels for listening, dialogue and involvement will be updated so as to foster communication and information sharing - including of a non-financial nature - among all stakeholders, in addition to encouraging ongoing dialogue and discussion on sustainability topics, with a view to continuous improvement.

The aim is to increasingly make stakeholder engagement a cornerstone of Elica's strategy, and a dynamic and integrated tool in the Group's sustainable development trajectory.

The Elica Group supports and encourages the right of any stakeholder to seek clarification of the Company's responsible business conduct.

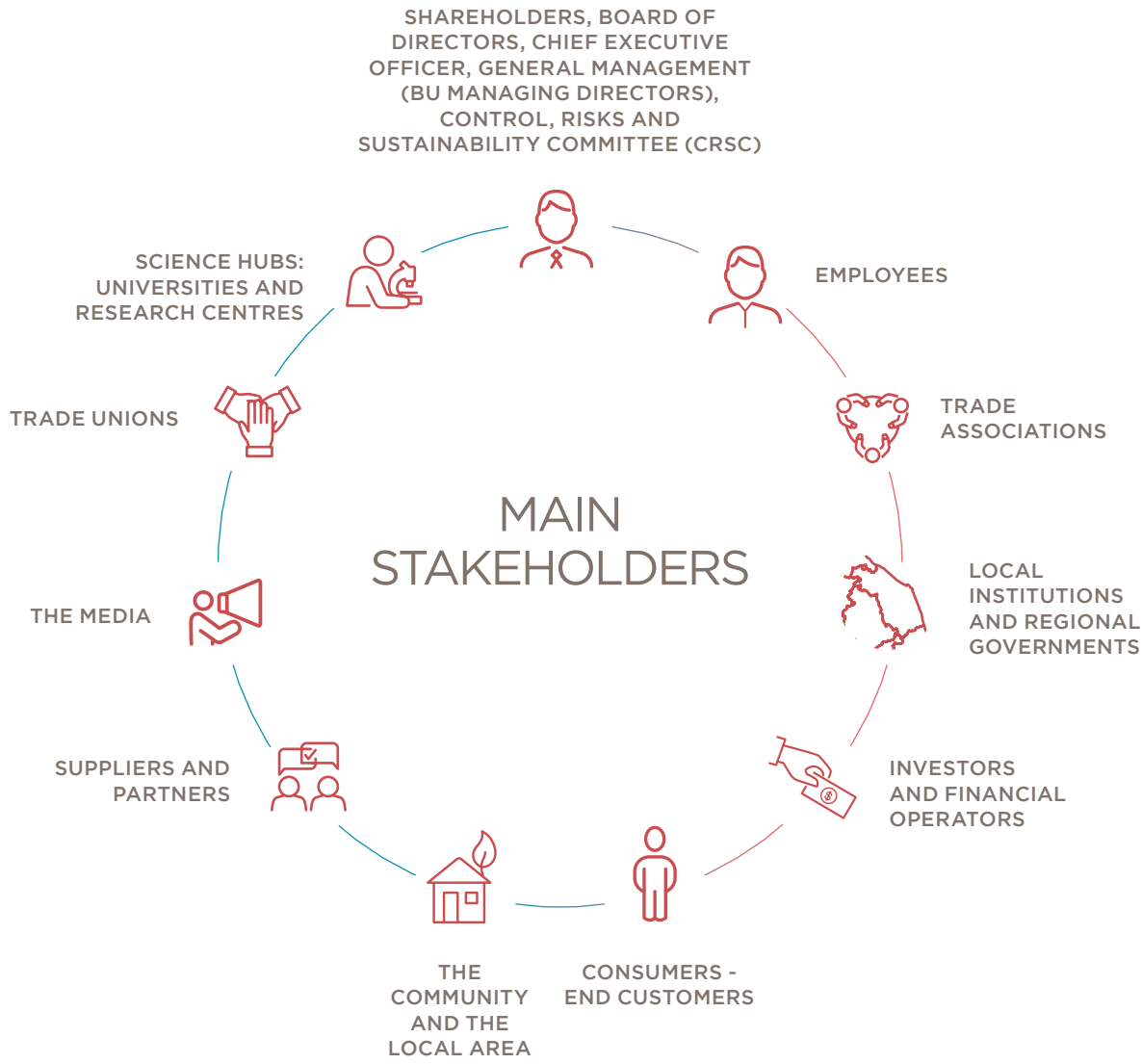
Opportunities and direct channels are therefore available in the Group's Companies, through which various stakeholders can address their reports to Group stakeholders, requesting information regarding their conduct in business transactions and relationships. The different modes of contact and types of communication channels are presented in the summary table on Group Stakeholders (Modes of Communication, Listening and Involvement).

Internal requests from Group employees can also be sent through multiple channels and modes (see Group Stakeholder table). Specifically, through the methods outlined in Group Policy GP-11 "Whistleblowing" (and related Company Procedures that implement it at the various Companies), which is designed to provide employees with the opportunity to raise concerns about the organisation's conduct without fear of repercussions and with full respect for the privacy of the whistleblower. In more detail, this reporting mechanism must include a method of escalation in order to ensure that the relevant boards of Elica S.p.A. (e.g. the Supervisory Board) are promptly informed in the event of an alleged violation of human rights, fraud, corruption, coercion, collusion, money laundering, environmental pollution, or any other violation harmful to people, the environment, or the Group's interests, including its reputation.

Each Company shall explicitly identify an internal function/area (or independent third party) to receive any notification of irregularities and in charge of the necessary relative investigation, including any escalation to Elica S.p.A.. A report of wrongdoing received must be submitted to the Board of Directors or Shareholders' Meeting, as appropriate, of each Group Company. Any reports remain tracked, each according to type, in accordance with the reporting methods and flows established for the corporate boards to which they are addressed.

The table below summarises the Group's main stakeholders.

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



MAIN STAKEHOLDERS	MAIN COMMUNICATION, LISTENING & ENGAGEMENT CHANNELS	SUMMARY OF MAIN EXPECTATIONS AS REGARDS ELICA
SHAREHOLDERS, BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER, GENERAL MANAGEMENT (BU MANAGING DIRECTORS), CONTROL, RISKS AND SUSTAINABILITY COMMITTEE (CRSC)	• Chief Executive Officer and BU Managing Directors: Business Review • Shareholders: Roadshows, Shareholders' Meeting, institutional reporting • BoD: Board meetings • CRSC committee meetings	• Shareholders: Business continuity and performance. Return on investment • Chief Executive Officer, BU Managing Directors, BoD, CRSC: Business continuity and performance, business sustainability strategies over M/L term, company fair value recognition.
EMPLOYEES	• Group Policies and Company Procedures • Corporate organisational communications • Target allocation process and performance evaluation (PM - Performance Management Review) • Development of training plans • Corporate rewards process (MBO) • Corporate Intranet and Information Systems • Vittoria RMS Portal • "Suggestions" and "EHS Cards" system • Internal audits • Company welfare • Non-Financial Report	• Evolution of working roles over the long term • Clarity in procedures to be implemented • Adequate training • Availability of adequate resources • Workplace well-being • Health & Safety in the workplace • Adequacy of workloads • Clarity in roles and objectives • Professional growth
TRADE ASSOCIATIONS	Direct contact, Press releases	• Compliance with participation requirements • Transparent and accurate information • Competence and professionalism • Trustworthiness regarding sensitive data • Compliance with the principles and codes of the relevant sectors
LOCAL INSTITUTIONS AND REGIONAL GOVERNMENTS	• Press releases • Formal publications (Corporate Governance Report, NFR, etc.) • Reporting in implementation of provisions • Locally required institutional channels • Institutional roundtables	• Availability and competence of company figures involved in activities in question • Communication transparency • Compliance with applicable laws • Adequacy of the internal crime prevention system as per Legislative Decree No. 231/2001
INVESTORS AND FINANCIAL OPERATORS	• Consolidated Financial Statements • Roadshows • Shareholders' Meeting • Press releases • Financial reporting • Ratings	• Transparency, timeliness and parity of information • Positive share trends • Ability to pursue sustainability strategies (ESG Strategy) • Achievement of business objectives
CONSUMERS - END CUSTOMERS	• Direct contact (events, dedicated company meetings) • Trade fairs and sector events • Showtrailers • Institutional press releases • Advertising campaigns • Service	• Business continuity • Performance excellence • Innovative, reliable and safe products • High levels of Quality and Service • Service effectiveness and efficiency • Transparent information • Trustworthiness in the treatment of sensitive data

MAIN STAKEHOLDERS	MAIN COMMUNICATION, LISTENING & ENGAGEMENT CHANNELS	SUMMARY OF MAIN EXPECTATIONS AS REGARDS ELICA
THE COMMUNITY AND THE LOCAL AREA	• Press releases • Pre-/during-/post-event communication system • Participation in meetings and events • Support for cultural activities • Engagement initiatives	• Provision of appropriate procedures to contain environmental impacts and to protect the local area • Encouraging the development of social/economic/environmental conditions • Environmental emergency preparedness and support
SUPPLIERS AND PARTNERS	• Direct contact • Sector events • Technical discussions	• Business continuity and profitability • New opportunities • Compliance with contractual terms • Information transparency
THE MEDIA	• Direct contact and interviews • Press releases • Publications • Pre-/during-/post-event communications	• Transparency and accuracy of information. • Develop an ongoing, trusting relationship • Company reputation • Presentation of innovative products
TRADE UNIONS	• Periodic meetings • Roundtables	• Protection of workers and compliance with contractual conditions • Attention to feedback • Participation in improving safety conditions in the workplace
SCIENCE HUBS: UNIVERSITIES AND RESEARCH CENTRES	• Joint development of protocols/projects • Direct communication • Sharing of knowledge and skills through theme-based events.	• Collaboration stability • Identification of trends in product technological innovation and business process management • Enhance innovative curricula • Provide career opportunities for young people

THE BOARD OF DIRECTORS

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

The Board of Directors, made up of 7 members whose mandate will expire when the 2023 financial statements are approved, is made up as follows:

Name	Role
Francesco Casoli	Chairperson
Giulio Cocci	Chief Executive Officer
Elio Cosimo Catania	Independent Director
Monica Nicolini	Independent Director and Lead Independent Director
Liliana Fratini Passi	Independent Director
Susanna Zucchelli	Independent Director
Angelo Catapano	Independent Director

For further information on the experiences and competences of the Directors and members of the committees, please refer to the Corporate Governance and Ownership Structure Report and to the paragraph regarding GRI 2-9 and GRI 2-18 of this document.

RELATIONS WITH THE INVESTORS

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

The Investor Relations department and top management maintain an ongoing dialogue with investors and financial analysts in compliance with the criteria of transparency, timeliness and parity. In order to promote an open and constant dialogue with all of its Shareholders, the Company has deemed it appropriate to establish a **special communication policy governing the methods of involvement and communication**. Effective communication between the Company and its shareholders allows for improved investment stability and the sustainable success of the Company. The “Shareholder Communication Policy” is available at <https://corporate.elica.com/en/governance/governance-system>.

Financial communications and interaction with investors and analysts continued normally in 2022. More specifically, interactions with the financial community involved the organisation of quarterly conference calls for the presentation of financial results, in addition to participation in numerous virtual and in-person meetings. Specifically, the Group attended the Star Conference in Milan and the Small & Mid conference in London in March and a conference organised by Intermonte in Paris in June, arranging a meeting with investors at Eurocucina at the ADI museum in the same month. It also took part in a lunch with investors in Milan in September with Mediobanca (a new broker that began covering the stock in 2022), the *Eccellenze del Made in Italy* event organised by Intermonte SIM, the Banca IMI conference in Paris in October, and the Small-Mid cap conference at the Italian Stock Exchange in late November. In addition to the physical meetings, the company also participated in a number of Virtual Roadshows. Therefore, opportunities for communication and interaction with the markets increased compared to 2021, thereby ensuring constant updates for the financial community in this period of continued great uncertainty. Elica participated in 11 virtual conferences and roadshows in 2022, in addition to on-demand one-on-ones and four results conferences, meeting with 100 managers and 70 funds (meeting a number of managers multiple times, in addition to financial analysts).

Elica Group closed 2022 with a market capitalization of approximately Euro 175.5 million (average market capitalization in December).



SHAPING ELICA'S SUSTAINABILITY

The Materiality Analysis has guided Elica in the choice of topics to be covered, so as to give full and clear representation of the extent of the financial, environmental and social impacts of the Group's activities. For the reporting of the year ending December 31, 2022, the Materiality Analysis was updated in accordance with the new requirements of the GRI 2021 Standard.

The identification of material topics for the company is linked, according to the requirements of the Standard, to the identification of current and potential significant impacts generated or likely to be generated by the Company on the economy, the environment and people, also including impacts on human rights, through all of the organisation's activities and business relationships. These impacts include negative and positive impacts, short-term and long-term impacts, intentional and unintentional impacts, and reversible and irreversible impacts.

The dedicated working group created at the corporate level, in collaboration with a team of external professionals to support it, structured the materiality analysis process into four different phases⁷:



UNDERSTANDING THE CONTEXT IN WHICH THE GROUP OPERATES

Analysis of the industry in which Elica operates, taking into consideration different categories of sources, both internal and external to the company.



IDENTIFICATION OF ELICA'S ACTUAL AND POTENTIAL IMPACTS

Actual impacts are impacts that have occurred over time, while potential impacts could occur in the future.



EVALUATION OF THE SIGNIFICANCE AND MATERIALITY OF IMPACTS

All impacts were evaluated through a significance assessment process developed in line with the criteria outlined in the Standard.



PRIORITISATION OF THE MOST SIGNIFICANT IMPACTS FOR REPORTING

The most significant impacts for Elica S.p.A. were prioritised, and the impacts deemed most significant guided the identification of the material topics included in this Non-Financial Report.

7. For more information on the materiality analysis process, see the "Methodological Note" chapter.

The list of topics that were found to be material as a result of the identification and aggregation of relevant impacts follows. Each material topic has been associated with the relevant GRI Disclosures, and for each individual topic, the appropriate reporting boundary has been defined, which will be specifically stated in the “Boundary” section in the “Methodological Note”.

MATERIAL TOPIC		IMPACTS	FEATURES	SIGNIFICANCE	GRI TOPIC SPECIFIC DISCLOSURE
Combatting climate change	Elica’s manufacturing operations/and supply chain generate greenhouse gas emissions, which contribute to climate change with global consequences. To counter this impact, Elica is committed to introducing energy efficiency measures at its plants, which can significantly contribute to the reduction of energy consumption and atmospheric emissions. For more information, please refer to the “Energy Consumption and Emissions” section of this document.	Climate change	Negative Actual	Very relevant	302
					305
Waste management	To counter the environmental impact that waste disposal can generate on the regions where it operates, Elica sends almost all of its ferrous waste to the recycling stream. In addition, the company implements audit and EHS systems to monitor its suppliers regarding performance on the topic. For more information, please refer to the “Waste Management” section of this document.	Impacts caused by production waste	Negative Potential	Relevant	301 306
Product innovation and eco-design	Innovation is the condition underlying the ability to develop sustainable and quality products. Through the R&D activities it conducts, Elica is working on the one hand on increasing the ease of product disassembly to promote end-of-life recyclability, and on the other hand on improving the energy performance of the individual products. In addition, with a view to fostering a circular development model, the Group is also committed to the reduction and replacement of materials used for product packaging with more sustainable alternatives. For more information, see the “Supporting continuous innovation” section of this document.	Low end-of-life product recyclability	Negative Potential	Relevant	NON-GRI TOPIC
		Increased product energy efficiency	Positive Actual	Relevant	NON-GRI TOPIC
		Use of recycled raw materials	Positive Actual	Moderate	NON-GRI TOPIC
		Extraction of raw materials	Negative Potential	Moderate	308
Protection and development of human capital	Elica considers its human capital as the main resource that guarantees the development and success of the company. Also in order to limit turnover levels and to avoid incurring episodes of discrimination, the Group is committed to ensuring a work environment where people’s merit is recognised and valued, respecting diversity and guaranteeing equal opportunities for all employees. This is pursued through talent attraction and retention policies and through the provision of appropriate training programmes. For further information, reference should be made to the chapter entitled “The sustainability footprint in the social arena” of this document.	Talent attraction and retention	Negative Potential	Relevant	401
		Employee skill development	Positive Actual	Relevant	404
		Violations of workers’ human rights	Negative Potential	Relevant	405
					406 408 409

MATERIAL TOPIC		IMPACTS	FEATURES	SIGNIFICANCE	GRI TOPIC SPECIFIC DISCLOSURE
Responsible business management	Elica's impact on the economy refers to how the value generated by the company affects economic systems. Elica is committed to transparency in aspects of corporate management and the reporting of information to the market and investors. The Group applies best governance practices, including an Anti-Corruption Policy and an Ethics Code, which ensure proper management of governance and taxation issues. For further information, reference should be made to the chapter entitled "The Sustainability Footprint in the Economic Arena" of this document.	Adoption of corrupt practices	Negative Potential	Very relevant	205
		Economic impacts	Positive Actual	Very relevant	201 207
Data privacy and security	To counter cyber security risks related to possible breaches against consumers, Elica is committed to ensuring safeguards to monitor and comply with data protection regulations. For further information, please refer to the "We protect customer privacy" section of this document.	Cyber security Risks	Negative Potential	Moderate	418
Consumer health and safety	Operating in a consumer goods sector, Elica is committed to ensuring constant checks on product quality and safety and transparency in labelling. For further information, please refer to the sections "Supporting our customers and quality" and "We protect customers by providing accurate information" in this document.	Impact on consumer health and safety	Negative Potential	Relevant	416 417
Sustainable supply chain management	The sourcing of raw materials from the industry in which the company operates is based on a complex and globally extensive value chain. In choosing its supply partners, Elica is committed to selecting and subjecting to appropriate periodic audits suppliers who comply with current regulations on human rights and appropriate working conditions, thanks in part to the implementation of its Supplier Code of Conduct. Even in the selection of materials used to make the product and the choice of logistics organisation, Elica pays attention to the impacts generated within the entire supply chain. For further information, please refer to the section "Suppliers assessed according to environmental and social criteria" in this document.	Human rights violations in the supply chain	Negative Potential	Moderate	414 408 409 308
		Extraction of raw materials	Negative Potential	Moderate	-
		Impacts caused by production waste	Negative Potential	Relevant	-
Health and safety	The health and well-being of its employees are priorities for the Group. Elica pays special attention to these aspects throughout its value chain, and at all production sites in Italy, Poland, Mexico and China. For further information, please refer to the "Health and Safety" section of this document.	Work-related injuries	Negative Potential	Very relevant	403

As previously indicated, **the Elica Group also strives to address and manage its material impacts on society, the environment and people by formalising its policy commitments to responsible business conduct in public and internal organisational documents.**

The Group ensures oversight of Responsible Governance topics by distributing the Ethics Code contained in its 231 Organisational Model (please see the “Combating Corruption” section of this document). The Code has been approved by the Board of Directors and is available for consultation in the “Corporate Governance” section of Elica’s website. As part of the 231 Model, **the Group has drafted a specific Whistleblowing policy** which governs the operating procedures for the management of reports to protect the Company’s integrity against news concerning alleged violations or irregularities relating to the commission of crimes or offences or practices that do not comply with the provisions of the Ethics Code and the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001.

The Group also has a specific Group Anti-Corruption Policy, drafted by the Legal & Corporate Affairs function and approved by the Chief Executive Officer, which identifies rules for preventing and combatting corruption, with the ultimate goal of raising awareness among all Elica Group employees and collaborators of the behaviours to be adopted in order to comply with corporate anti-corruption objectives.

The protection of human capital and respect for human rights are ensured through the strict application of the aforementioned Ethics Code, which explicitly refers to issues related to respect for fundamental human rights, while an internal Policy (“Recruiting principles” Group Policy) is in force to regulate the recruiting process, which is marked by respect for the principles of non-discrimination and equal opportunity (see the “Equal opportunity and anti-discrimination” section of this document).

Environmental impacts and those related to workers’ health and safety are overseen through the “Elica Quality, Environment, Safety and Sustainability Policy,” which seeks to eliminate or minimise impacts resulting from operational activities that are potentially harmful to health and safety, safeguard the environment and reduce emissions through efficient consumption of energy carriers, while also moving toward increasing use of renewable energy, and guiding the Group toward the development of increasingly sustainable products, taking into account their relative environmental impact throughout their life cycle.

The Policy, approved by the Chief Executive Officer and available for consultation at HQ and the production

sites of Elica S.p.A. and Elica Group Polska Sp.z.o.o., on the Elica website and on the “Vittoria RMS” Quality, Environment and Safety Management System portal (<https://elica.vittoriarms.eu>), seeks to continuously involve the Group’s supply chain in the sharing of common goals to mitigate the main safety risks and impacts on the environment, and to encourage the active participation of stakeholders in the formulation of useful proposals for continuous improvement and the achievement of corporate objectives, and the promotion of a culture of safety and environmental protection.

With a view to increasing the involvement of the entire value chain in the management of the organisation’s impacts on society, the environment and people, in **July 2022 Elica drew up and sent to its suppliers its own “Elica Group Supplier Code of Conduct,”** requesting formal adherence and signature. The code was prepared and drafted by the QHSE Assurance, Legal Counsel and Risk Management functions and has been formally approved by Elica’s CEO (see section “Suppliers assessed according to environmental and social criteria” in this document).

Managers, employees, external collaborators, suppliers and each of the stakeholders have access to information regarding the rules of conduct that the Group intends to adopt for the ethical conduct of its activities and to mitigate potentially harmful impacts generated by them. In particular, managers and employees receive specific information and training regarding the rules to be observed and the operating procedures for carrying out activities related to their functions. External stakeholders have access to public documents that can be accessed on the websites of the individual Group companies.



METHODOLOGICAL NOTE

The contents of the Sustainability information described in the “GRI Content Index” in this document were defined based on the results of the materiality analysis described above (p. 8). In the materiality analysis process, Elica considered the issues referred to in Legislative Decree No. 254/2016 (which transposed European Directive 2014/95/EU in Italy) following the new provisions of the reporting framework used (GRI Standard 2021).

The Group conducted a materiality analysis, based on identifying the actual and potential impacts generated on the economy, the environment, and people, considering possible human rights violations with regard to negative impacts, and assessing the contribution to sustainable development with regard to positive impacts.

In general, an impact can be actual or potential, negative or positive, short-term or long-term, intentional or unintentional, reversible or irreversible. Actual impacts are those that have already occurred, while potential impacts are those that could occur but, at the time of analysis, have not yet occurred. The assessment of each positive impact considered the Elica Group's direct and indirect contribution to the Sustainable Development Goals (SDGs) in line with the commitment made and taking into account the management tools put in place to monitor the goals set. Regarding the assessment of potential negative impacts, all policies, procedures and activities enacted by the Company to prevent and mitigate the identified negative impact were considered.

The prioritisation activity enabled the Company to determine the material topics for reporting. At the methodological level, the main negative and positive impacts identified were prioritised and evaluated according to their degree of severity and probability of occurrence, respectively. The significance of an actual negative impact is determined by its severity, while the significance of a potential negative impact is determined by the severity and likelihood of the impact.

Specifically, the severity of an impact was assessed by taking into consideration three aspects:

1. SCALE

how grave the impact is and the external context in which the impact occurs, including geography;

2. SCOPE

how widespread it is. Can be measured in terms of its impact on the value chain;

3. IRREMIEDIABLE CHARACTER⁸

how hard it is to counteract or make good the resulting harm.

The list of material topics was reviewed and approved by the Board of Directors on October 27, 2022, following review by the Control, Risks and Sustainability Committee at its meeting of October 25, 2022.

8. Irremediable character was considered only for the assessment of negative impacts as outlined in GRI Standard 2021.



REPORTING CHANGES

During the year covered by this Non-Financial Report, the organisation made no changes to the nature of its activities, measurement methodologies, or changes in the scope of the company to affect the data in previous reports.

The only revisions needed and to be made to the reporting for the year 2021 were generated by calculation errors. The effects of these errors are shown in the tables below:

DISCLOSURE 205-2
COMMUNICATION AND TRAINING REGARDING ANTI-CORRUPTION POLICIES
AND PROCEDURES

	Unit	Published data NFR 2021	Revised data
Employees to whom anti-corruption policies and procedures have been circulated	No.	2,207	2,293
% Employees to whom anti-corruption policies and procedures have been circulated	%	67.3%	70.0%
Employees who have received anti-corruption training hours	No.	1,045	1,045
% Employees who have received anti-corruption training hours	%	31.9%	31.9%
Anti-corruption training hours	N°	1,167	1,198

The errors detected involved the aggregate count of the number of employees to whom the organisation announced corporate policies and procedures related to anti-corruption, which affected their percentage. An error also affected the aggregate number related to training hours provided.



DISCLOSURE 302-1
ENERGY CONSUMPTION WITHIN THE ORGANIZATION

	Unit	Published data NFR 2021	Revised data
Electricity purchased (LOCATION-BASED)	Kwh	25,055,521	25,055,521
Electricity purchased from renewable sources (MARKET-BASED)		-	-
Electricity from renewable sources produced and consumed		2,141,440	968,027
District heating		836,984	836,984
Total		28,033,945	26,860,532

The errors detected involved the calculation of electricity from renewable sources produced and consumed at the site of company EMC Fime S.r.l. The error has no effect on the calculation of emissions generated by such consumption, which therefore need not be revised.

DISCLOSURE 302-2
ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

	Unit	Published data NFR 2021	Revised data
Car - Diesel	liters	404,864	261,845
Car - Petrol		59,086	59,086
Total		463,951	320,931

The errors detected involved the calculation of litres of diesel fuel from the company Elica S.p.A. The following table also shows the relevant emissions recalculated as a result of the detected error.

DISCLOSURE 305-3
OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

	Unit	Published data NFR 2021	Revised data
Car - Total	tCO ₂ eq	1,222	847
Car - Diesel		1,095	708
Car - Petrol		127	138
Air		3,834	417
Total		5,056	1,264

The errors necessitating the review were determined both as a result of the error reported in the previous table “Disclosure 302-2” and as a result of an error detected in the formula for converting emissions related to petrol consumption and emissions generated by short-haul flights (both referring to Elica France S.A.S.).

WE INSPIRE VALUE

For us, inspiring value means generating wealth that is more than simply monetary. We believe in our virtuous ability to create value that is also capable of making a social contribution. Because the healthier a company is, the more it benefits the community. We have endured difficult years, achieving our goals, increasing profitability and redistributing value in the local area. This is all thanks to continuous research and a desire to grow through energy-efficient products and increasingly innovative ideas.

Sustainable thinking is the inspiration that allows us to look to the future, knowing that true wealth involves everyone: employees, suppliers, the community, and the environment.

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HIGHLIGHTS 2022

€ 548.6 mln

Total Group revenues
(€ 541.3 mln on 2021)

€ 56.6 mln

EBITDA
(€ 57.1 mln on 2021)

€ 528 mln

Economic value distributed
(€ 512.05 mln on 2021)

€ 11.7 mln

Research and Development
expenditure (€ 10.7 mln on 2021)

COOKING DIVISION

280

Patents
(278 on 2021)

367

Design patents
(250 on 2021)

MOTOR DIVISION

98

Patents
(71 on 2021)

3

Design patents
(unchanged on 2021)



SUSTAINABILITY

VALUE

ENVIRONMENT

PEOPLE

OUR ROADMAP

COOKING DIVISION

Products equipped with sensors to optimise utilisation, improve air quality, and reduce consumption

Products equipped with energy-efficient motors that are up to 70% more efficient than conventional products

Expanded range of next-generation **induction hobs that are 40% more efficient** than gas cookers

MOTORS DIVISION

Complete certification for “Premix” engines for **hydrogen** use (traditional “Heating” segment)

Production of highly energy efficient “**Heat Pump**” segment motors: up to 30% better efficiency than current motors

THE SUSTAINABILITY FOOTPRINT IN THE ECONOMIC ARENA

GROUP ECONOMIC PERFORMANCE

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

€ 562
Euro
million
of generated
economic
value

€ 529
Euro
million
of distributed
economic
value

€ 3.8
Euro
million
of dividends
paid to
shareholders

The economic value generated and distributed expresses in monetary terms the relationship between Elica and the socio-economic system, measuring the economic impact and the ability to create and distribute wealth among the main categories of Stakeholders such as personnel, shareholders, lenders, the community and the public administration. The Group generated an economic value in 2022 of over Euro 562 million, while distributing over Euro 529 million.

The share of the economic value of reclassified operating expenses amounts to Euro 422 million and mainly includes costs incurred for the purchase of raw, ancillary and consumable materials and goods, service costs, rent, lease and similar costs, the remuneration of Directors and Statutory Auditors and other operating expenses. **The share of economic value distributed to personnel and collaborators amounts to Euro 93 million and represents 17% of the overall economic value generated.** Economic value of Euro 5 million was distributed to the Public Administration during the year. Providers of capital were allocated Euro 3 million due to financial expenses. **Euro 156 thousand was allocated to the community in the form of donations, sponsorships, contributions and membership fees.** This amount represents an additional direct and indirect impact on local development for the benefit of its communities. For the first time, dividends were paid to shareholders in the amount of Euro 3.8 million, recognising their commitment to the growth and progress of the Company over a number of years. Finally, an economic value of Euro 34 million was retained by the Group, mainly in terms of the profit for the year allocated to reserves, amortisation and depreciation and to provisions and write-downs.

STATEMENT DETERMINING THE ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

Values	Unit	2022	2021
A - Economic value directly generated (Revenues)		562,229	564,980
B - Economic value distributed		528,529	512,054
of which Operating Costs		422,393	401,747
of which employee wages and benefits	Euro thousands	93,193	99,879
of which Public Administration remuneration		5,454	7,330
of which paid to lenders		3,558	2,956
of which distributed to shareholders		3,774	-
of which community remuneration		157	142
C - Economic value retained (A-B)		33,700	52,926

ECONOMIC VALUE DISTRIBUTED BY THE GROUP IN THE REPORTING YEAR

Destination	Unit	2022	2021
Operating costs		79.92%	75.97%
Employees		17.63%	18.89%
Public administration	%	1.03%	1.39%
Lenders		0.67%	0.56%
Shareholders		0.71%	0%
The community		0.03%	0.03%

THE GROUP'S ECONOMIC "WEIGHT" (FINANCIAL HIGHLIGHTS)

Elica reports consolidated revenue of Euro 548.6 million for 2022, up 1.3% (+1.6% at constant exchange rates and scope). The increase in sales was driven both by own brand product organic growth in the cooking segment and double-digit motor segment growth.

The increase is supported by the price-mix effect, the growing contribution of own brand sales (particularly in EMEA and the Americas), despite a significant slowdown in market demand (particularly in the second half of the year) and a destocking among OEM customers (particularly in the third and fourth quarters), and motor segment growth.

Adjusted EBIT of Euro 33.0 million in 2022 slightly increased on Euro 32.3 million in 2021, with a margin on revenue of 6.0% in line with 6.0% in 2021. The Adjusted Group Net Profit was Euro 20.9 million, compared to Euro 15.9 million in 2021.

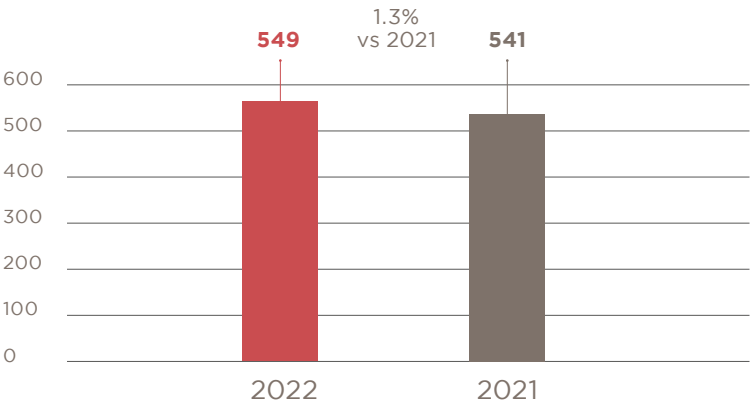
Solid cash generation and excellent leverage also ensure a position of strategic advantage, which is critical to consolidating our already robust market leadership and to looking at new M&A growth opportunities.

€ 548.6 Euro million
OF REVENUES
+1.3% vs. 2021



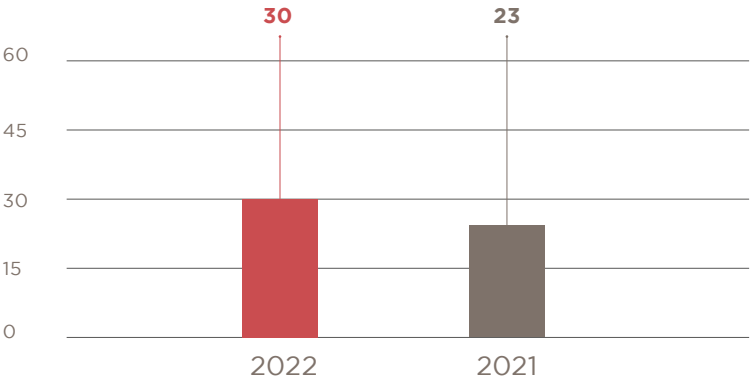
CONSOLIDATED NET REVENUE

Euro million



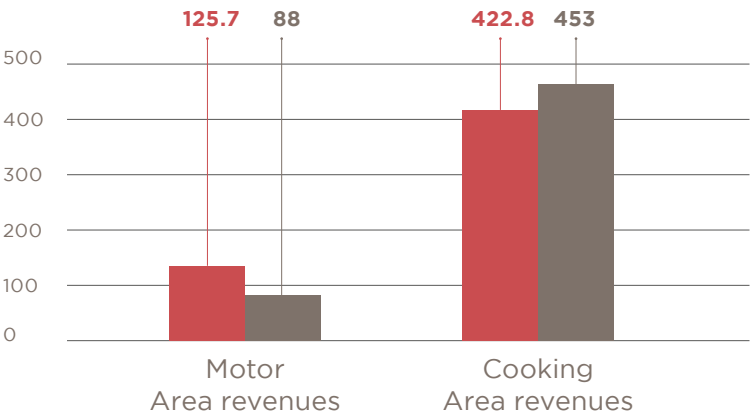
NET FINANCIAL POSITION

Euro million



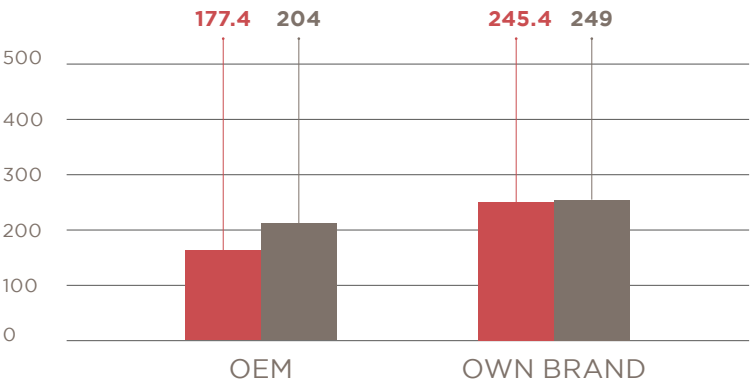
BREAKDOWN REVENUES NET REVENUES

Euro million



BREAKDOWN NET COOKING REVENUE BY BUSINESS MODEL

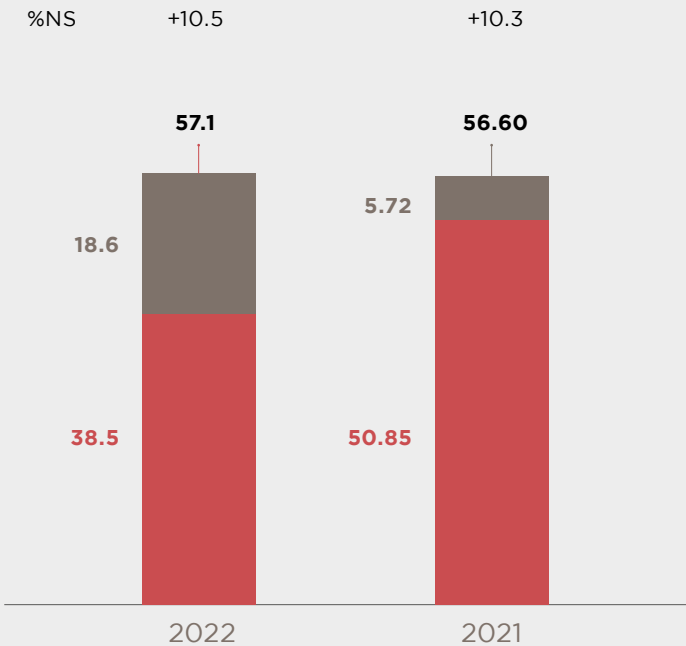
Euro million



■ 2022 ■ 2021

MARGIN: ADJUSTED EBITDA

Euro million



■ EBITDA ■ ADJUSTMENT

GROUP FISCAL COMPLIANCE

An organisation's tax approach defines how the organisation balances tax compliance with its business activities and the ethical, social and sustainable development expectations of its stakeholders. The Company's tax compliance and approach has always been guided by transparency and legality. The Group is keenly focused on full compliance with current tax regulations in order to appropriately respond to stakeholder expectations, while also contributing, again in compliance with law, to the sustainable development processes of the countries and communities in which it operates through the payment of taxes.

The Group approach to tax also centres on taking opportunities provided by law to support, in particular, the commitment to innovation and the pursuit of continued excellence, for example through processes linked to the research and development tax break and the benefits under the "Industry 4.0" programme. **The Group in this context operates in full collaboration, dialogue and transparency with the Tax Agency in Italy** and the other relative tax agencies in the countries in which it operates.

This approach is operationally evident in the full co-operation undertaken with the relevant financial authorities. In order to ensure the continuous monitoring of the tax measures and to ensure regulatory compliance, the Group has local Tax Departments (linked to local tax consultants) to identify, manage and mitigate tax risks/opportunities, in the wider context of the Group's finance department, which ultimately reports to the Board of Directors.

The channels made available by the Group to encourage the reporting of any illegal or suspicious conduct in tax matters, as well as the communication of any concerns in this regard, are important for mitigating risk factors in the tax area. These include the reporting channels available for the communication of relevant unlawful conduct pursuant to Legislative Decree No. 231/2001 ("whistleblowing").

Lastly, the Group's Financial Statements and its Consolidated Financial Statements are regularly audited by the independent audit firm and transparently report the Group's tax management.

During the year, transactions between the Group companies, the Parent and the subsidiaries took place. All transactions were conducted on an arm's length basis in the ordinary course of business.

With regards to transfer prices - applied to transactions between Elica S.p.A. and Elica Group Polska and Elicamex - specific Ruling agreements were signed with the National Tax Authorities. New ruling agreements are being drawn up with the Italian tax authorities to govern further inter-company transactions.

In compliance with local (and international) regulations, the Group companies also prepare transfer pricing documentation to provide "penalty protection" in the event of disputes by tax authorities. (e.g. in Italy, Poland, and Mexico).

COUNTRY-BY-COUNTRY INFORMATION

Company included in the scope	Reporting cycle, if otherwise stated	Country	2022					
			Third party revenues (Euro thousands)	Group revenues (Euro thousands)	Profit before taxes (Euro thousands)	Income taxes paid (Euro thousands)	Income taxes as per Income Statement (Euro thousands)	Employees (excluding temp. workers) (no.)
Elica S.p.A.		Italy	241,398	62,682	20,978	(3,069)	(5,076)	674
Airforce S.p.A.		Italy	30,395	127	(692)	(51)	180	104
EMC FIME Srl		Italy	122,669	50,609	4,098	(75)	(1,296)	263
Elica Group Polska Sp.z.o.o		Poland	716	136,801	1,976	(79)	935	799
Elica France S.A.S.		France	10,162	22	(94)	-	(167)	9
Elica Gmbh		Germany	27,963	12	453	(86)	-	18
Elica Trading LLC		Russia	13,759	68	297	(208)	(143)	25
Europe			447,061	250,320	27,017	(3,568)	(5,566)	1,892
Zheliang Elica Putian Electric Co. Ltd.		China	3,526	7,555	(1,106)	-	-	108
Ariafina Co. Ltd.		Japan	22,715	20	4,907	(1,708)	(1,661)	-
Elica PB India Private Ltd.		India	-	-	-	-	-	-
Asia			26,240	7,576	3,801	(1,708)	(1,661)	108
Elicamex S.a.d. C.V.		Mexico	75,273	87	1,329	(1,185)	(800)	574
Leonardo Services S.a. de C.V.		Mexico	-	-	-	-	-	-
Elica Inc.		United States	-	1,536	54	(4)	(24)	5
The Americas			75,273	1,623	1,383	(1,189)	(825)	579
Total			548,574	-	32,201	(6,464)	(8,052)	2,579

COUNTRY-BY-COUNTRY INFORMATION

Company included in the scope	Reporting cycle, if otherwise stated	Country	2021					
			Third party revenues (Euro thousands)	Group revenues (Euro thousands)	Profit before taxes (Euro thousands)	Income taxes paid (Euro thousands)	Income taxes as per Income Statement (Euro thousands)	Employees (excluding temp. workers) (no.)
Elica S.p.A.		Italy	319,345	83,264	12,920	(448)	(2,799)	1,073
Airforce S.p.A.		Italy	30,514	277	1,101	(61)	(321)	105
EMC FIME Srl	(02.07.2021 - 21.12.2021)	Italy	14,167	3	63	(821)	30	50
Elica Group Polska Sp.z.o.o		Poland	2,836	117,436	1,633	(78)	269	689
Elica France S.A.S.		France	23,330	75	162	(94)	(91)	14
Elica Gmbh		Germany	9,581	24	128	-	-	14
Elica Trading LLC		Russia	12,347	54	320	(100)	(82)	27
Europe			412,120	201,132	16,327	(1,602)	(2,994)	1,972
Zheliang Elica Putian Electric Co. Ltd.		China	2,845	7,352	223	-	-	120
Ariafina Co. Ltd.		Japan	24,749	20	5,097	(1,578)	(1,726)	-
Elica PB India Private Ltd.	(01.01.2021-29.09.2021)	India	30,141	44	6,136	(2,630)	(1,563)	-
Asia			57,735	7,416	11,455	(4,208)	(3,289)	120
Elicamex S.a.d. C.V.		Mexico	71,438	22	1,254	(1,561)	(701)	713
Leonardo Services S.a. de C.V.		Mexico	-	5,184	277	(140)	(154)	-
Elica Inc.		United States	-	1,228	45	(9)	(21)	5
The Americas			71,438	6,434	1,576	(1,710)	(876)	718
Total			541,293	-	29,358	(7,519)	(7,159)	2,810

SUPPORTING CONTINUOUS INNOVATION

Technological innovation is the driving force behind the Elica Group's development. In the interests of fostering continuous value creation, the Company has an Innovation Department that is actively engaged in designing new products and services to ensure the highest standards of quality, safety and performance.

As part of its technological innovation activities, Elica collaborates with various technological partners (e.g. universities, research centres, and start-ups). It has established two-way collaborative relationships with these organisations over time through training courses and co-design activities. The Innovation Department bases its operations on the NTI working model (New Technology Introduction).

The NTI focuses its key priorities on general product features, such as: Low Noise, Air Treatment and Space Management. In addition, a cross-cutting theme called "Sensors and Connectivity" has been included. For each of them, the aim is to improve or generate new features while at all times having the consumer as the central consideration. Research and innovation are incorporated into the processes of the R&D area of the business management system MOS⁹; various types of monitoring tools are applied and all information is recorded. The NTI is divided into six phases of progress and oversight:

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

- **Orientation Phase:** potential technologies and product architectures are identified through the pre-selection and positioning of the available technologies in what are known as the Innovation roadmaps;
- **Technology Feasibility:** the appropriate technology is selected and the product layout is studied through preliminary tests in a laboratory environment;
- **Technology Validation:** a preliminary functional prototype is created with a detailed product architecture layout, primarily tested in a laboratory environment;
- **Prototype Validation:** a complete functional prototype is created, meaning that a detailed prototype designed is created and requirements are identified through testing in real conditions (as well as in the laboratory).
- **Delivery:** the component/module validated by way of the ETRL moves to the next phase (engineering and production) by providing all documentation (designs, wiring diagrams, golden samples, etc.).

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

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

- **Document management system:** through the use of CAD¹⁰ and Windchill PDM Link¹¹ technical documents, used to store the three-dimensional models deriving from projects in their partial or definitive forms.
- **EPL Laboratory test system** (Elica Propulsion Laboratory), where all tests generated during the prototyping and testing phases are stored.

The main feature of 2022 was a strategic project that drained a great deal of energy from the Innovation team, and which has not yet been implemented into the business. As the data below suggests, this has led to a decrease in the total number of projects. Key projects either feature a high initial TRL or provide support for EPL/R&D. As a result, the implementation index has increased, partly due to the strategic choice of projects driven by market needs.

9. Management Operation System.

10. Computer-Aided Design.

11. Data, document and product development process management software.

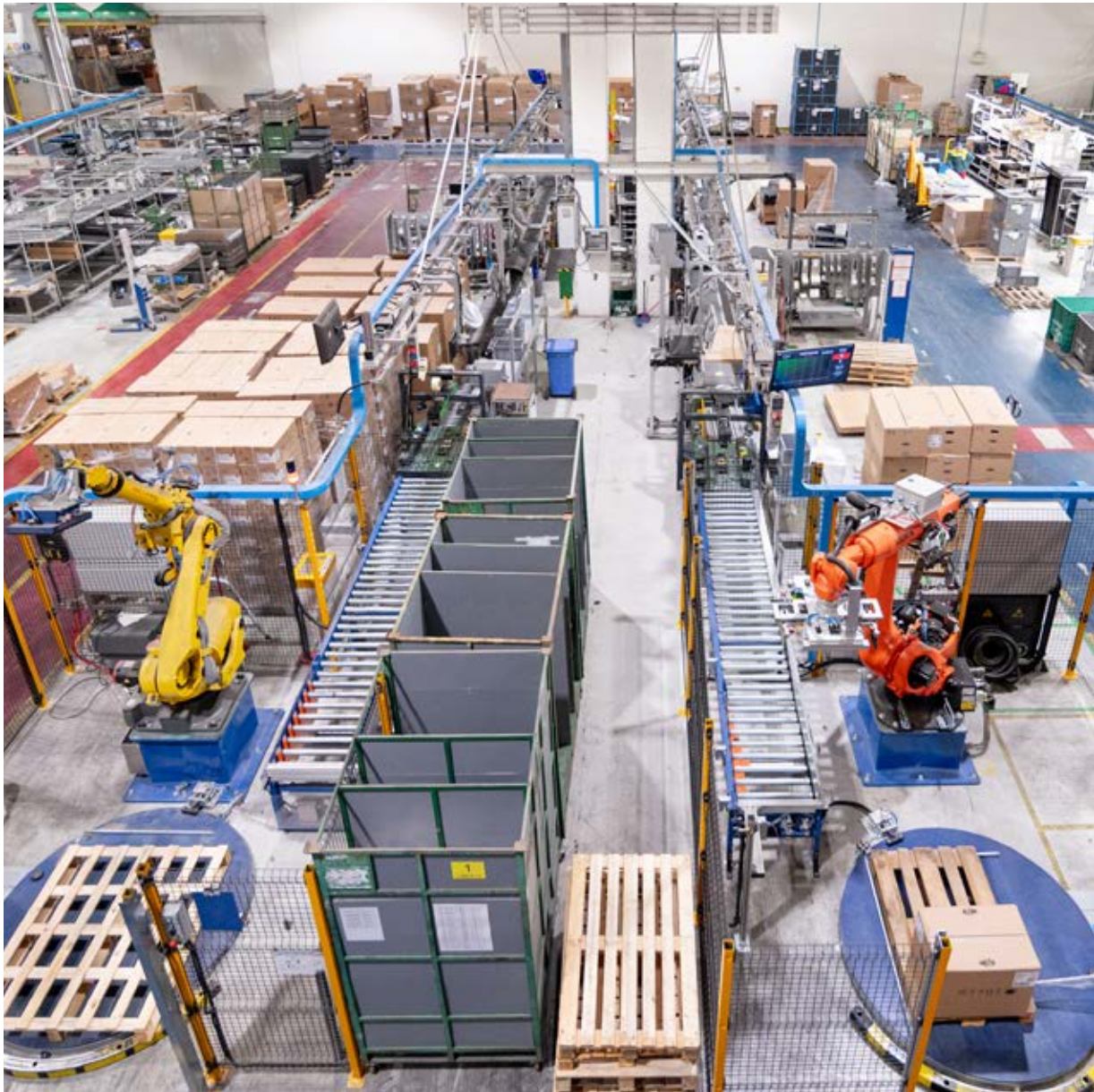
TOTAL NUMBER OF INNOVATION PROJECTS EFFECTIVELY IMPLEMENTED
INTO THE BUSINESS AND IMPLEMENTATION INDEX

	Unit	2022	2021
Innovation projects introduced into business	No.	4	6
Innovation projects developed		26	49
Number of persons employed		6	7
Index (%) of effectively implemented innovation.	%	15%	12%

LEVEL OF CREATION OF PATENTS FOR TECHNICAL OR TECHNOLOGICAL
SOLUTIONS INVENTED BY THE ORGANISATION

	Unit	2022	2021
New patent applications filed	No.	11	6
Number of overall active documents (granted and subject to evaluation)		378	349
Percent of new existing patents generated during the reporting year	%	2.91%	1.72%

In recent years, increasing attention has been paid to sustainability issues. This has allowed Elica **to foster the development of more environmentally sustainable technological solutions** which can contribute significantly to reduced energy consumption and atmospheric emissions. The Innovation team made significant contributions to the development of primary R&D solutions, which encompass extractor hobs and the broader use of sensors for automated and optimised operations.



SUPPORTING AFTER-SALES SERVICE QUALITY

Elica Group considers it a priority to maintain the high quality of its offering of products and related services, in response to the evolving needs of consumers and in line with the highest standards on the market.

This priority is an integral part of maintaining loyalty and protecting the company’s image and reputation, in accordance with the Group’s Ethics Code. In this regard, **the renewed commitment to a structured and geographically distributed organisation impulsed the need to review the entire Customer Support process and all related aspects**. The need for an After-Sales process is thus synonymous with “Customer Orientation”, going far beyond mere legal obligations. For this reason, a more structured organisation has been in place since 2019, creating a new team that is able to respond rapidly to customer requests. 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 (180 in Italy and approx. 80 in Spain).

The After-Sales department constantly monitors and promotes the service quality of technical support teams and contact centres through regular inspections and dedicated training for Service Provider and Support Centre specialist operators, with traditional courses, on-line training and qualification tests. Special training courses are also organised for the launch of new products. In 2022, both web-based and in-person training was delivered in the Spanish, Belgian, English, and Swedish markets by making documents, presentations, and videos available on the SAAM++ portal¹². Additionally, the After-Sales Team provides training sessions each year to call centre operators strictly dedicated to Elica, in order to focus attention on a variety of issues

12. Specialist after-sales management software.

(e.g. updating of the functions of the SAAM++ management system, installation methods, solutions to technical issues, call avoidance).

2022 saw the provision of three courses dedicated to call centres, including one in collaboration with the Marketing functions to introduce all the new products in the Elica “Truck” used for Roadshows. Each technical training session features a formal test and evaluation.

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

- **Service Level:** time (in work days) between the customer’s first call and the final resolution of the issue;
- **Speed Of Service:** Time (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	2022	2021
Service Level: Days between the customer’s 1st call and issue resolution	Work days	13.6	14.3
Speed of Service: Days between the customer’s first call and first customer appointment	Work days	11.5	11.3
Right First Time: % of interventions resolved on the first appointment	%	76%	77%

COMBATting CORRUPTION

In order to prevent and contain events that may represent a risk for the commission of corruption offences, Elica has approved an Ethics Code contained in the 231 Organisational Model (in compliance with Legislative Decree No. 231 of June 8, 2001).

All forms of corruption, without exception, are prohibited by the Company and its subsidiaries, which have fully implemented the Ethics Code with adjustments, in some cases, to the local situation. The Organisation and Management Model adopted by Elica is based on the following principles:

- identification of company processes and mapping of company risk activities;
- establishment of a Supervisory Board;
- monitoring of corporate conduct and of documentation for every significant transaction;
- adoption of a disciplinary system for sanctioning any failure to comply with the prescriptions and procedures of the Organisation and Management Model;
- the circulation at all company levels of the established conduct rules and procedures.

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

The Code is available on the corporate website:

<https://corporate.elica.com/en/governance/internal-control-system>

The subsidiaries EMC FIME S.r.l. and Air Force S.p.A. also have a 231 Model, which is scheduled to be updated in early 2023. The subsidiary in Mexico, a country with a high risk of corruption, is aligned with the Group's principles and operates in accordance with the Ethics Code. It has also obtained CTPAT¹³ certification, whose goal is to strengthen supply chain security, identify security gaps and implement specific security measures and best practices. Generally speaking, there are then efforts within the Group to mitigate this risk, such as implementing specific induction and training programs. Operational, financial and compliance-related audits are also conducted. For each potential irregularity, legal and other consultants are called upon for ongoing support in order to ensure compliance with applicable laws and regulations.

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

13. Customs Trade Partnership Against Terrorism.

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

- relations with the Public Administration (in all possible configurations);
- gifts, gratuities and hosting and entertainment expenses;
- facilitating payments;
- relations with political and trade union organisations
- award of consultancy, specialist and professional contracts;
- award of works and goods and services contracts;
- acquisition of investments in other companies and Joint Ventures (M&A)¹⁴;
- recruitment and hiring of Personnel;
- non-profit initiatives and sponsorships;
- accounting records.

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

- **segregation of duties:** the person responsible for an operating activity is different from the person who controls the activity concerned (and/or from the person who authorises it, where applicable), particularly in issuing orders and executing payments;
- **formalisation and definition of signing authority;**
- **impartiality and absence of conflicts of interest:** those subject to the policy must act with professionalism, transparency and impartiality, in accordance with anti-corruption legislation, and must report all situations that may give rise to a conflict of interest;

- **traceability:** all activities performed and the relevant controls must be traced and verifiable after the fact;
- **know your partner:** all company departments responsible for a given process must:
 - implement, within their process of competency, methods of monitoring the reliability and reputation of those who come into contact with the Company;
 - include specific contractual clauses requiring third parties to comply with the principles laid down in the Ethics Code, including the adoption of behaviour aimed at preventing corruption;
 - ensure that services rendered by third parties under contracts with the Company are genuine and determine that the consideration to be paid is fair.

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

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

Lastly, the Whistleblower Protection Procedure forms part of the aforementioned prevention system: the employees of Elica S.p.A., EMC Fime S.r.l. and Air Force

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



14. Mergers and Acquisitions.

In 2022, no episodes of corruption were detected. In 2022, no episodes of corruption were detected.

PROCESSES AND GROUP COMPANIES SUBJECT TO CORRUPTION RISK ASSESSMENT

Year	Unit	2022	2021
Total number of processes assessed*	No.	4	5
Total number of processes**			11
Percentage of processes assessed	%	40%	45%

Year	Unit	2022	2021
Total number of Group companies assessed*	No.	4	5
Total number of Group companies			11
Percentage of Group companies assessed	%	40%	45%



EMPLOYEES TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN CIRCULATED

Category	Unit	2022	2021
Employees to whom anti-corruption policies and procedures have been circulated	no.	1,530	2,293
Europe	no.	1,084	1,298
Asia	no.	31	85
The Americas	no.	415	910
% Employees to whom anti-corruption policies and procedures have been circulated	%	59.3%	70.0%
Europe	%	42.0%	39.6%
Asia	%	1.2%	2.6%
The Americas	%	16.1%	27.8%
Employees who have received anti-corruption training hours	no.	550	1,045
Europe	no.	104	105
Asia	no.	31	30
The Americas	no.	415	910
% Employees who have received anti-corruption training hours	%	21.3%	31.9%
Europe	%	4.0%	3.2%
Asia	%	1.2%	0.9%
The Americas	%	16.1%	27.8%
Anti-corruption training hours	no.	932	1,198
Europe	no.	401	484
Asia	no.	31	30
The Americas	no.	500	684

INCIDENCES OF DECLARED CORRUPTION

Category	Unit	2022	2021
Total number of incidences of declared corruption	no.	-	-

WE ARE INSPIRED BY THE ENVIRONMENT

For us, being inspired by the environment means being a part of it, both by constructing and conserving. To do this, we have made a concrete and unwavering commitment that demonstrates our values. Since the very beginning we have worked to reduce our environmental impact, promoting sustainable development and virtuous conduct to inspire each of our stakeholders.

Because we believe that only through full respect for the environment can value be created and sustained in the long term.

ENVIRONMENT.
WE ARE INSPIRED
BY THE ENVIRONMENT

We believe that only
through full respect
for the environment
can value be created
and sustained
in the long term.

HIGHLIGHTS 2022

-9,900 tonnes CO₂

Through the use of 100%
Market-Based energy with
Guarantees of Origin
(-52% vs. total emissions in 2021)

-399 tonnes CO₂

Thanks to the use of energy produced
at Photovoltaic plants in Italy
(unchanged on 2021)

Conai “Ecopack” Award

Thanks to sustainable packaging
design

**30% “Hydrogen Ready”
motors**

100% of “Premix” range certified to
use 30% methane/hydrogen blend

OUR ROADMAP

**GHG INVENTORY IN ACCORDANCE
WITH ISO 14064-1 BY 2023**

A plan to establish a solid baseline for
reporting emissions in the interests
of consistency, transparency and
credibility in relations with our
Stakeholders. (Scope 1-2-3)

IMPROVE ENERGY EFFICIENCY

Through further projects involving
production sites and processes

USE OF GREEN ENERGY

**100% renewable energy
at all Italian sites by 2023**

**100% “HYDROGEN READY”
MOTORS**

**100% certification of the
“Premix” range by 2024**

**SALE OF HIGH-EFFICIENCY
PRODUCTS**

**By 2025, approx. 8,500 tonnes eq.
reduction in CO₂ emissions** (equal to
the emissions reported in 2022) by
selling products with “Brushless”**
motors

FOCUS ON BOILERS

Sale of high-efficiency motors
by Q4 2023

* = blowers used to ensure the correct mix of air/gas or air/hydrogen
for combustion inside condensing boilers, burners, etc.

** = “brushless” direct current electric motor with permanent magnet rotor.

THE SUSTAINABILITY FOOTPRINT IN THE ENVIRONMENTAL ARENA

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 14001¹⁵ certified. At present, all of Elica Group's production sites associated with significant environmental risks relating to transformation and production activities – with the exception of the Air Force facility – have adopted 14001:2015 compliant Environmental Management Systems.

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

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

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

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

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

In view of these goals, in addition to ensuring that its certified Environmental Management System is constantly implemented, it circulates and facilitates the understanding by its management of the procedures and contents of the Ethics Code drafted in accordance with Legislative Decree No. 231/2001 and the Group's Policies and Procedures.

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

use of resources employed in a more significant manner in the transformation processes. The systems also employ internal auditors qualified in accordance with ISO 14001:2015 standard, who conduct planned internal audits. In addition to compliance with legislative requirements, these audits verify the appropriate level of operating conditions, the implementation of control requirements, the monitoring of indicators and objectives and the effectiveness of procedures to reduce the risk of incurring harmful events for the environment or for the containment of possible emergencies.

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

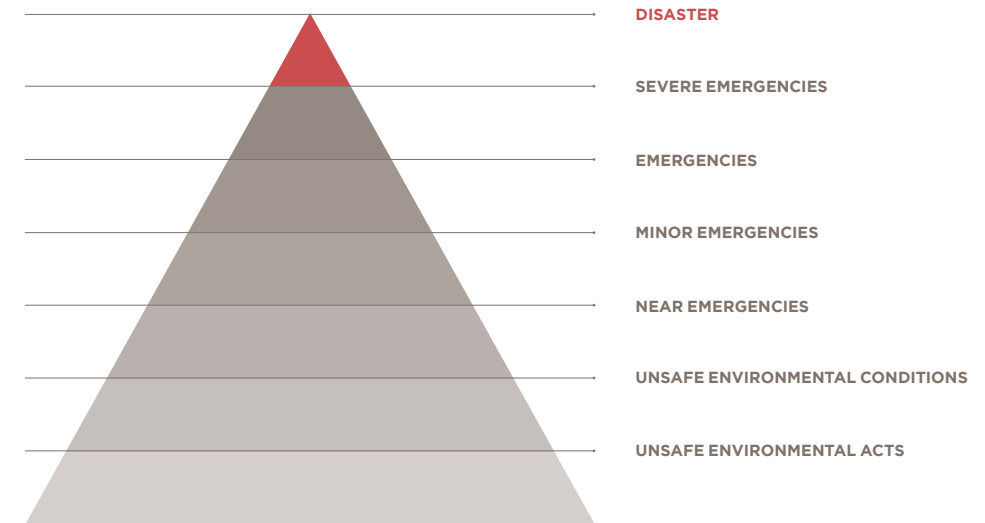
To support systems and make them effective, the Group is committed **to raising the level of awareness and competence of those who**, through their work activities, **can make real a difference regarding specific environmental aspects.**

15. International standard indicating requirements for an effective Environmental Management System.

THE HEINRICH PYRAMID - ENVIRONMENT

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

- ENVIRONMENTAL DISASTERS
- EMERGENCIES
- NEAR MISSES
- ENVIRONMENTALLY HAZARDOUS CONDITIONS
- ENVIRONMENTALLY HAZARDOUS ATTITUDES



The events recorded in the Pyramid are collected through the completion of special forms by all the staff involved and by dedicated internal audits. The combination of the above activities during 2022 produced **2,021 environmentally related reports**. The reports were analysed at the respective sites by the EHS teams who, with a view to continuous improvement, developed appropriate actions to remove the causes of the events reported.

Again in 2022, in confirmation of the efficacy of the environmental management systems, there were no cases of non-compliance, fines or proceedings against the Elica Group with regards to environmental laws and/or regulations.

Zero

cases of non-compliance, fines or proceedings against the Elica Group in 2022

ECO PRODUCT 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 sustainabi-

lity 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 customer.

THE MILESTONES

DEVELOPMENT OF ELICA
PACKAGING’S ECO-COMPATIBLE
DESIGN SYSTEM



2015

Eco-compatible
Packaging
Reengineering of
existing range



2018

Integrated approach
to improve
Packaging system



2019

Quick Prototyping
of corrugated
cardboard packaging



2020

Validation of
solutions by
Videotesting

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

CRITERION	PARAMETERS	
	RAW MATERIAL SAVING	Containment of raw materials used in packaging and consequent reduction of weight against similar product and performance
	REUSE	Concerns reusing the packaging several times, for the same use for which it was conceived
	USE OF RECYCLED MATERIAL	Substitution of a portion or the totality of virgin raw material with recycled material to contribute to a reduction in the use of natural resources
	LOGISTICS OPTIMISATION	All innovative actions that improve the operations of storage, the optimisation of loads on pallets and transport and improve the relationship between primary, secondary and tertiary packaging
	FACILITATING RECYCLING ACTIVITIES	All innovations to simplify the recovery and packaging recycling phases, such as the production of single material packaging
	PACKAGING SYSTEM FACILITATIONS	Achieved by integrating multiple functions in a single packaging component, eliminating elements and thus simplifying the system
	ENERGY SAVING / CO ₂ REDUCTION	Concerning the upstream and downstream phases of the production line, thanks to the use of new production processes, the use of recycled materials and the reduction of energy consumption on the supply chain. This is also achieved by reducing the means used for the distribution of the product from the production point to the point of sale, the use of renewable energy and the reduced use of raw materials.

16. 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.

The strategic Packaging Design approach aimed at assessing the overall “process” impact is guiding Elica towards a redesign of the packaging for the existing range, starting with the most relevant SKUs in terms of volumes. The mechanisms and guidelines related to the integrated and Design-For-Environment (DFE) approach generated in recent years to support the re-engineering of existing packaging have made it possible to assess the environmental validity of new projects, setting **environmental sustainability as one of the significant parameters to be used when validating packaging solutions.** In order to support the process and make it even more robust right from the initial stages of development, in addition to the existing trial-and-error approach¹⁶ (with the use of the DFM¹⁷ and FEA¹⁸ approaches to assess robustness virtually) on-the-spot stress testing was undertaken using a video camera inside the packaging during the testing phase.

Thanks to the approach described above, **we were able to launch a re-engineering project in 2022 that uses fewer raw materials** (15 tonnes less corrugated cardboard), thus saving approximately four tonnes of CO₂.

-15 tonnes
of corrugated
cardboard in
packaging

-4 tonnes
of CO₂
saved

PERFORMANCE INDICATORS

	Unit	2022
Number of completed eco-design re-engineering projects	n.	1

ECO-DESIGN PACKAGING PROJECTS ANALYSED

Projects	Unit	2022
		Tonnes of CO ₂ saved
“Dekor Glass” packaging family	t	3.9
Tonnes of CO ₂ saved	t	3.9

17. Design For Manufacturing.
18. Finite Element Analysis.

ENERGY CONSUMPTION AND EMISSIONS

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

78.3%
renewable energy
consumed

99.1%
renewable
energy in Italy

9.1%
energy from
photovoltaic plant
and consumed in
Italy

Primary consumption is represented almost entirely by P¹⁹ used in production processes (including auxiliary plants) and to light offices and outdoor areas.

In 2022, **total consumption reflected the trends in production volumes** (mainly in Q4 of 2022). An additional share can be attributed to the relocation of some machinery from the Cerreto d'Esi site to Mergo and from Mergo to Jelcz Laskovice (in the February-August period, specifically). In addition, the plastic moulding process has not been in operation at the Mergo site since August.

At the end of 2021, Elica demonstrated its commitment to sustainability by **making the decision to buy electricity exclusively from certified renewable sources with Guarantee of Origin ("market-based" energy)**, starting from January 1, 2022. The supply agreements, initially planned for Italian sites only, were immediately extended to the Polish site, too. In addition, three

photovoltaic plants are in operation at our Italian sites. Together, they produced a total of 1,235,758 kWh (equal to approx. 4,448 GJ) in 2022, saving 399 tonnes of CO₂ emissions.

Thanks to these decisions, the Group's electricity mix (for P used at production sites) comprises 78.3% renewable energy for 2022 (of which 4.5% self-generated). At our Italian sites, the share of renewable energy rises to 99.1% (of which 9.1% from photovoltaic plants). In 2022, the Group avoided emitting more than 9,900 tonnes of CO₂ into the atmosphere, an approximately 81% reduction compared to the electricity and thermal energy emissions produced in 2021 and a 52% reduction compared to the total emissions produced by the Group in 2021.

Notwithstanding the use of renewable energy sources, Elica's energy team has continued to monitor and implement further energy efficiency projects. The objective is to mitigate the impact

-650 tonnes CO₂
saved thanks
to relamping projects

-81% CO₂
from electricity
and thermal
energy vs.2021

of rising energy costs (which represented a substantial financial obstacle in 2022) and make more environmentally friendly choices. At our Italian, Polish, and Mexican sites, relamping projects (replacing traditional lighting fixtures with LEDs) and the task of fitting auxiliary plants with sensors (office air conditioning) were completed. The projects avoided the emission of approx. 650 tonnes of CO₂.

Finally, **the H₂O Plastic Free initiative was expanded to include the canteens and workspaces at both our Mergo facilities and Fabriano headquarters.** Network-connected water dispensers were installed, facilitating the elimination of plastic bottles. This decision has resulted in savings of approximately 15 tonnes of CO₂. The water dispensers are connected to the network, allowing us to monitor water consumption and emissions savings in real-time.

19. P = Power

2022 PROVED PIVOTAL FOR US AS WE COMPLETED A **SIGNIFICANT STRATEGIC MANOEUVRE CONCERNING EMC FIME S.R.L.'S MOTORS BUSINESS DIVISION**. BY JANUARY, KIWA²⁰ HAD CERTIFIED THE USE OF HYDROGEN/METHANE MIXES BY A SIGNIFICANT PORTION OF THE “PREMIX” MOTOR RANGE INTENDED FOR DOMESTIC HEATING BOILERS²⁰. TESTING ACTIVITIES CONTINUED THROUGHOUT 2022 AND APPROXIMATELY **50% OF THE ENTIRE AVAILABLE RANGE WAS CERTIFIED AS A RESULT**.

This move will enable EMC Fime S.r.l. to **improve its product range**, particularly in the domestic heating segment. As a result, the Company will be able to meet the targets set by the European Commission with its “Fit for 55” package (-55% greenhouse gas emissions compared to 1990 and the achievement of “carbon neutrality” by 2050) on schedule.

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



TOTAL FUEL CONSUMPTION TO POWER OFFICES AND PRODUCTION SITES
(E.G. FUEL FOR GENERATORS AND BOILERS)

Fuel consumption from non-renewable sources	Unit	2022	2021
Natural gas	m ³	2,350,110	2,822,264
Diesel	Litres	-	4,002
Petrol		-	-
LPG	Gj	33,819	46,357
Natural gas		79,148	101,743
Diesel		-	144
Petrol		-	-
LPG		803	1,101
Total		79,952	102,988

TOTAL FUEL CONSUMPTION TO POWER OFFICES AND PRODUCTION FACILITIES

Fuel consumption from renewable sources	Unit	2022	2021
Bioethanol	Litres	522	850
Biodiesel		-	-
Other		-	-
Total		522	850
Bioethanol	Gj	11	18
Biodiesel		-	-
Other		-	-
Total		11	18

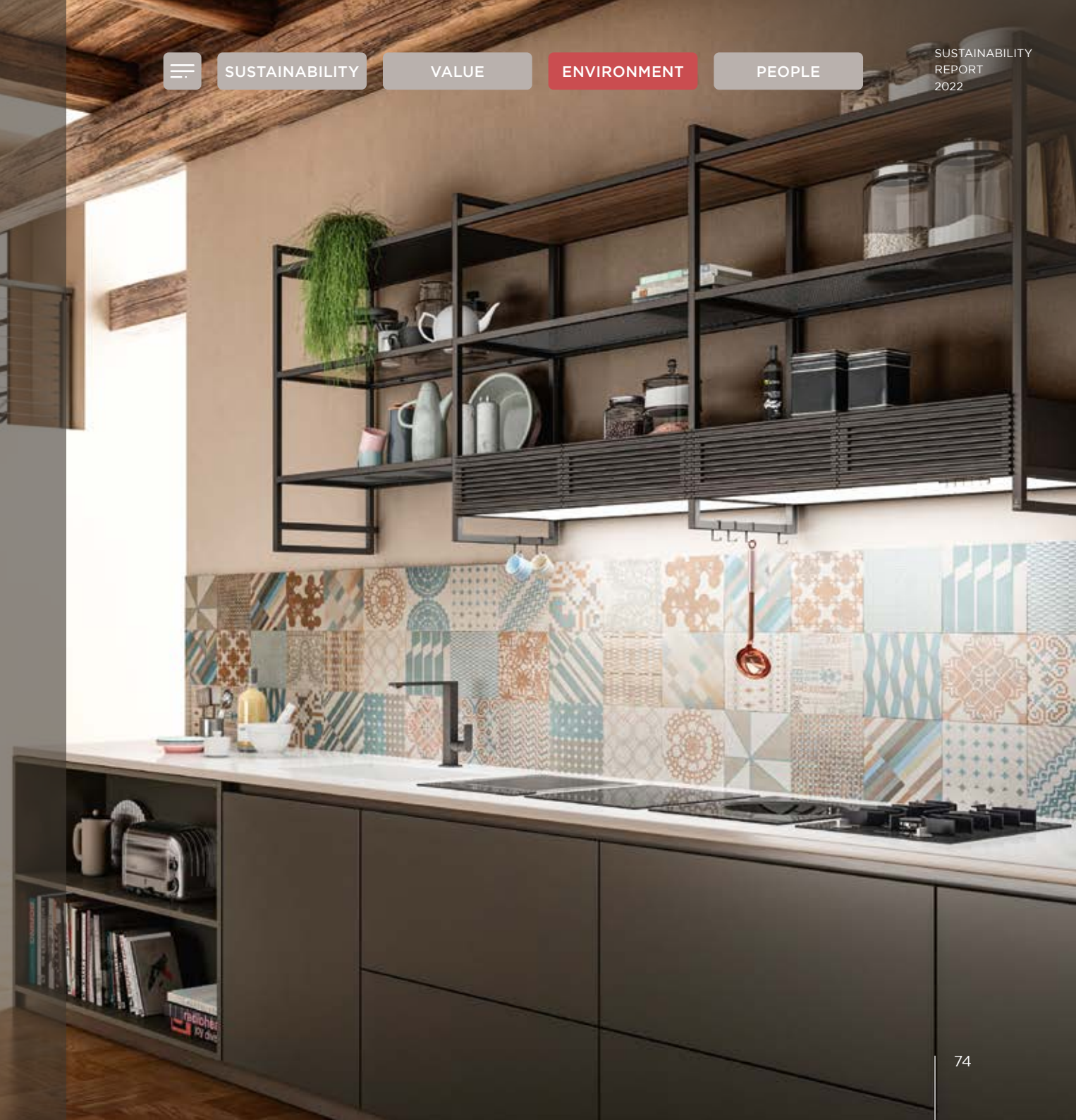
FUEL EMISSIONS FROM NON-RENEWABLE SOURCES

Fuel emissions from non-renewable sources	Unit	2022	2021
Natural gas	t CO _{2e}	4,747	5,705
Diesel		-	11
Petrol		-	-
LPG		53	72
Total		4,800	5,788

FUEL EMISSIONS FROM RENEWABLE SOURCES

Fuel emissions from renewable sources	Unit	2022	2021
Bioethanol	t CO _{2e}	0.005	0.008
Biodiesel		-	-
Other		-	-
Total		0.005	0.008

ELICA CONTINUES TO MONITOR
AND INTRODUCE ENERGY
EFFICIENCY PROJECTS,
BOTH TO MITIGATE
THE IMPACT OF RISING
ENERGY COSTS AND TO MAKE
ENVIRONMENTALLY-ORIENTATED
CHOICES



INDIRECT ENERGY CONSUMPTION

Energy consumption	Unit	2022	2021
Electricity purchased (LOCATION-BASED)	kWh	4,909,041	25,055,521
Electricity purchased from renewable sources (MARKET-BASED)		16,727,624	-
Electricity from renewable sources produced and consumed		1,020,369	968,027
District heating		1,022,911	836,984
Other		-	-
Total		23,679,946	26,860,532

EMISSIONS FROM THE USE OF BOTH RENEWABLE AND NON-RENEWABLE SOURCES OF ELECTRICITY AND THERMAL ENERGY TO POWER OFFICES AND PRODUCTION SITES

Indirect emissions	Unit	2022	2021
Electricity purchased (LOCATION-BASED)	t CO _{2e}	2.174	12.201
Electricity purchased from renewable sources (MARKET-BASED)		-	-
District heating		175	145
Other		-	-
Total		2,349	12,346

NUMBER OF FLIGHTS

Number of flights and km travelled	Unit	2022	2021
Flights	N°	999	611
Air km travelled	Km	2,683,612	2,279,594

LITRES OF VEHICLE FLEET FUEL

Litres of vehicle fleet fuel	Unit	2022	2021
Car - Diesel	Litres	274,079	261,845
Car - Petrol		56,755	59,086
Total		330,835	320,931

EMISSIONS GENERATED BY TYPE OF VEHICLE USED

Emissions generated by type of vehicle used	Unit	2022	2021
Car - Total	t CO _{2eq}	873	847
Car - Diesel		740	708
Car - Petrol		133	138
Air		477	417
Total		1,350	1,264

USE OF MATERIALS

Elica uses a significant number of raw materials originating from different industrial sectors. As a processing industry, no minerals are directly imported from conflict areas (Conflict Minerals).



SUSTAINABILITY

VALUE

ENVIRONMENT

PEOPLE

SUSTAINABILITY
REPORT
2022



THE MAIN RAW MATERIALS USED IN THE PRODUCTION PROCESSES ARE:

- ___ **FERROUS METALS**
(mainly carbon steel, stainless steel, etc.)
- ___ **NON-FERROUS METALS**
(mainly copper cables, aluminium breads, tin wire etc.)
- ___ **COMPONENTS FOR THE PACKAGING OF FINISHED PRODUCTS**
(corrugated cardboard, polystyrene and expanded/extruded polyethylene, plastic strapping, wooden pallets etc.)
- ___ **THERMOPLASTIC POLYMERS**
(Polycarbonate granules, Polypropylene, ABS, Nylon etc.);



COMPLETING THE PICTURE ARE THE MATERIALS USED TO ASSEMBLE THE FINISHED PRODUCTS:

- ___ **ELECTRICAL/ELECTRONIC COMPONENTS**
- ___ **GLASS**
- ___ **SMALL PARTS**
- ___ **SEMI-FINISHED METAL PRODUCTS**
- ___ **PLASTIC MOULDED COMPONENTS**
- ___ **FILTERING MATERIALS**
- ___ **HARD COPY DOCUMENTS**

~70-75%
of stainless steel
from recycling
circuits

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

However, based on information received from Elica’s stainless steel suppliers, the content of raw material from recycling circuits can be estimated at around 70-75%. In view of the above considerations, all types of materials listed in the reference table should be considered “non-renewable”. **Particular attention is also paid to the procurement of raw materials that comply with the relevant applicable regulations** (e.g. RoHS II, REACH, etc. and all applicable safety regulations) through supply agreements and information gathering activities by suppliers that ensure the complete and ongoing compliance of products from the earliest stages of design and development.

In terms of the packaging supply chain, **ELICA prefers suppliers who are in possession of FSC certifications for a supply deriving from environmentally friendly, socially useful and economically sustainable forest management**. In 2022, further objectives were identified that can be pursued in order to promote circular economy projects, and Elica is therefore working internally (with its Technical and Procurement Sector) and externally (with its supply chain partners) to obtain even more detailed information regarding the content of materials coming from recycling circuits in order to outline indicators that can measure and incentivise the increasing use of recycled materials in its production processes.

In line with the Sustainability Plan, **we will adopt a robust calculation methodology in 2023 to measure the impacts generated by the materials used by the organisation. We will also identify projects to reduce our “material” footprint.**

PURCHASE OF GOODS FOR PRODUCTION

Type of good	Unit	2022	2021
Iron	tonnes	23,185	31,804
Stainless steel		11,597	11,444
Copper x		4,725	4,980
Plastics		2,064	3,443
Aluminium		2,259	2,541
Tin		4	6
Cardboard for packaging		7,669	9,540
Wood packaging materials		2,421	2,547
Plastics for packaging		1,294	1,001
Epoxy powder coatings		353	466
Other		-	-
Total		55,573	67,771



WASTE MANAGEMENT

The ELICA Group uses for its production processes raw materials essentially from the metal transformation industry (carbon steels, stainless steels, copper, aluminium, etc.).

During the internal processing and to complete its range on the market, mostly components from the electrical and electronic (printed circuit boards, transformers, power cables, power supplies, transformers, etc.) and primary packaging chains (corrugated cardboard boxes, expanded polystyrene components, wooden pallets and polyethylene bags) are used. For the transport and delivery of these materials, the supply chain uses wooden pallets for packaging or secondary containers and packaging (corrugated cardboard boxes or mixed packaging).

Consequently, most of the waste produced as a result of the production activities is composed of:



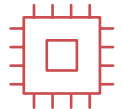
FERROUS OR OTHER METAL SCRAP

(scraps from moulding works, mechanical blanking or laser cutting, shavings or die-casting residues)



PACKAGING

(paper/cardboard, mixed packaging, wood packaging from secondary packaging)



ELECTRICAL AND ELECTRONIC COMPONENTS

(components discarded during production processes)

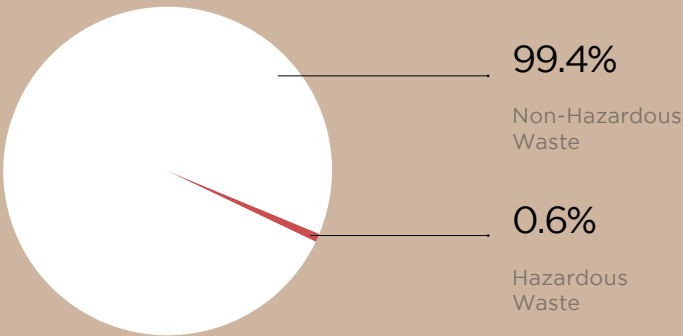
Almost all ferrous waste is sent to the recycling stream. Liquid waste deriving mainly from the powder coating process (washing/degreasing water from components sent for painting) and waste oil emulsions and exhausted mineral oils generated by maintenance work on machine tools in the mechanical processing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

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

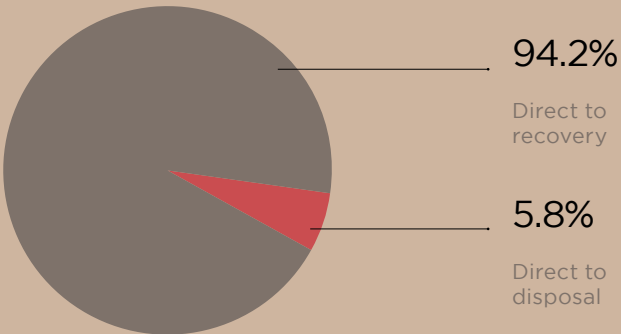
At all ELICA plant, all waste generated by the company's activities is collected separately by type and disposed of in compliance with law, giving priority to authorised parties for transport and disposal at destination plants that carry out treatment for the recovery of materials or energy.

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

TOTAL WASTE GENERATED



WASTE DESTINATION



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

Where possible, Elica has enacted **policies to reduce the use of secondary packaging** by setting out - in collaboration with its partners in the supply chain - special supply rules that prioritise the use of reusable containers (in particular with suppliers involved in the “milk-run” flow, which therefore ensures just-in-time supply).

Specific reusable containers are also used for the internal handling of high turnover components, thus further reducing the use of secondary packaging. The EHS departments at each plant and the Corporate EHS department constantly monitor monthly waste production data, focusing in particular on packaging-related waste and the liquid waste generated by the painting processes at the sites in Mergo (Italy), Jelcz Laskowice (Poland), and Queretaro (Mexico), which have the potential to produce more significant environmental impacts.

In 2022, the Group’s production facilities generated a total of 13,792 tonnes of waste, of which 99.4% non-hazardous and the remaining 0.6% hazardous. Of the total waste produced, approximately 94.2% was sent for recovery while the remaining 5.8% was sent for disposal.

95.7%
of waste is
diverted from
landfill

94.5% of non-hazardous waste and 44.2% of hazardous waste was sent for recovery, while 5.5% of non-hazardous waste and 55.8% of hazardous waste was sent for disposal. The percentage breakdown of waste recovery and disposal operations is shown in the summary tables given below. 100% of the waste produced by the Elica Group was treated offsite.

DISPOSAL TYPE

Total weight of HAZARDOUS waste	Tonnes	%
Other collection operations	35.61	40.20%
Other disposal operations	20.70	23.37%
Physical-chemical treatment	15.68	17.70%
Incinerated (with energy recovery)	12.99	14.66%
Preparation for reuse	3.58	4.04%
To landfill	0.02	0.02%
Total	89	100%

Peso totale dei rifiuti NON PERICOLOSI	Tonnes	%
Metal recycling	10,434,49	76.14%
Other collection operations	1,498,73	10.94%
Organic material recycling	776,70	5.67%
Physical-chemical treatment	311.01	2.27%
Inorganic material recycling	242.80	1.77%
Incinerated (with energy recovery)	190.57	1.39%
To landfill	164.56	1.20%
Other disposal operations	74.65	0.54%
Incinerated (without energy recovery)	10.00	0.07%
Total	13,704	100%



TABLE 1. WASTE BY COMPOSITION, IN TONNES (T) - GRI 306-3

Total weight of hazardous waste	Unit	2022	2021
Waste diverted from disposal	t	39	46
Waste directed to disposal		49	29
Total		89	75

Total weight of non-hazardous waste	Unit	2022	2021
Waste diverted from disposal	t	12,953	15,126
Waste directed to disposal		751	1,073
Total		13,703	16,199

TABLE 2. WASTE DIVERTED FROM DISPOSAL BY RECOVERY OPERATIONS, IN TONNES (T) - GRI 306-4

Total weight of hazardous waste	Unit	2022	2021
Preparation for reuse	t	4	12
Metal recycling		-	-
Organic material recycling		-	-
Inorganic material recycling		-	-
Other recovery operations		36	34
Total		39	46

Total weight of non-hazardous waste	Unit	2022	2021
Preparation for reuse	t	-	-
Metal recycling		10,434	12,788
Organic material recycling		777	669
Inorganic material recycling		243	271
Other recovery operations		1,499	1,535
Total		12,953	15,264

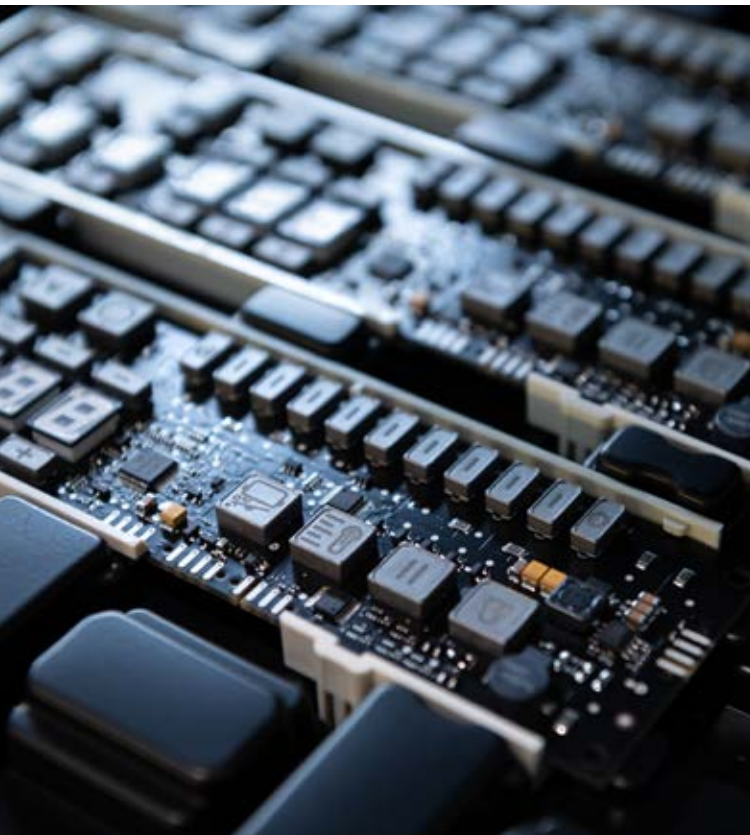
TABLE 3. WASTE DIRECTED TO DISPOSAL THROUGH DISPOSAL OPERATIONS, IN TONNES (T) - GRI 306-5

Total weight of hazardous waste	Unit	2022	2021
Incinerated (with energy recovery)	t	13	13
Incinerated (without energy recovery)		-	-
Sent to landfill		-	-
Lagooning		-	-
Biological treatment		-	-
Physical-chemical treatment		16	7
Other disposal operations		21	9
Total		49	29

Total weight of non-hazardous waste	Unit	2022	2021
Incinerated (with energy recovery)	t	191	181
Incinerated (without energy recovery)		10	11
Sent to landfill		165	194
Lagooning		-	-
Biological treatment		-	60
Physical-chemical treatment		311	320
Other disposal operations		75	169
Total		751	935

SUPPLIERS ASSESSED ACCORDING TO ENVIRONMENTAL AND SOCIAL CRITERIA

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



Our Group prefers a structured chain of suppliers, which is why **we periodically check the certifications possessed by the relevant management systems**. Our most recent audit campaign was conducted in H2 2022. It revealed that 91% of suppliers have an ISO 9001-certified management system, 41% have an ISO 14001 or EMAS-certified Environmental Management System, and 18% have an ISO 45001-certified Occupational Health and Safety Management System. 8% of suppliers also have ISO 50001 certification, while 17% hold other more technical certifications (e.g. IATF, FSC, ISO 28000 etc.).

SUPPLIER SELECTION AND ASSESSMENT

In 2021, ELICA **defined a new structured process for evaluating and approving new suppliers**. The process begins by asking suppliers to complete self-assessment questionnaires about their manufacturing processes during the "Early Approval" phase. This allows Elica's management (Purchasing and Supplier Development Quality Department) to assess the level of risk associated with a supplier's capabilities. Once

complete, the supplier is asked to complete an "**ESG Survey**" during the approval stage, which the Group's Quality and Sustainability Manager uses to determine the risk index associated with ethical, environmental, and social topics. Once the supplier has been approved and can start supplying goods and services to Elica, audits are carried out at the supplier's site to directly assess their capabilities and/or degree of reliability, in addition to any ESG-related risks. The following aspects are assessed specifically: the protection of workers' rights, anti-corruption, and the minimisation of environmental risks. Suppliers who do not meet the minimum requirements are not permitted to conduct business with Elica.

The activities described above also seek to preemptively identify any critical issues related to potential new suppliers and adopt corrective action. Existing suppliers within the supply chain are also routinely required to complete the self-assessment process via the ESG Survey. We adopt this approach to foster a culture of continuous improvement, whereby we share and adopt particular action plans based on the audit outcomes.

91%
of suppliers
have an
ISO 9001

41%
of suppliers
have an
ISO 14001

18%
of suppliers
have an
ISO 45001

MONITORING AND IMPROVEMENT

Once suppliers have been approved, they can start to fulfil orders. Their capacity to secure compliant raw materials and components is monitored. On a monthly basis, the Supplier Development Quality Department issues a “Vendor Rating” report, which is shared with the Purchasing Department, Quality Management, and the suppliers themselves. The Supplier Development Quality Department drafts improvement plans, sharing them with suppliers whose indicators do not meet the capability requirements. The department monitors each individual action and drafts an annual audit plan.

Similar to the supplier quality performance improvement process, Elica adopted **a new audit process in 2022 to assess and minimise risks related to ethical, social, and environmental topics**. Against this backdrop, in July 2022, Elica drafted and sent suppliers the “Elica Group Supplier Code of Conduct”, requesting their formal compliance and signature. The Code was prepared and drafted by the QHSE Assurance, Legal Counsel and Risk Management functions and has been formally approved by Elica’s CEO. **The Group’s Supplier Code of Conduct is expressly inspired by Elica’s Ethics Code**. It contains specific references to the protection of basic human rights, as envisaged by the principles of the ILO²¹, and minimisation of the environmental impact of production activities. At the time of writing, about 17% of the Group’s suppliers have signed the Code.

At the end of 2022, the Group performed its first two ESG audits (one in Poland and one in Italy), while no fewer than five audits are scheduled for 2023. Similarly to the Quality Capability audits, at the end of ESG audits, improvement plans are shared with suppliers to minimise any potential risks and encourage them to place greater emphasis on sustainability topics.

Specifically, with regard to assessments on environmental and social topics, in Q4 2022, Elica asked 98 suppliers to fill out the “ESG Survey”. At the time of writing, 47 suppliers have completed the survey, bringing the number of suppliers assessed using the new evaluation process adopted by Elica in 2021 to 118 (equal to approx. 44% of the Group’s suppliers).



21. ILO = International Labour Organization.

WE INSPIRE PEOPLE

For us, inspiring our people means sharing our vision and values, supporting and stimulating talent, and rewarding initiative. This forms the basis of our philosophy of ensuring the welfare of our people not only within the company, but also outside the work environment. Our projects are designed to broaden horizons, to mix art with business, to constantly shift perspectives and generate new ideas, to create connections and discussion.

Seeing our people as our most essential resource will always be our greatest inspiration.

Seeing our people
as our most essential
resource will always be
our greatest inspiration.

HIGHLIGHTS 2022

2,578

Worldwide employees

45% Women

on total nr. of employees
(39.7% on 2021)

of which 50%

among the strategic executives
(unchanged on 2021)

20 Hours

average training per capita
(16.8 hours on 2021)

58.7%*

Dedicated HSE training hours
(35% on 2021)

Marshy

The Ermanno Casoli prize promoted
by the Fondazione Ermanno Casoli
(FEC) a demonstration of making art
through the use of recycled materials

OUR ROADMAP

UPSKILLING OUR PEOPLE WITH THE “ASPIRATION LAB”

A broad plan, not limited to technical
role skills

IMPROVING WORK-LIFE BALANCE

Through targeted monitoring
of employee needs

SPREADING A CULTURE OF SAFETY

Projects to be launched in collaboration
with local schools

SUSTAINABILITY-ORIENTATED TRAINING PLAN

Increased training hours
on sustainability topics

COLLABORATION WITH UNIVERSITIES AND RESEARCH CENTERS

To design new educational
pathways

PROMOTE THE INITIATIVES OF THE ERMANNO CASOLI FOUNDATION

Projects to support the local
communities in which the company
operates

* = scope Elica S.p.a./Elica Group Polska/Elicamex.

THE SUSTAINABILITY FOOTPRINT IN THE SOCIAL ARENA SUPPORTING OUR EMPLOYEES

ELICA GROUP'S PEOPLE STRATEGY
IS BASED ON THREE PILLARS:



ATTRACTION DEVELOPMENT ENGAGEMENT

MISSION

OUR MISSION IS TO ATTRACT INDIVIDUALS WHO SHARE
ELICA'S COMPANY CULTURE AND ENCOURAGE
SELF-IMPROVEMENT, REWARDING MERIT AND CREATING
MOTIVATION.

2,578
employees
of which
45% are women

Elica Group's people strategy is based on three pillars: **attraction, development and engagement. Our mission is to attract individuals who share Elica's company culture and encourage self-improvement, rewarding merit and creating motivation.** The Group pursues this mission by encouraging internal growth and providing responsive, performance-related economic incentives, by creating a work environment geared toward trust, self-development, and widespread accountability, promoting teams that are cohesive, focused and engaged on clear, shared, cross-functional goals, with ongoing investment in welfare and well-being policies and projects.

At December 31, 2022, Elica Group personnel numbered 2,578²², of which 45% women (up approx. 6 percentage points on 2021) – with 72% involved in productive activities and 28% involved in support roles; permanent contracts at the end of the year numbered 2,074 and fixed-term contracts 504. During the year, 832 people were hired, with an outgoing personnel turnover rate

of 33% (comparison of the number of departures against the total number of employees), against an incoming turnover rate of 24% (intercompany transfers are not considered in ingoing/outgoing turnover rates). In addition, we highlight the increase in fixed-term contracts, especially at our Polish company, and a decrease in temporary workers. This dynamic is the result of an increasingly complex and fluctuating market. It affords the organisation more flexibility and the ability to handle market peaks more effectively.

The turnover rate is primarily affected by the restructuring plan launched in December 2021, which envisaged a reduction in staff across most of the Group's countries of operation.

Management policies geared towards promoting internal growth, including globally, and the creation of a climate of trust and well-being, have contributed to reducing voluntary turnover and the risks associated with the loss of corporate expertise.



22. Excluding temporary workers.

EACH COUNTRY HAS IMPLEMENTED SPECIFIC INITIATIVES IN PURSUIT OF THIS GOAL. IN PARTICULAR:

ELICA ITALIA

The Company's high regard for the well-being of its employees was reflected in a **range of policies and benefits this year, which prioritise prevention and care beyond company walls**. In 2022, the Group sought to invest more heavily in health and well-being services, extending the insurance coverage provided to Executives to middle managers. At the same time, Elica sought to facilitate the use of health-related services by entering into additional agreements with local health facilities.

Several activities have been carried out to emphasise the importance of building a culture of workplace safety. **These initiatives include specialised company-wide training courses and in-school projects that seek to raise awareness of this important issue among young people**. Partnerships with schools also extend to careers topics. In 2022, Elica hosted hundreds of students from local universities and institutes and participated in the **"Future Campus Fabriano"** pathway, organised by Confindustria, to stimulate young people's curiosity about the corporate world.



SUSTAINABILITY

VALUE

ENVIRONMENT

PEOPLE

SUSTAINABILITY
REPORT
2022

ELICA AMERICAS

Elica Americas has strengthened its analysis and salary increase processes for blue-collar workers, and ramped up its talent attraction strategy in an area where the labour market is particularly competitive.

ELICA GROUP POLSKA

Elica Group Polska has invested in periodic salary reviews, health insurance, the provision of transportation services for employees and has improved company canteen services, increasing the credit available to employees. In addition, a new **platform for managing company benefits** was developed and the "Healthy Month" campaign was promoted internally. The initiative sought to educate staff members on the importance of leading a healthy lifestyle and participating in outdoor pursuits. It also aimed to raise awareness of the risks linked to a poor diet, sedentary lifestyle, and smoking. To support its local community, the Company arranged for nursery school supplies to be collected and donated to local families in need.

Several activities were also organised to foster a positive atmosphere, including open days and group festivities

ELICA PUTIAN

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



The HR Department has developed specific international indicators and control dashboards to monitor the effectiveness of the initiatives adopted in support of this mission. Doing so has allowed us to significantly improve on topics such as the gender pay gap and diversity and inclusion.

2022 saw **an increase in the female population and company tenure of the Executive category at the Corporate level**. The latter figure testifies to the success of the retention and internal growth policies enacted by the Group.

In line with the talent retention and internal growth promotion policies enacted by the Group, the period 2021-22 saw the promotion to senior roles of internal figures with extensive knowledge of the company's business. Elica's management now includes many figures with extensive corporate seniority and diversified experience at the Group's companies. Elica's belief in the value of internal mobility has been a factor in enabling the acquisition of diversified expertise in the Company's business through staff rotation among subsidiaries and the Group's international facilities.

2022 also saw major changes for Elica in terms of reward systems and tools, which were revised in the interests of process simplification and flexibility of use. They were redesigned to:

- focus more on immediate and quarter-oriented efforts;
- increase the accountability of people managers by giving them the option to distribute salary increases across all four quarters;
- develop the role of HR as a business coach and guarantor of fairness and transparency

Specifically, there was a review of timeframes relating to the Salary Review process, which is used to determine fixed pay increases. The salary review process is now distributed throughout the year, although the criteria that inform salary reviews still include individual salary rankings and annual performance. The salary review budget is defined once a quarter based on Group results and opportunities.

In 2022, the Elica Group launched **a remote working policy that sought to create a system of increasingly flexible and sustainable organisational models**. In compliance with workplace health and safety and cyber security regulations, workers' personal and IT security is guaranteed through secure remote access to the company network.

The company has invested heavily in dedicated training to enable its employees to work remotely and its people managers to effectively manage remote teams.

TOTAL NUMBER OF EMPLOYEES BY AGE GROUP, GENDER, AND ROLE

Employees	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Employees engaged in production activities	No.	904	843	1,747	1,171	940	2,111
below 30 years of age		202	154	356	309	197	506
between 30 and 50		435	436	871	600	478	1,078
over 50 years of age		267	253	520	262	265	527
Employees engaged in support activities		504	327	831	805	362	1,167
below 30 years of age		74	86	160	179	107	286
between 30 and 50		278	189	467	459	210	669
over 50 years of age		152	52	204	167	45	212
Total		1,408	1,170	2,578	1,976	1,302	3,278

TOTAL NUMBER OF EMPLOYEES BY AGE GROUP, GENDER, AND ROLE

Employees	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Executives	No.	27	4	31	27	4	31
below 30 years of age		-	-	-	-	-	-
between 30 and 50		15	3	18	14	3	17
over 50 years of age		12	1	13	13	1	14
Managers		53	21	74	124	27	151
below 30 years of age		-	-	-	6	1	7
between 30 and 50		28	16	44	84	20	104
over 50 years of age		25	5	30	34	6	40
White-collar		408	290	698	690	336	1,026
below 30 years of age		74	84	158	200	111	311
between 30 and 50		228	167	395	379	192	571
over 50 years of age		106	39	145	111	33	144
Blue-collar		920	855	1,775	1,135	935	2,070
below 30 years of age		202	156	358	282	192	474
between 30 and 50		442	440	882	583	473	1,056
over 50 years of age		276	259	535	270	270	540
Total		1,408	1,170	2,578	1,976	1,302	3,278



PERCENTAGE OF EMPLOYEES BY AGE GROUP, GENDER, AND ROLE

Employees	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Executives		1.9%	0.3%	1.2%	1.4%	0.3%	0.9%
<i>below 30 years of age</i>		0%	0%	0%	0%	0%	0%
<i>between 30 and 50</i>		55.6%	75.0%	58.1%	51.9%	75.0%	54.8%
<i>over 50 years of age</i>		44.4%	25.0%	41.9%	48.1%	25.0%	45.2%
Managers		3.8%	1.8%	2.9%	6.3%	2.1%	4.6%
<i>below 30 years of age</i>		0%	0%	0%	4.8%	3.7%	4.6%
<i>between 30 and 50</i>		52.8%	76.2%	59.5%	67.7%	74.1%	68.9%
<i>over 50 years of age</i>		47.2%	23.8%	40.5%	27.4%	22.2%	26.5%
White-collar	%	29.0%	24.8%	27.1%	34.9%	25.8%	31.3%
<i>below 30 years of age</i>		18.1%	29.0%	22.6%	29.0%	33.0%	30.3%
<i>between 30 and 50</i>		55.9%	57.6%	56.6%	54.9%	57.1%	55.7%
<i>over 50 years of age</i>		26.0%	13.4%	20.8%	16.1%	9.8%	14.0%
Blue-collar		65.3%	73.1%	68.9%	57.4%	71.8%	63.1%
<i>below 30 years of age</i>		22.0%	18.2%	20.2%	24.8%	20.5%	22.9%
<i>between 30 and 50</i>		48.0%	51.5%	49.7%	51.4%	50.6%	51.0%
<i>over 50 years of age</i>		30.0%	30.3%	30.1%	23.8%	28.9%	26.1%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%





TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY CONTRACT TYPE, GENDER, AND GEOGRAPHIC AREA

Employees	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Fixed-term	No.	250	254	504	225	184	409
Italy		13	12	25	5	2	7
France		-	1	1	-	2	2
Germany		-	-	-	-	-	-
Poland		161	194	355	116	128	244
Russia		-	-	-	-	-	-
The Americas		42	29	71	22	13	35
India		-	-	-	39	11	50
China		34	18	52	43	28	71
Japan		-	-	-	-	-	-
Permanent		1,158	916	2,074	1,751	1,118	2,869
Italy		615	401	1,016	736	485	1,221
France		11	6	17	8	4	12
Germany		6	3	9	9	5	14
Poland		156	287	443	154	291	445
Russia		11	14	25	11	16	27
The Americas		326	182	508	432	251	683
India		-	-	-	370	48	418
China		33	23	56	31	18	49
Japan		-	-	-	-	-	-
Total		1,408	1,170	2,578	1,976	1,302	3,278

NUMBER OF NEW HIRES BY AGE GROUP, GENDER, AND REGION

Employees	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Italy	No.	159	106	265	44	38	82
<i>below 30 years of age</i>		12	15	27	18	11	29
<i>between 30 and 50</i>		66	45	111	21	21	42
<i>over 50 years of age</i>		81	46	127	5	6	11
France		4	2	6	1	1	2
<i>below 30 years of age</i>		1	-	1	-	-	-
<i>between 30 and 50</i>		2	2	4	1	-	1
<i>over 50 years of age</i>		1	-	1	-	1	1
Germany		-	2	2	1	1	2
<i>below 30 years of age</i>		-	1	1	1	-	1
<i>between 30 and 50</i>		-	1	1	-	1	1
<i>over 50 years of age</i>		-	-	-	-	-	-
Poland		155	152	307	113	140	253
<i>below 30 years of age</i>		61	57	118	57	58	115
<i>between 30 and 50</i>		76	80	156	49	66	115
<i>over 50 years of age</i>		18	15	33	7	16	23
Russia		-	1	1	1	4	5
<i>below 30 years of age</i>		-	1	1	-	3	3
<i>between 30 and 50</i>		-	-	-	1	1	2
<i>over 50 years of age</i>		-	-	-	-	-	-
The Americas		141	88	229	305	147	452
<i>below 30 years of age</i>		84	63	147	222	113	335
<i>between 30 and 50</i>		55	25	80	82	32	114
<i>over 50 years of age</i>		2	-	2	1	2	3
India		-	-	-	55	18	73
<i>below 30 years of age</i>		-	-	-	35	11	46
<i>between 30 and 50</i>		-	-	-	20	7	27
<i>over 50 years of age</i>		-	-	-	-	-	-
China		14	8	22	18	12	30
<i>below 30 years of age</i>		2	2	4	4	-	4
<i>between 30 and 50</i>		10	5	15	12	10	22
<i>over 50 years of age</i>		2	1	3	2	2	4
Japan		-	-	-	-	-	-
<i>below 30 years of age</i>		-	-	-	-	-	-
<i>between 30 and 50</i>		-	-	-	-	-	-
<i>over 50 years of age</i>		-	-	-	-	-	-
Total		473	359	832	538	361	899
<i>below 30 years of age</i>		160	139	299	337	196	533
<i>between 30 and 50</i>		209	158	367	186	138	324
<i>over 50 years of age</i>		104	62	166	15	27	42



NUMBER OF EMPLOYEES WHO LEFT THE GROUP, BY AGE GROUP, GENDER, AND REGION

Employees	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Italy	No.	269	177	446	43	21	64
below 30 years of age		10	5	15	6	3	9
between 30 and 50		98	68	166	19	11	30
over 50 years of age		161	104	265	18	7	25
France		1	1	2	1	2	3
below 30 years of age		-	-	-	-	-	-
between 30 and 50		-	1	1	1	2	3
over 50 years of age		1	-	1	-	-	-
Germany		3	4	7	1	2	3
below 30 years of age		1	1	2	-	-	-
between 30 and 50		-	3	3	-	2	2
over 50 years of age		2	-	2	1	-	1
Poland		113	89	202	86	100	186
below 30 years of age		46	32	78	44	38	82
between 30 and 50		59	45	104	33	43	76
over 50 years of age		8	12	20	9	19	28
Russia		-	3	3	1	5	6
below 30 years of age		-	1	1	1	1	2
between 30 and 50		-	2	2	-	4	4
over 50 years of age		-	-	-	-	-	-
The Americas		226	141	367	345	162	507
below 30 years of age		132	101	233	225	112	337
between 30 and 50		90	37	127	113	47	160
over 50 years of age		4	3	7	7	3	10
India		-	-	-	39	17	56
below 30 years of age		-	-	-	20	11	31
between 30 and 50		-	-	-	18	6	24
over 50 years of age		-	-	-	1	-	1
China		21	13	34	27	11	38
below 30 years of age		3	2	5	4	-	4
between 30 and 50		12	9	21	20	9	29
over 50 years of age		6	2	8	3	2	5
Japan		-	-	-	-	-	-
below 30 years of age		-	-	-	-	-	-
between 30 and 50		-	-	-	-	-	-
over 50 years of age		-	-	-	-	-	-
Total		633	428	1,061	543	320	863
below 30 years of age		192	142	334	300	165	465
between 30 and 50		259	165	424	204	124	328
over 50 years of age		182	121	303	39	31	70





INCOMING TURNOVER RATE

Incoming turnover rate	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Italy	%	1.85%	2.22%	2.02%	2.23%	2.92%	2.50%
France		0.28%	0.17%	0.23%	0.05%	0.08%	0.06%
Germany		0.00%	0.17%	0.08%	0.05%	0.08%	0.06%
Poland		11.01%	12.99%	11.91%	5.72%	10.75%	7.72%
Russia		0.00%	0.09%	0.04%	0.05%	0.31%	0.15%
The Americas		10.01%	7.52%	8.88%	15.44%	11.29%	13.79%
India		0.00%	0.00%	0.00%	2.78%	1.38%	2.23%
China		0.99%	0.68%	0.85%	0.91%	0.92%	0.92%
Japan		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		24.15%	23.85%	24.01%	27.23%	27.73%	27.43%

OUTGOING TURNOVER RATE

Outgoing turnover rate	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Italy	%	9.80%	8.29%	9.12%	2.18%	1.61%	1.95%
France		0.07%	0.09%	0.08%	0.05%	0.15%	0.09%
Germany		0.21%	0.34%	0.27%	0.05%	0.15%	0.09%
Poland		8.03%	7.61%	7.84%	4.35%	7.68%	5.67%
Russia		0.00%	0.26%	0.12%	0.05%	0.38%	0.18%
The Americas		16.05%	12.05%	14.24%	17.46%	12.44%	15.47%
India		0.00%	0.00%	0.00%	1.97%	1.31%	1.71%
China		1.49%	1.11%	1.32%	1.37%	0.84%	1.16%
Japan		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		35.65%	29.74%	32.97%	27.48%	24.58%	26.33%

EQUAL OPPORTUNITY AND ANTI-DISCRIMINATION

The Group's Ethics Code - with which all subsidiaries must comply - sets out Elica's commitment to human rights in its business activities, specifically relating to fundamental human rights issues such as the non-exploitation of minors, the non-use of forced labour, harassment in the workplace etc.

All company employees, as well as any other party carrying out business in its name or on its behalf, regardless of the scope of their work, are bound by this Ethics Code for these and for other issues.

Furthermore, certain contractual agreements with customers envisage the Elica Group's adherence to principles contained in their Codes of Conduct and compatible with its own Ethics Code. Consistent with these codes and internal policies, Elica had no instances of discrimination throughout the whole of 2022. Human Resources Management at Elica has always been compliant with employee diversity and equal opportunity guarantees, with a zero-tolerance policy on discrimination.

Concrete testament to this commitment are the accolades and accreditations both the parent company

and the individual subsidiary companies have achieved over the years (e.g. **"Top Employers" Certification**). The Organisation and Management Model (231 Model) envisages various methods for employees to report any episodes of discrimination.

Confirmation of Elica's commitment to non-discrimination is its personnel selection process that objectively assesses candidate skills without regard to strictly personal characteristics. An approach which targets 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.

Zero instances of
discrimination in 2022



TRAINING

The Group's companies draft their own bespoke training plans for managerial and operations personnel based on their individual requirements and development goals, prioritising their business goals.



Elica increased its investments in both remote and in-person training in 2022. Despite this, 3,000 fewer hours of training were provided compared to last year. This is due solely to a restructuring project in the industrial area. In Italy, the focus of training topics was mainly on managerial and technical areas, in line with HR strategy. As part of the Elica Aspirations Lab programme launched in 2021, the Group officially opened Casa Elica in 2022. This multifunctional space provides a setting for all “Education & People Development” activities dedicated to the personal and professional growth of Elica employees.

In 2022, a new pathway for young trainees was also defined. The initiative focuses on future managers. The innovative format is called “**Breakfast with**” and takes the form of informal weekly meetings. During these breakfast events, trainees have the opportunity to meet managers and Elica representatives from different departments, allowing them to get to know the Company and its people in an unconventional way.

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. The Group places particular emphasis on managerial and multidisciplinary training, with the objective of training multifaceted personnel capable of moving into different roles, responding rapidly to the changes affecting the industry.

All investments in managerial training are designed to develop skills for the optimal coverage of roles and succession planning. Elica provides on-the-job training for its on-site employees, allowing them to transition into different roles, thus making the organisation more flexible.

At Elica, the objective is to develop a peaceful and encouraging environment, in which employees feel empowered to learn and take responsibility.

Casa Elica

Opened in 2022 for all “Education & People development” activities

TRAINING HOURS BY EMPLOYEE CATEGORY AND GENDER

Total number of training hours	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Executives	Hours	171	4	175	365	65	430
Managers		775	167	943	1,653	303	1,956
White-collar		10,899	5,831	16,730	14,482	8,525	23,006
Blue-collar		20,165	13,550	33,714	17,781	11,762	29,543
Total		32,009	19,552	51,561	34,281	20,654	54,935

Average training hours by gender and personnel category	Unit	2022			2021		
		Male	Female	Total	Male	Female	Total
Average training hours provided to executives	Hours/ no.	6.3	1.0	5.6	13.5	16.1	13.9
Average training hours provided to managers		14.6	8.0	12.7	13.3	11.2	13.0
Average training hours provided to white-collar workers		26.7	20.1	24.0	21.0	25.4	22.4
Average training hours provided to blue-collar workers		21.9	15.8	19.0	15.7	12.6	14.3
Total		22.7	16.7	20.0	17.3	15.9	16.8

20 hours
of training
per capita
(+19% vs.2021)

HEALTH AND SAFETY

The Elica Group, in accordance with its Sustainability, Quality, Environment and Safety Policy and its Ethics Code, works on an ongoing basis to guarantee a fair, safe and non-discriminatory workplace for its employees, collaborators and the people who work at its facilities and offices.

In this regard, it acts within the local and international regulatory framework for each of the Group’s sites, based on the Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO).

The Group has adopted an internal procedure to safeguard its employees’ health and safety, specifically by overseeing the health monitoring protocol at its sites. This protocol aligns with Legislative Decree No. 81/2008 and includes a designated company doctor at each site, a health monitoring plan, and regular medical check-ups to assess employees’ job suitability. At other sites (e.g. Mexico and Poland), onboarding and routine health checks are provided in accordance with local regulations.

THE PATH TO ISO 45001:2018 CERTIFICATION

In order to ensure health and safety in the workplace, the Group adopts an ISO 45001-2018 certified management system. Maintaining ISO 45001-2018 certification was one of the Elica Group’s main achievements in 2022 and represents a fundamental step in providing a methodology to manage risks related to worker health and safety. The health and safety of staff are priority elements for the Group in identifying risks and making business decisions. ISO 45001 certification has therefore been gradually extended to the Group’s various facilities. At December 31, 2022, the sites with a Certified Management System include: Fabriano, Mergo, Castelfidardo (EMC Fime S.r.l.), Shenghzou (China), and Queretaro (Mexico). In 2023, certification activities will begin at our Jelcz Laskovice site (Poland) (at the end of 2023, beginning of 2024). Below is a summary table of sites in possession of ISO Quality, Environment, and Safety certifications.

% OF SITES WITH CERTIFIED QUALITY, ENVIRONMENT AND SAFETY MANAGEMENT SYSTEM*

	Unit	2022	2021
Management System ISO 9001:2015 Certified	%	86%	100%
Management System ISO 14001:2015 Certified		86%	100%
Management System ISO 45001:2018 Certified		71%	67%

NUMBER AND % OF WORKERS WHO ARE OPERATING IN SITES WITH CERTIFIED QUALITY, ENVIRONMENT AND SAFETY MANAGEMENT SYSTEM

	2022		2021	
	N°	%	N°	%
Employees				
Management System ISO 9001:2015 Certified	2,417	96%	3,113	97%
Management System ISO 14001:2015 Certified	2,417	96%	3,113	97%
Management System ISO 45001:2018 Certified	1,619	64%	1,243	39%
Non employees workers				
Management System ISO 9001:2015 Certified	121	95%	502	100%
Management System ISO 14001:2015 Certified	121	95%	502	100%
Management System ISO 45001:2018 Certified	47	37%	243	48%

* = the reporting scope to calculate the percentage of sites and workers covered by certified management systems, includes all operative sites controlled 100% by Elica S.p.A on 31st december of every reported year.

The policies adopted by Elica to manage employee health and safety can be summarised in the cardinal principle that states: *“Health and safety in the workplace is everybody’s responsibility, manifest not only in the safe and proper conduct in one’s own work, but also by constantly creating the ideal conditions for this to happen.”*

This principle is expressly referred to in the document **“OUR POLICY: SUSTAINABILITY, QUALITY, THE ENVIRONMENT, AND SAFETY”** updated in June 2021.

Ensuring a working environment that complies with the strictest health and safety requirements for every one of Elica’s staff is one of the Group’s most fundamental responsibilities. To achieve this, Elica carries out constant checks and periodic reviews to ensure that its employees’ health and safety are effectively safeguarded, through the creation of healthy and welcoming working conditions. The main tool that is systematically adopted in this area is known as the **Heinrich Pyramid**, which classifies all events involving: accidents, use of first aid, near-misses, unsafe conditions, and unsafe behaviour. These events are systematically recorded through reports made by all staff involved and evaluated and analysed to identify their root causes. These, when processed with appropriate corrective and/or preventive measures, allow the local Health & Safety teams to constantly improve the Health and Safety conditions at the company site.

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.



Of particular importance is the presence at the corporate level of an EHS department, which provides a governance structure to overview and centrally coordinate health and safety aspects. This structure makes it possible to constantly monitor KPIs (Frequency Index, Severity Index and Number of Injuries) and KAI (Second Level Reports), which are discussed at monthly EHS staff meetings to evaluate the progress of the improvement projects put in place.

To minimise risk factors and therefore the likelihood of injuries and work-related ill health, a range of preventative programmes were introduced to make improvements in the workplace, through the active and systematic involvement of all employees. In order to guarantee the highest standards of health and safety for its personnel, Elica has adopted a structured approach towards this objective, especially in the workplace, also in consideration of the challenges and specific issues deriving from the Company's geographical diversification. In compliance with local legislative requirements, in assessing risks Elica takes into consideration all the company processes introduced to its production plant, as well as the personnel and operators of contractors who have access to the various sites and facilities.

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

Evaluations are revised when changes are made to production processes or work organisation which are significant for worker health and safety, corresponding to the degree of change in technology, prevention or protection, or following significant injuries or work-related ill health or when the results of health monitoring suggest such re-evaluations are necessary. Risk assessment for Italian sites is carried out in accordance with Legislative Decree No. 81/2008, which requires a Risk Assessment Document (DVR) to be prepared.

For sites abroad, the Group takes measures that are similar to those in place out at its Italian locations. Risk assessments are subject to analysis in conjunction with the annual meetings that are held at each site, during which the benefits of implementing current measures are assessed and areas of potential improvement are planned. The significant risks inherent in production processes are mainly associated with manual processes in mechanical work and assembly, or concerning the operation or use of machine tools and transport equipment.

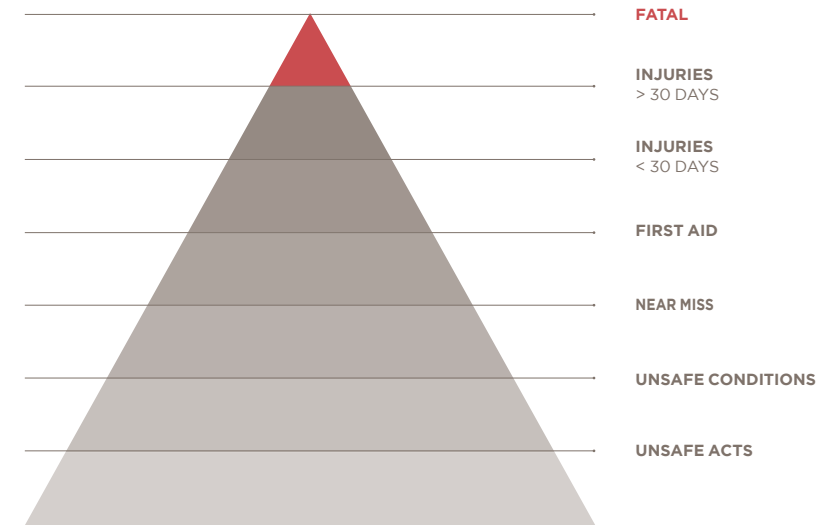
In order to limit significant risks, adequate technical, organisational and procedural measures are implemented, and an ongoing focus is placed on research and the proper provision, to all personnel involved, of the most effective personal protective equipment.



THE HEINRICH PYRAMID - SAFETY

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

- ACCIDENTS
- FIRST AID TREATMENT
- NEAR MISS INJURIES
- UNSAFE CONDITIONS
- UNSAFE BEHAVIOUR



Events recorded on the Pyramid are collected by filling out special forms by all personnel appropriately involved, which during 2022 produced **8,397 safety reports**. These become an active part of continuous improvement as they are analysed to identify the root cause and to develop appropriate corrective and/or preventive actions that local Health & Safety teams will then implement at sites.

8,397

safety reports produced thanks
to the Pyramid



TRAINING, A CULTURE OF SAFETY, AND PROMOTING WORKERS' HEALTH

Elica is committed to ensuring all company employees tasked with managing occupational health and safety undergo professional development. The Group also undertakes to update the contents of its training materials, in line with risk assessments and training needs. In most cases, Elica makes use of external trainers (chosen once their qualifications, skills, and experience have been vetted). It also organises specific sessions delivered by qualified internal trainers.

Throughout 2022, Elica was committed to ongoing employee training through practical and theory-based courses, both in the classroom and online, and through specific workshops. Training activities focused on keeping employees abreast of health and safety topics and promoting their observance of safe conduct, including through widespread training tools, such as the weekly publication of “EHS Lessons” (training and awareness-raising tips sent to all employees involved in operational activities).

COVID-19

The health emergency caused by the spread of the COVID-19 pandemic has led to the introduction of organisational, procedural and technical measures to prevent contagion in the workplace with the introduction of specific company protocols. Last but not least, the indications contained in the “Shared Protocol for Regulating Measures to Combat and Contain the Spread of COVID-19 Virus in the Workplace” were signed by the Government along with management and labour organisations on July 5, 2022.

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

EMPLOYEE WORK-RELATED INJURIES

Injuries	Entity	Unit	2022			2021		
			Male	Female	Total	Male	Female	Total
Number of deaths	Elica S.p.A.	Iso 45001	-	-	-	-	-	-
	Airforce S.p.A.		-	-	-	-	-	-
	Elica Group Polska Sp.z.o.o		-	-	-	-	-	-
	Elicamex S.a.d. C.V.	Iso 45001	-	-	-	-	-	-
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	-	-	-	-	-	-
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			-	-	-	-	-	-
Number of work-related injuries with serious consequences**	Elica S.p.A.	Iso 45001	-	-	-	-	-	-
	Airforce S.p.A.		-	-	-	-	-	-
	Elica Group Polska Sp.z.o.o		-	-	-	-	-	-
	Elicamex S.a.d. C.V.	Iso 45001	1	-	1	-	-	-
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	-	-	-	-	-	-
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			1	-	1	-	-	-
Number of recordable work-related injuries	Elica S.p.A.	Iso 45001	3	1	4	3	1	4
	Airforce S.p.A.		-	1	1	1	-	1
	Elica Group Polska Sp.z.o.o		1	-	1	-	1	1
	Elicamex S.a.d. C.V.	Iso 45001	1	-	1	-	-	-
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	-	-	-	1	-	1
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			5	2	7	5	2	7

Significant events that occurred in 2022 were specific injuries involving bruises/sprains and a cut (in one case). Index trends show a decrease in the number of injuries (-1 on 2021), while the FI (Frequency Index) reveals a slight deterioration (2.82 in 2022, up on 2.39 in 2021) caused by a 20% reduction in the number of hours worked.

** work-related injury with serious consequences = A work-related injury that results in death or an injury from which the worker cannot recover, does not recover, or is not realistically expected to recover fully by returning to preaccident health within 6 months.
The tables present the facilities with a certified Management System in accordance with the UNI EN ISO 45001:2018 standard

EMPLOYEE WORK-RELATED INJURIES

Injuries	Entity	Unit	2022			2021		
			Male	Female	Total	Male	Female	Total
On-commute injuries	Elica S.p.A.	Iso 45001	-	-	-	-	-	-
	Airforce S.p.A.		-	-	-	-	-	-
	Elica Group Polska Sp.z.o.o		-	-	-	-	-	-
	Elicamex S.a.d. C.V.	Iso 45001	3	3	6	4	4	8
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	1	-	1	-	-	-
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			4	3	7	4	4	8
Total number of injuries	Elica S.p.A.	Iso 45001	3	1	4	3	1	4
	Airforce S.p.A.		-	1	1	1	-	1
	Elica Group Polska Sp.z.o.o		1	-	1	-	1	1
	Elicamex S.a.d. C.V.	Iso 45001	4	3	7	4	4	8
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	1	-	1	1	-	1
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			9	5	14	9	6	15
Hours worked	Elica S.p.A.	Iso 45001	702,172	404,429	1,106,601	1,040,995	596,512	1,637,507
	Airforce S.p.A.		97,853	64,981	162,834	105,364	76,161	181,525
	Elica Group Polska Sp.z.o.o		650,585	975,877	1,626,462	707,986	1,018,808	1,726,794
	Elicamex S.a.d. C.V.	Iso 45001	949,185	387,695	1,336,880	1,018,851	603,523	1,622,374
	Elica PB India Private Ltd.	Iso 45001	-	-	-	685,398	89,341	774,738
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	159,912	89,950	249,862	153,039	89,880	242,919
	EMC FIME Srl	Iso 45001	287,636	192,438	480,074	35,549	35,284	70,833
Total			2,847,343	2,115,370	4,962,713	3,747,182	2,509,509	6,256,690



EMPLOYEE WORK-RELATED INJURY RATE

Injuries	Entity	Unit	2022			2021		
			Male	Female	Total	Male	Female	Total
Death rate	Elica S.p.A.	Iso 45001	-	-	-	-	-	-
	Airforce S.p.A.		-	-	-	-	-	-
	Elica Group Polska Sp.z.o.o		-	-	-	-	-	-
	Elicamex S.a.d. C.V.	Iso 45001	-	-	-	-	-	-
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	-	-	-	-	-	-
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			-	-	-	-	-	-
Rate of work-related injuries with serious consequences (excluding deaths)	Elica S.p.A.	Iso 45001	-	-	-	-	-	-
	Airforce S.p.A.		-	-	-	-	-	-
	Elica Group Polska Sp.z.o.o		-	-	-	-	-	-
	Elicamex S.a.d. C.V.	Iso 45001	1.054	-	0.748	-	-	-
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	-	-	-	-	-	-
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			0.351	-	0.202	-	-	-
Rate of recordable work-related injury	Elica S.p.A.	Iso 45001	4.272	2.473	3.615	2.882	1.676	2.443
	Airforce S.p.A.		-	15.389	6.141	9.491	-	5.509
	Elica Group Polska Sp.z.o.o		1.537	-	0.615	-	0.982	0.579
	Elicamex S.a.d. C.V.	Iso 45001	1.054	-	0.748	-	-	-
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	-	-	-	6.534	-	4.117
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			1.756	0.945	1.411	1.334	0.797	1.119
Total number of injuries	Elica S.p.A.	Iso 45001	4.272	2.473	3.615	2.882	1.676	2.443
	Airforce S.p.A.		-	15.389	6.141	9.491	-	5.509
	Elica Group Polska Sp.z.o.o		1.537	-	0.615	-	0.982	0.579
	Elicamex S.a.d. C.V.	Iso 45001	4.214	7.738	5.236	3.926	6.628	4.931
	Elica PB India Private Ltd.	Iso 45001	-	-	-	-	-	-
	Zheliang Elica Putian Electric Co. Ltd.	Iso 45001	6.253	-	4.002	6.534	-	4.117
	EMC FIME Srl	Iso 45001	-	-	-	-	-	-
Total			3.161	2.364	2.821	2.402	2.391	2.397

NEAR MISSES RECORDED

	Unit	2022	2021
Italy	No	76	89
Poland		35	21
Mexico		69	39
China		-	-
India		-	-
Total		180	149

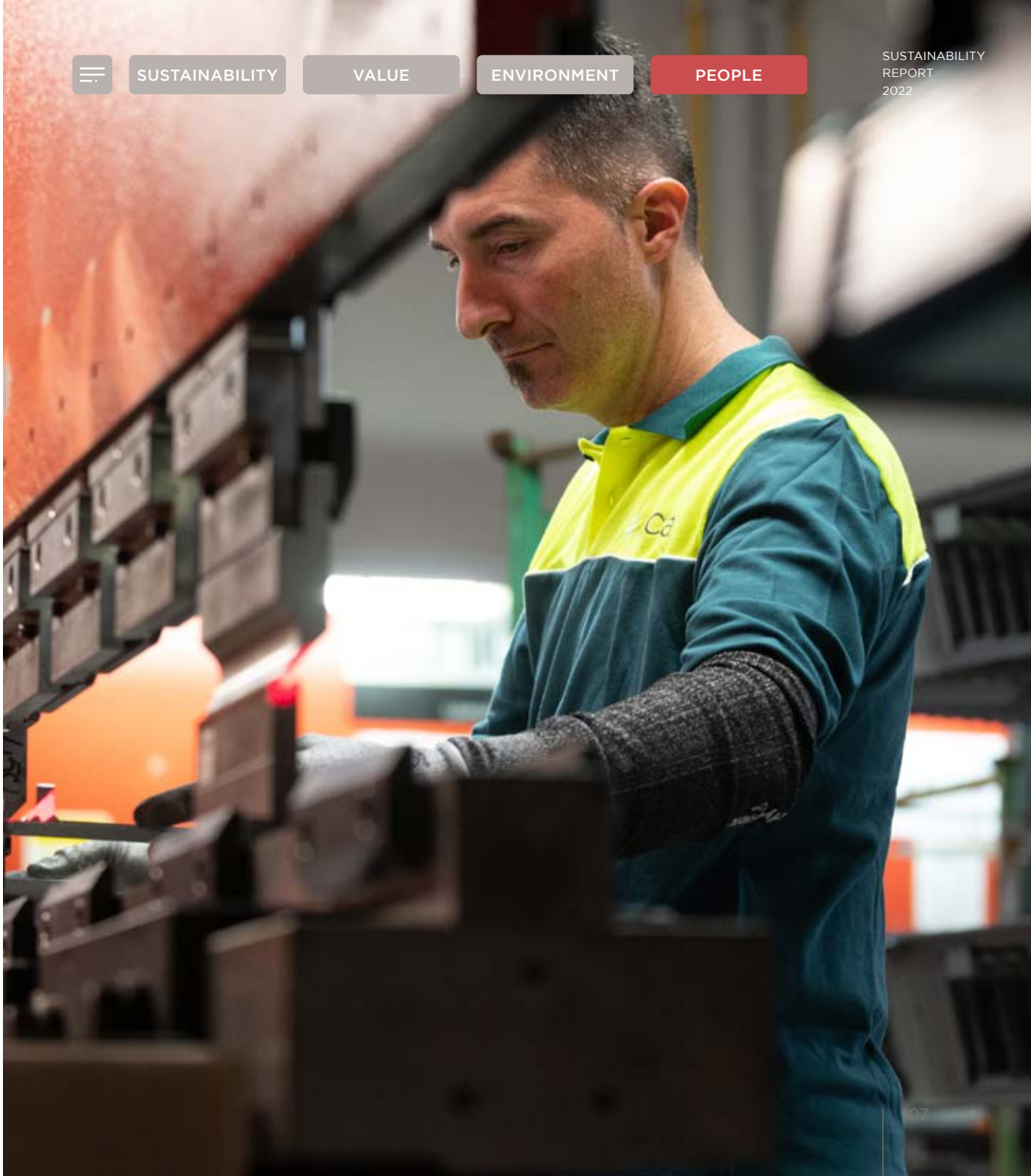
INDUSTRIAL RELATIONS

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

In recent years, through dialogue and shared goals, the Group has effectively tackled unforeseen critical situations that have impacted all of its sites, such as the COVID-19 pandemic. This approach has ensured maximum continuity, strong relationships, and full protection of the workforce. By adopting the same approach, we were able to manage an organisational change that resulted in the successful resolution of a dispute at our Italian sites, which were affected by a production reorganisation in 2022. This move enabled the Group to become even more competitive on the international market. 62% of employees are covered by collective bargaining agreements. Employees not covered by collective bargaining are granted the conditions provided for by locally applicable legislation.

COLLECTIVE BARGAINING AGREEMENTS

	Unit	2022	2021
Number of employees covered by collective bargaining agreements	N°	1,590	1,999
Total number of employees		2,578	3,278
Percentage	%	62%	61%



SUPPORTING OUR CUSTOMERS AND QUALITY

All Group companies with production sites (except Air Force) implement management systems certified to standard ISO 9001:2015²³. As regards finished products (range hoods, cooktops, fragrance diffusers and air quality monitoring systems), our policy is essentially to bring to market products that are fully compliant with all applicable local and international legislation.

Each year the Group certifies all new products brought to market and re-certifies all products that have seen changes in materials and/or components to ensure

that they comply with health and safety standards and with all Regulations, Directives and Rules applicable in the countries of sale.

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 10 years there has been extensive collaboration with UL INTERNATIONAL²⁴, an organisation that certifies products for safety and electromagnetic compatibility and a global leader in

appliance certification for the EU, US and Canadian markets.

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



PERCENTAGE OF CATEGORIES OF PRODUCTS AND SERVICES FOR WHICH HEALTH AND SAFETY IMPACTS ON CONSUMERS ARE ASSESSED (E.G. PRODUCT TESTING)

Products/Services	Unit	2022	2021
Products analysed for risks relating to consumer health and safety		3,884	2,640
Products in the portfolio	No.	9,019	8,468
Products previously analysed for risks relating to health and safety		5,135	5,828
Percent of products analysed for health and safety (current year)	%	43%	31%
Percent of products analysed for health and safety (total)	%	100%	100%

23. International standard indicating requirement for an effective quality management system.
24. UNI EN ISO/IEC 17025 Certificate by Accredia (www.accredia.it), certified CTFst3 and CTDP compliant by UL International and certified WMT compliant by CQC.

IT HAS BEEN CERTIFIED CTF STAGE 3²⁵ BY UL FOR THE ISSUANCE OF CB²⁶ AND DEMKO²⁷ CERTIFICATES, CTD²⁸ BY UL FOR THE ISSUANCE OF UL AND CULUS²⁹ CERTIFICATES, WMT³⁰ BY CQC³¹ FOR THE ISSUANCE OF THE CCC MARK AND CHINESE ENERGY LABEL.

The Laboratory is also certified by Accredia³² and is therefore part of the mutually recognised internationally ILAC-MRA test laboratories for Safety, Performance and Electromagnetic and Acoustics Compatibility of finished products and Components certification (issued by the Italian Government and recognised worldwide).

This policy also covers the finished products of the Chinese subsidiary 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.

TOTAL NUMBER OF CASES OF NON-CONFORMITY WITH REGULATIONS AND/OR VOLUNTARY CODES REGARDING THE IMPACT ON HEALTH AND SAFETY OF PRODUCTS/SERVICES

Non-Conformity	Unit	2022	2021
Episodes of non-compliance with regulations entailing a penalty	No.	13	9
Episodes of non-compliance with voluntary codes		-	-
Total		13	9

THE ELICA PROPULSION LABORATORY'S MISSION



Verifying the **safety, reliability, energy efficiency**, performance and electromagnetic compatibility of finished products and components



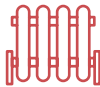
Enabling **access to global markets**



Supporting **research and innovation**

Based on the standard procedures used to design its platforms and study product manufacturing feasibility, the Group also conducts analyses of residual product risks with the aid of EPL and external certification bodies (e.g. UL, VDE etc).

On the basis of the findings, the potential residual risks are:



ELECTRICAL MECHANICAL THERMAL CHEMICAL

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

As a result of the aforementioned monitoring and certification system, the number of episodes of non-conformity is not particularly significant. If loss claims filed with insurers are taken as the basis for evaluation, in 2022 there were 13 cases.

25. 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 26). 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).
26. 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.
27. DEMKO is the certificate and marking issued by UL as evidence of the safety of products in conformity with European standards (EN).
28. 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).
29. The cULus certificate is issued by UL as evidence of the Safety of products in conformity with US standards (established by UL) extended to Canadian standards, for the markets of the USA and Canada.

30. WMT is the Witness Manufacturer Testing Programme of CQC (see note 31), 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.
31. CQC is the certification body, or National Competent Body, for China. For further information, please see www.cqc.com.cn/www/english.
32. ILAC-MRA Accredia accreditation, the Italian Accreditation Body is the only national organisation authorised by the State to carry out accreditation activities. Accredia is the only National accreditation body authorised by the Italian government to certify that certification and inspection bodies, as well as testing, calibration and food safety laboratories, have the necessary expertise to adequately evaluate the conformity of products, processes and systems to reference standards. International agreements attest to the validity and credibility of accreditation as an effective tool in the qualification of Conformity Assessment Operators for European and global marketplaces, ensuring recognition of the equivalence of accreditation activities carried out under all signatory members within the accreditation system administered by IAF-ILAC internationally and by EA at the regional (European) level.

WE PROTECT CUSTOMERS BY PROVIDING ACCURATE INFORMATION



COOKING BUSINESS UNIT

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

The origins of product components are not disclosed to consumers but is available from the company as it is included in specific certifications (appendix 1 to the CB test report on Safety certification). Product managers determine the documents and labels that are to accompany products. The company's Windchill PDM Link system is used to begin the process of designing the documentation and labelling.

In the cases of Elica S.p.A., Elica Group Polska Sp.z o.o,

Elica GmbH, Elica Trading LLC and Elica France S.A.S., all documentation (e.g., installation, use and maintenance manuals) and labels affixed to products and packaging are prepared by the technical services and EPL (e.g.: Energy Label).

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

In the case of Elicamex S.a.d. C.V, the accredited local internal laboratory validates and provides the documentation for the customer, in concert with local certification, with support and coordination from EPL Italy. In the case of Zhejiang Elica Putian Electric Co. Ltd, products intended for the Chinese market and for the markets of South-East Asia are CCC certified by external laboratories.

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

MOTORS BUSINESS UNIT

EMC FIME S.r.l. operates according to a business-to-business model, meaning that the products it supplies are assembled by its customers into their products (such as boilers, water heaters, ovens, refrigerators and kitchen hoods) to then in turn be brought to market for end consumers.

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

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

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

In 2022 Elica did not receive any sanctions and was not held liable for disputes arising out of information on and labelling of the products and services it provides.



PRODUCT AND SERVICE INFORMATION AND LABELLING REQUIREMENTS

Category	Description	COOKING	MOTORS
Requirements for company disclosure and product labelling and services policies	Origin of components	YES	YES
	Content, and in particular substances that could generate an environmental or social impact	YES	YES
	Safe use of products and services	YES	YES
	Product disposal methods and the related environmental and social impacts	YES	n/a
	Energy Label; Product Sheet and Ecodesign	YES	n/a

Region	Category	2022	2021
Cooking	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures	65.6%	61.6%
Motors	Percentage of significant categories of products and services covered and assessed for compliance with the above procedures	99.5%	99.4%

WE PROTECT CUSTOMER PRIVACY

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



In 2022, mandatory privacy documentation was reviewed and updated, where necessary, for both Elica and its European subsidiaries in compliance with the regulations (privacy notices, DPA as per Article 28 of the GDPR, appointments to authorised processor, etc.).

The Data Processing Record for Elica S.p.A. is constantly monitored and updated. These records were drafted for the European Subsidiaries in 2022 and an Organisational Model was devised for Elica Group Polska, which is currently in the process of being approved. A similar model is being drafted by the company EMC Fime S.r.l.

For the latter company specifically in 2022, because it is the product of corporate transactions involving different companies, the level of compliance with current privacy regulations was verified. As a result, activities and interventions were carried out to regularise, correct and adapt the regulations.

The anti-phishing awareness campaign made steady progress. **A cyber security training campaign was organised** for all Elica S.p.A., Elica Group Polska, Elicamex, and Emc Fime employees. Training sessions were delivered through the KnowBe4 training awareness platform.

At the IT level, **existing security measures were extended and strengthened** through the drafting of new policies and the use of new products that sought to broaden and consolidate IT system security and its ability to protect against potential cyber attacks and breaches. Compliance activities at the subsidiaries are managed by the same privacy consultant appointed by the Parent Elica S.p.A., with the support of local consultants. Again in 2022, Elica S.p.A., Elica France, Elica GmbH and Elica Group Polska have reappointed a Data Privacy Officer (DPO).

The Data Privacy Officer for Elica S.p.A and Elica France is the Company P4I (PartnersInnovation S.r.l.). The DPO for Elica GmbH and Elica Group Polska – in compliance with German and Polish law – is the lawyer Andrea Reghelin (a natural person who is part of the P4I team), appointed through separate and specific agreements.

The Group did not identify any privacy breaches in 2022. Specifically, no complaints were received for actual or potential personal data violations, where “complaints” exclusively refers to questions, requests or disputes initiated by third parties and does not include issues identified autonomously by the Company.

GRI CONTENT INDEX

Statement of use	Elica publishes this report in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1 - Foundation - 2021 version
Applicable GRI Sector Standard(s)	N/A

GRI standard/other source	Disclosure	Location	Omission			Notes
			Omitted requirement(s)	Reason	Explanation	
General Disclosures						
GRI 2 General Disclosures - 2021 version	2-1 Organizational details	Elica Group profile Elica's Governance System and procedural division				This Non-Financial Report was drafted in accordance with the requirements of Legislative Decree No. 254/2016 and the materiality analysis, which has been updated to meet the new requirements of the GRI 2021 Standard and was approved by the Company's Board of Directors on October 27, 2022. To ensure compliance with reporting procedures and timelines, the data collection process was carried out in accordance with the Group Policy GP-22 Procedure "Drafting the Non-Financial Report". For further information please refer to the company's report revision, which can be consulted on page 128 of this document.
	2-2 Entities included in the organization's sustainability reporting	Methodological Note and Reporting Scope				
	2-3 Reporting period, frequency and contact point	Methodological Note and Reporting Scope				
	2-4 Restatements of information	Reporting changes				
	2-5 External assurance	Methodological Note and Reporting Scope				
	2-6 Activities, value chain and other business relationships	Elica Group profile The supply chain Materials used by weight or volume				

GRI standard/other source	Disclosure	Location	Omission			Notes
			Omitted requirement(s)	Reason	Explanation	
GRI 2 General Disclosures - 2021 version	2-7 Employees	Supporting our employees				
	2-8 Workers who are not employees	Supporting our employees				
	2-9 Governance structure and composition	Elica's Governance System and procedural division Composition of the corporate boards and performance assessment				For further information on the experiences and competences of the Directors and members of the committees, please refer to the Corporate Governance and Ownership Structure Report.
	2-10 Nomination and selection of the highest governance body	Elica's Governance System and procedural division				
	2-11 Chair of the highest governance body	Elica's Governance System and procedural division				
	2-12 Role of the highest governance body in overseeing the management of impacts	Definition of the Group's Strategies, Objectives and Values: the actions of the Board of Directors				
	2-13 Delegation of responsibility for managing impacts	Message: Elica's sustainability footprint				
	2-14 Role of the highest governance body in sustainability reporting	Methodological Note and Reporting Scope				
	2-15 Conflicts of interest	Conflict of interest control policies				
	2-16 Communication of critical concerns	Effectiveness of the Risk Management Model				
	2-17 Collective knowledge of the highest governance body	Definition of the Group's Strategies, Objectives and Values: the actions of the Board of Directors				
	2-18 Evaluation of the performance of the highest governance body	Definition of the Group's Strategies, Objectives and Values: the actions of the Board of Directors				
	2-19 Remuneration policies	Remuneration policies				
	2-20 Process to determine remuneration	Remuneration policies				
	2-21 Annual total compensation ratio	Remuneration policies				
	2-22 Statement on sustainable development strategy	Message to the Stakeholders				
	2-23 Policy commitments	Shaping Elica's Sustainability				
	2-24 Embedding policy commitments	Shaping Elica's Sustainability				
	2-25 Processes to remediate negative impacts	Who are our stakeholders?				

GRI standard/other source	Disclosure	Location	Omission			Notes
			Omitted requirement(s)	Reason	Explanation	
GRI 2 General Disclosures - 2021 version	2-26 Mechanisms for seeking advice and raising concerns	Who are our stakeholders?				There were no significant cases of non-compliance with laws and regulations in 2022.
	2-27 Compliance with laws and regulations	Content Index				
	2-28 Membership associations	Elica's economic network The industry network of Elica and the Group				
	2-29 Approach to stakeholder engagement	Who are our stakeholders?				
	2-30 Collective bargaining agreements	Industrial relations				
Material topics						
GRI 3 Material topics - 2021	3-1 Process to determine material topics	Shaping Elica's Sustainability Methodological Note				
	3-2 List of material topics	Shaping Elica's Sustainability				
Material topic: Combatting climate change						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Energy consumption and emissions				
GRI 302 Energy	302-1 - Energy consumption within the organization	Energy consumption and emissions				
	302-2 - Energy consumption outside of the organization	Energy consumption and emissions				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Energy consumption and emissions				
GRI 305: Emissions	305-1 - Direct (Scope 1) GHG emissions	Energy consumption and emissions				
	305-2 - Energy indirect (Scope 2) GHG emissions	Energy consumption and emissions				
	305-3 - Other indirect (Scope 3) GHG emissions	Energy consumption and emissions				
Material topic: Waste management						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Use of materials				
GRI 301 Materials	301-1 - Materials used by weight or volume	Use of materials				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Waste management				

GRI standard/other source	Disclosure	Location	Omission			Notes
			Omitted requirement(s)	Reason	Explanation	
GRI 306 Waste	306-1 Waste generation and significant waste-related impacts	Waste management				
	306-2 Management of significant waste-related impacts	Waste management				
	306-3 Waste generated	Waste management				
	306-4 Waste diverted from disposal	Waste management				
	306-5 Waste directed to disposal	Waste management				
Material topic: Protection and development of human capital						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Supporting our employees				
GRI 401 Employment	401-1 - New employee hires and employee turnover	Supporting our employees				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Training				
GRI 404 Training and education	404-1 - Average hours of training per year per employee	Training				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Supporting our employees				
GRI 405 Diversity and equal opportunity	405-1 - Diversity of governance bodies and employees	Supporting our employees				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Equal opportunity and anti-discrimination				
GRI 406 Non-Discrimination	406-1 - Incidents of discrimination and corrective actions taken	Equal opportunity and anti-discrimination				
Material topic: Responsible business management						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Group economic performance				
GRI 201 Economic performance	201-1 - Direct economic value generated and distributed	Group economic performance				

GRI standard/other source	Disclosure	Location	Omission			Notes
			Omitted requirement(s)	Reason	Explanation	
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Combatting corruption				
GRI 205 Anti-corruption	205-1 - Operations assessed for risks related to corruption	Combatting corruption				
	205-2 - Communication and training about anti-corruption policies and procedures	Combatting corruption				
	205-3 - Confirmed incidents of corruption and actions taken	Combatting corruption				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Group fiscal compliance				
GRI 207 Income taxes	207-1 - Approach to tax	Group fiscal compliance				
	207-4 Country-by-country reporting	Group fiscal compliance				
Material topic: Data privacy and security						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability We protect customer privacy				
GRI 418 Customer privacy	418-1 - Denunce comprovate riguardanti le violazioni della privacy dei clienti e perdita di dati dei clienti	We protect customer privacy				
Material topic: Consumer health and safety						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Supporting our customers and quality				
GRI 416 Customer health and safety	416-1 - Assessment of the health and safety impacts of product and service categories	Supporting our customers and quality				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Supporting our customers and quality				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability We protect customers by providing accurate information				
GRI 417 Marketing and labeling	417-1 - Requirements for product and service information and labeling	We protect customers by providing accurate information				
Material topic: Sustainable supply chain management						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Suppliers assessed according to environmental and social criteria				

GRI standard/other source	Disclosure	Location	Omission			Notes
			Omitted requirement(s)	Reason	Explanation	
GRI 308 Supplier environmental assessment	308-1 - New suppliers that were screened using environmental criteria	Suppliers assessed according to environmental and social criteria				
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Suppliers assessed according to environmental and social criteria				
GRI 408 Child labor	408-1 - Operations and suppliers at significant risk for incidents of child labor	Content Index				Elica did not identify any suppliers at risk of child labour in 2022.
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Suppliers assessed according to environmental and social criteria				
GRI 409 Forced or compulsory labor	409-1 - Operations and suppliers at significant risk for incidents of forced or compulsory labor	Content Index				Elica did not identify any suppliers at risk of forced or compulsory labour in 2022.
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Suppliers assessed according to environmental and social criteria				
GRI 414 Supplier social assessment	414-1 - New suppliers that were screened using social criteria	Suppliers assessed according to environmental and social criteria				
Material topic: Health and safety						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica's Sustainability Health and safety				
GRI 403 Salute e sicurezza sul lavoro	403-1 - Occupational Health and Safety Management System	Health and safety				
	403-2 - Hazard identification, risk assessment, and incident investigation	Health and safety				
	403-3 - Occupational health services	Health and safety				
	403-4 - Worker participation, consultation, and communication on occupational health and safety	Health and safety				
	403-5 - Worker training on occupational health and safety	Health and safety				
	403-6 - Promotion of worker health	Health and safety				
	403-8 - Workers covered by an occupational health and safety management system	Health and safety				
	403-9 - Work-related injuries	Health and safety				

GRI standard/other source	Disclosure	Location	Omission			Notes
			Omitted requirement(s)	Reason	Explanation	
Material topic: Product innovation and eco-design						
GRI 3 Material topics - 2021	3-3 Management of material topics	Shaping Elica’s Sustainability, Supporting continuous innovation Eco Product Design				
Custom Theme (NON-GRI)	Product innovation and eco-design	Supporting continuous innovation Eco Product Design				

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

INTRODUCTION TO EU TAXONOMY

The **EU Taxonomy Regulation (EU Regulation 2020/852)** dated June 18, 2020, hereafter also the “Regulation”) provides a unified system for classifying economic activities that can be considered **environmentally sustainable**. The Regulation is part of the European Commission’s overall efforts to achieve the goals of the European Green Deal and make Europe climate neutral by 2050.

Specifically, the Taxonomy provides a classification system for defining which economic activities can be considered environmentally sustainable and therefore contribute substantially to the achievement of one of the following six goals:

1. climate change mitigation
2. climate change adaptation
3. use and protection of water and marine resources
4. transition to a circular economy
5. pollution prevention and control
6. protection and restoration of biodiversity and ecosystems.

An activity can then be considered **eligible**³³ according to the Taxonomy (“Taxonomy-eligible”), i.e. potentially contributing substantially to one of the six environmental objectives, if it is described in the list of activities identified by the Regulation itself.

In order to be able to define whether an eligible activity is **aligned**³⁴ to the Taxonomy (“Taxonomy-aligned”), the following criteria must be jointly met:

- technical screening criteria:
 - make a substantial contribution with reference to the identified economic activity;
 - do no significant harm (“DNSH”), i.e. avoid adverse effects on other environmental goals;
- carry out activities in compliance with minimum safeguards, recognising the importance of human rights and labour standards.

Pursuant to the regulatory requirements set out in the Delegated Regulation relating to Article 8 of EU Regulation No. 2020/852, the Elica Group is required to include in its Non-Financial Report (NFR) information **on how and to what extent its business is associated**

with environmentally sustainable economic activities within the meaning of the EU Taxonomy.

The Regulations require that items of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) associated with activities considered eligible and aligned with the Taxonomy be reported. Following the formal adoption of Article 3 of the Regulation, eligibility and alignment with the Taxonomy will be considered for reporting year 2022 with reference to the first two environmental objectives formally adopted to date (see Delegated Regulation on Climate - Annex I and Annex II): climate change mitigation and adaptation.

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

As it is a recently applied international standard and is constantly being updated, all criteria and assumptions made and included in this section are based on currently available information and requirements, which may be subject to future reassessment.

33. Economic activity eligible for the taxonomy: an economic activity as described in the Delegated Regulations, as per Articles 10 (3), 11 (3), 12 (2), 13 (2), 14 (2) and 15 (2) of EU Regulation 2020/852, regardless of whether that economic activity meets one or all of the technical screening criteria set out in those Delegated Regulations.

34. Taxonomy-aligned economic activity: an economic activity that meets the requirements of Article 3 of Regulation (EU) 2020/852.

ELICA'S CONTRIBUTION TO THE EUROPEAN COMMISSION'S ENVIRONMENTAL GOALS

The scope of analysis of the data included in this report relates only to the climate change mitigation and adaptation objectives, since - as of the date of approval of this document - only a Delegated Regulation (No. 2139/2021) containing the technical screening criteria for the first two environmental objectives had been adopted.

THE ANALYSES CARRIED OUT

ELIGIBILITY

Continuing on from the previous year, the activity descriptions within Annex I and Annex II of the Delegated Regulation on Climate were analysed to determine the eligibility of economic activities, and reference was also made to the "Statistical Classification of Economic Activities in the European Community" (NACE)³⁵.

The Elica Group is the leading global manufacturer of range hoods and extractor hobs and the leading European producer of motors for domestic ventilation. Again in 2022, activities related to the production of range hoods and extractor hobs ("Cooking Business Area") were considered as eligible in terms of the EU Taxonomy ("Taxonomy-eligible"), as they can be traced back to the economic activity description "3.5 Manufacture of energy efficiency equipment for buildings" with reference to the climate change mitigation objective. In addition, part of the activities of the Motors Business Area were also considered eligible, in terms of the production of motors for the products distributed by the Cooking area, which also relate to the economic activity

"3.5 Manufacture of energy efficiency equipment for buildings." In fact, the description of activity 3.5 given in the technical screening criteria refers to the economic activity of manufacturing products and related key components, among which the motors produced by the Motors business area were deemed to be included.

In addition to the organisation's core activities, the Group, in order to implement and achieve its sustainability commitments, has begun several initiatives and projects that, following an analysis of the activities listed in the Climate Delegated Regulation - Annex I, were individually considered as eligible investments with respect to the Taxonomy. In fact, based on the Delegated Regulation on Climate - Annex I, Article 8, 1.1.2.2, point c, concerning the purchase of outputs from eligible economic activities and individual measures that enable target activities to achieve low carbon emissions, the Group identified activities "7.3 Installation, maintenance and repair of energy efficiency equipment" and "7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings," as investments carried out during the reporting year and eligible in accordance with the Regulations.

ALIGNMENT

The methodological steps that were taken to assess the **alignment of activities previously identified as eligible against** the EU Taxonomy are described below, retracing the approach taken to assess the criteria of Substantial contribution to climate change mitigation, do No Significant Harm, and minimum safeguards.

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

35. The NACE code is a general classification system used to systematise and standardise the definitions of the economic/industrial activities of the member States of the European Union. The classification was first introduced in 1970 and then revised over the years, culminating in the latest revision Regulation (EC) 1893/2006. Each national

statistical office has formulated a conversion table to which reference should be made in order to translate NACE codes automatically at national level. In Italy, the Istituto Nazionale di Statistica (ISTAT - Italian National Institute of Statistics) translates NACE codes into ATECO (Classification of Economic Activity) categories.

ACTIVITY 3.5 - MANUFACTURE OF ENERGY EFFICIENCY EQUIPMENT FOR BUILDINGS"

TECHNICAL SCREENING CRITERIA

- **Criteria of substantial contribution to climate change mitigation:** the assessment sought to determine whether the identified economic activity contributes substantially to the achievement of the climate change mitigation objective based on specific quantitative and/or qualitative parameters defined in the Regulation. The analysis conducted showed that a portion of the Group's activities is aligned with the substantial contribution criterion in (f) of this activity ("household appliances that fall into the two highest energy efficiency classes in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council and Delegated Regulations adopted pursuant to that Regulation"), as a portion of the appliances made by the Cooking area fall into the two highest energy efficiency classes (A+ and A++), identified by Regulation (EU) 2017/1369 above. As regards the production of motors, these were considered key components, and for the purpose of assessing alignment with the substantial contribution criteria, only the portion of motors installed on Cooking area production appliances distributed by Elica belonging to energy classes A+ and A++ was considered.
- **Do Not Significant Harm:** The analysis of compliance against the DNSH criteria made explicit within the Delegated Regulations is intended to determine that the identified activity does not cause harm to the remaining environmental objectives. The Group analysed compliance with the DNSH criteria made explicit within Annex I of the Climate Delegated Regulation through

the analysis of specific internal documentation. Specifically, regarding Activity 3.5, the following analyses were carried out:

- *climate change adaptation:* the criteria set out in Appendix A require the organisation to conduct an analysis to identify the physical climate risks weighing on the business by conducting a robust climate risk and vulnerability assessment based on a specific procedure defined in the Delegated Regulation itself. Elica carried out an assessment of the physical risks that could result in an interruption of its production, and also prepared a business continuity plan to deal with them. In the coming years, Elica is committed to further deepening the level of analysis on physical risks by specifically addressing all of the criteria in Appendix A, and, in particular: expanding the types of risks considered; using advanced climate projections at the highest resolution available in the existing set of future scenarios; more precisely defining the risks related to the various company assets; and in the case of additional risks identified, also preparing an adaptation plan that defines the strategies the company plans to adopt to respond to the climate risks it incurs. With this in mind, considering the recent adoption of the standard and as part of continuous improvement on the issue of climate change, the Group has adopted an interpretation that takes into account the activities carried out and planned activities on the issue of climate change mitigation and adaptation.
- *sustainable use and protection of water and marine resources:* the criteria set out in Appendix B require that the organisation has identified and addressed risks of environmental degradation related to the conservation of water quality and the prevention of

water stress in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan developed thereunder. Based on its screening, the Elica Group has not identified among its significant environmental risks any risk of environmental degradation related to the preservation of water quality and the prevention of water stress, partly by virtue of the fact that the Group's production activities do not involve the significant use of water resources. In addition, Elica is not subject to the application of Directive 2011/92/EU of the European Parliament and of the Council, which requires companies in certain sectors to carry out an environmental impact assessment: in fact, its activities are not among the activities listed in Annex II of the Directive (as per Article 4, point 2).

- *transition to a circular economy:* the stated criteria require that in the manufacture of products, consideration be given to the availability, where possible, of techniques that support (a) reuse and utilisation of secondary raw materials and reused components, (b) design conceived for high durability, recyclability, ease of disassembly, and adaptability, (c) waste management that prioritizes recycling over disposal, and (d) information on potentially hazardous substances, and their traceability, throughout the life cycle. With reference to these criteria, the Group adopts such practices where possible in R&D and product manufacturing activities. For more in-depth information on current initiatives, reference should be made to the "The Sustainability Footprint in the Environmental Arena" and "Supporting Continuous Innovation" sections of this document.
- *pollution prevention and control:* the criteria set out in Appendix C require that the activity does not in-

volve the manufacture, placing on the market or use of certain types of chemical pollutants³⁶. Elica operates in compliance with applicable regulations and does not make use, in the conduct of its business activities, of the substances set out within items a through e listed in Appendix C. With regard to the requirements f and g, they refer to additional requirements beyond that outlined in the current reference regulations, and therefore Elica is committed to further deepening the level of analysis in future years with respect to these requirements of the Regulation. Given the Group's focus on compliance with applicable regulations, Elica believes that it can reasonably consider itself aligned with the concept of prevention and reduction of pollution regarding the use and presence of chemicals. However, a more stringent interpretation of the criteria set out in the Regulation could currently result in a lack of alignment until the criteria referred to in f and g above and the concept of "essential use for the Company" can be explored in greater detail.

- *protection and restoration of biodiversity and ecosystems*: The criteria set out in Annex D require that the organisation has proceeded with an environmental impact assessment (EIA) or review in accordance with Directive 2011/92/EU. As a result of a screening carried out, Elica has not identified any elements that would require a specific assessment on these issues, and furthermore, it is not subject to the application of the Directive, which requires companies belonging to certain sectors to carry out an environmental impact assessment: in fact, the activities carried out by the Elica Group are not among those listed in Annex II of the Directive itself (as per Article 4, point 2). In addition, Elica has no factories in protected areas, so it was not necessary for the Group to conduct an environmental impact assessment (EIA) on this issue.

36. Appendix C requires that the activity does not involve the manufacture, placing on the market or use of (a) substances, either in their pure state or within mixtures or items, listed in Annex I or II of Regulation (EU) 2019/1021; (b) mercury and its compounds or mixtures; (c) substances listed in Annex I or II of Regulation (EC) No.1005/2009 of the European Parliament and of the Council³; (d) substances listed in Annex II of Directive 2011/65/EU of the European Parliament and of the Council, except when full compliance with Article 4(1) of that Directive is ensured; (e) substances, either in their pure state or within mixtures or items, listed in Annex XVII of Regulation (EC) No. 907/2006 of the European Parliament and of the Council, except where full compliance with the conditions set out in that Annex is ensured; (f) substances, both in their pure state and within mixtures or items, that meet the criteria set out in Article 57 of Regulation (EC) No. 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been shown to be essential to the company; g) other substances, whether in their pure state or within mixtures or items, that meet the criteria set out in Article 57 of Regulation (EC) No. 1907/2006, except where their use has been shown to be essential to the company.



- **Minimum Safeguards:** the Minimum Safeguards criteria made explicit within the Regulations refer to an organisation's practices designed to ensure that it is in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The Group then carried out an analysis of the elements made explicit in the above documents by considering nine categories of requirements³⁷ in the areas of: human rights, consumer interests, corruption, competition and taxation. In particular, with regard to the issues of consumer interest protection, taxation, competition, and anti-corruption, the Group has policies and procedures in place to prevent and mitigate any potential negative impacts. With regard to areas closely related to the issue of human rights, Elica is committed to ensuring the implementation of ethical business in accordance with the various applicable regulations, conducting its business in accordance with the moral and ethical principles set out in the Ethics Code and always taking into consideration the Group's moral and social responsibility towards its stakeholders. For further information, please refer to the "*Elica's Sustainability Footprint*" section of this document. In addition, with reference to the control of respect for human rights within the supply chain, the Group has developed an audit process on its suppliers, with the aim of assessing and minimising risks related to ethical, social and environmental issues, alongside the adoption

of its own Code of Conduct ("Elica Group Supplier Code of Conduct"). For further information, please refer to the "*Suppliers assessed according to environmental and social criteria*" section in this document. Finally, for the reporting year 2022, there were no incidents of non-compliance related to the issues of human rights, consumer interests, corruption, competition and taxation. Based on current practices and defined improvement goals on these issues, the Group believes it can reasonably be considered to be aligned with the minimum safeguards. However, given the fact that the standard does not unambiguously identify a set of minimum guarantees to be adopted, a more stringent interpretation of the standard that includes the implementation of all the elements mentioned in the guidelines and guiding principles mentioned in the Regulation could result in a lack of alignment until a number of actions to date under development at the Group are implemented and/or finalised.

ACTIVITY 7.3 - INSTALLATION, MAINTENANCE AND REPAIR OF ENERGY EFFICIENCY EQUIPMENT

ACTIVITY 7.5 - INSTALLATION, MAINTENANCE AND REPAIR OF INSTRUMENTS AND DEVICES FOR MEASURING, REGULATION AND CONTROLLING ENERGY PERFORMANCE OF BUILDINGS

Although Elica considers that it complies with the substantial contribution criteria in item d (installation and replacement of energy efficient light sources) (Activity 7.3) and item c (installation, maintenance and repair of

smart meters for gas, heat, cool and electricity) (Activity 7.5) of the Regulation, it has not been able to go into the requirements of the Do No Significant Harm Criteria and the Minimum Safeguards pertaining to the two activities with the correct level of detail as some of the information requires the direct involvement of Group suppliers. Therefore, as a precautionary measure, Elica considered the investments related to the aforementioned eligible activities for the reporting year 2022 as not aligned with the Taxonomy.

DISCLOSURE OF KPIS FROM THE TAXONOMY

Pursuant to the regulatory requirements found in the Delegated Regulation relating to Article 8 of Regulation 2020/852, the following table illustrates the share of aligned economic activities (A.1), eligible, not aligned (A.2) and ineligible (B) for the Taxonomy within the framework of revenues, capital expenditure and total operating expenditure. With reference to the disclosure pursuant to Article 8, paragraphs 6 and 7 of Delegated Regulation (EU) No. 2021/2178, which requires the use of the templates provided in Annex XII for the disclosure of nuclear and fossil gas-related activities, it is noted that the Group has not reported such as no eligible and/or aligned activities have been identified with reference to these areas.

For further details regarding the analysis of economic activity and the composition of quantitative performance indicators, please refer to the section "Additional contextual information and applied accounting standards".

37. The assessment in accordance with the requirements in Article 8 of the Regulations was carried out by evaluating: the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, The Eight Core Conventions of the ILO, and the International Bill of Human Rights. The nine categories evaluated were as follows: human rights policies, human rights due diligence and risk assessment, management of human rights impacts, grievance mechanisms, consumer interests, anti-corruption, competition, and taxation.

TABLE - SHARE OF TURNOVER DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2022
Amounts shown are in €/000

				CRITERIA FOR SUBSTANTIAL CONTRIBUTION					CRITERIA FOR “DO NO SIGNIFICANT HARM”											
Economic activity	Code(s)	Absolute turnover	Share of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Share of turnover aligned with Taxonomy, 2022	Share of turnover aligned with Taxonomy, 2021	Category (enabling activity)	Category (transitional activity)
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			76%																	
A.1 Environmentally sustainable activities (aligned with taxonomy)																				
Manufacture of energy efficiency equipment for buildings	3,5	31,984	6%	100%	0%	0%	0%	0%	0%		S	S	S	S	S	S	6%	N/A ³⁸	A	
Turnover from environmentally sustainable activities (aligned with taxonomy) (A.1)		31,984	6%	100%	0%	0%	0%	0%	0%								6%	N/A		
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																				
Manufacture of energy efficiency equipment for buildings	3,5	396,526	70%																	
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		396,526	70%																	
TOTAL (A.1 + A.2)		428,510	76%														6%			
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																				
Turnover of activities not eligible for taxonomy (B)		137,346	24%																	
TOTAL (A + B)		565,856	100%																	

38. As this is the first year of implementation of the Regulation in relation to the reporting of activities aligned with the Taxonomy, comparison data will be provided from the next reporting year.

TABLE - SHARE OF CAPEX DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED AND ELIGIBLE WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2022
Amounts shown are in €/000

				CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR “DO NO SIGNIFICANT HARM”										
Economic activity	Code(s)	Absolute capital expenditure	Share of capital expenditure	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Share of capital expenditure aligned with taxonomy, 2022	Share of capital expenditure aligned with taxonomy, 2021	Category (enabling activity)	Category (transitional activity)
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			64%																	
A.1 Environmentally sustainable activities (aligned with taxonomy)																				
Manufacture of energy efficiency equipment for buildings	3,5	1,270	4%	100%	0%	0%	0%	0%	0%		S	S	S	S	S	S	4%	N/A ³⁹	A	
Capital expenditure for environmentally sustainable activities (aligned with taxonomy) (A.1)		1,270	4%	100%	0%	0%	0%	0%	0%								4%	N/A		
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																				
Manufacture of energy efficiency equipment for buildings	3,5	17,277	59%																	
Installation, maintenance and repair of energy efficiency equipment	7,3	274	1%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7,5	60	0%																	
Capital expenditure for activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		17,611	60%																	
TOTAL (A.1 + A.2)		18,881	64%														4%			
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																				
Capital expenditure for activities not eligible for taxonomy (B)		10,528	36%																	
TOTAL (A+B)		29,409	100%																	

39. As this is the first year of implementation of the Regulation in relation to the reporting of activities aligned with the Taxonomy, comparison data will be provided from the next reporting year.

TABLE - SHARE OF OPEX DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2022
Amounts shown are in €/000

				CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR “DO NO SIGNIFICANT HARM”										
Economic activity	Code(s)	Absolute operating expenses	Share of operating expenses	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Share of operating expenses aligned with taxonomy, 2022	Share of operating expenses aligned with taxonomy, 2021	Category (enabling activity)	Category (transitional activity)
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			80%																	
A.1 Environmentally sustainable activities (aligned with taxonomy)																				
Manufacture of energy efficiency equipment for buildings	3.5	642	5%	100%	0%	0%	0%	0%	0%		S	S	S	S	S	S	5%	N/A ⁴⁰	A	
Operating expenses for environmentally sustainable activities (aligned with taxonomy) (A.1)		642	5%	100%	0%	0%	0%	0%	0%								5%	N/A		
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																				
Manufacture of energy efficiency equipment for buildings	3.5	9,526	75%																	
Operating expenses of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		9,526	75%																	
TOTAL (A.1 + A.2)		10,168	80%														5%			
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																				
Operating expenses for activities not eligible for taxonomy (B)		2,504	20%																	
TOTAL (A + B)		12,672	100%																	

40. As this is the first year of implementation of the Regulation in relation to the reporting of activities aligned with the Taxonomy, comparison data will be provided from the next reporting year.

ADDITIONAL CONTEXTUAL INFORMATION AND APPLIED ACCOUNTING STANDARDS

To determine turnover, capital expenditures and operating expenses, Elica has established a clear and traceable methodology in response to both quantitative and qualitative information needs, considering the information in general and industrial accounting.

For the calculation of the portion of **eligible and aligned turnover** (numerator), in accordance with the provisions of §1.1.1 “KPI related to turnover” of Annex 1 to 5, Elica considered the portion of consolidated net revenues obtained from products or services, including intangible ones, associated with the Cooking business area (only energy classes A+ and A++ were considered for the purpose of alignment). Consolidated net revenues (denominator) were determined in accordance with Article 2(5) of Directive 2013/34/EU thus considering the revenues recognised in accordance with IAS No. 1, item 82(a) as per the notes to the consolidated financial statements at 31.12.2022 B.6.5.1, B.6.5.3, B.6.5.4 and B.6.5.7.1.

To determine **eligible and aligned CapEx** Elica considered the portion of its capital expenditure associated with the Cooking and Motors business areas (specifically components installed in products distributed by Elica with an energy class of A+ or A++ for alignment purposes). This calculation was done in line with the provisions of §1.1.2.2. “Numerator” of Annex 1 to 5. The Group also factored in assets related to replacing traditional lighting with LED bulbs and installing smart meters, which are taxonomy-eligible but not considered environmentally sustainable. Elica determined CapEx (denominator) in accordance with the provisions of §1.1.2.1 “Denominator” of Annex 1 to 5 by considering the increases in intangible and tangible assets during the

year in question, prior to any amortisation, depreciation, revaluation, restatements, or impairments. To construct the indicator, Elica identified capitalised expenses using data from its consolidated financial statements, with reference to the provisions of a) IAS 16 “Property, Plant and Equipment”, b) IAS 38 “Intangible Assets” and c) IFRS 16 “Leases”. The reported values do not contain sums related to economic activities that are included in the Taxonomy and pertain to capitalised expenses under the provisions of d) IAS 40 “Investment Property” and IAS 41 “Agriculture” as these standards do not apply to the Group.

To determine **aligned and eligible OpEx** (numerator), Elica considered the direct non-capitalised costs included in the denominator associated with the Cooking BU (energy classes A+ and A++ only for alignment purposes) and the Motors BU (specifically, the manufacture of motors for Cooking area products distributed by Elica and belonging to energy classes A+ and A++), in accordance with the provisions of §1.1.3.2. “Numerator” of Annex 1 to 5.

To determine OpEx (denominator), direct non-capitalised costs have been included in the denominator in compliance with the provisions of §1.1.3.1. “Denominator” of Annex 1 to 5, and as further clarified in the FAQs to Article 8 of February 2022. These costs include R&D expenses, building renovation measures, short-term leases, maintenance and repairs, and any other direct expenditure associated with the daily upkeep of property, plant, and equipment, regardless of whether these were conducted by the Company or third parties, to ensure the assets’ continuous and effective operation. The reported values do not contain sums connected to economic activities that are included in the Taxonomy and relate to the following non-capitalised direct costs: building renovation measures and short-term leases, as these standards do not apply to the Group.

INDEPENDENT AUDITORS LIMITED ASSURANCE REPORT



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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

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

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5.1.g) of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2022 consolidated non-financial statement of the Elica Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 16 March 2023 (the "NFS").

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

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Elica S.p.A. (the "parent") for the NFS

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

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

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

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

KPMG S.p.A. è una società per azioni di diritto italiano a fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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

Auditors' independence and quality control

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

Auditors' responsibility

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

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

Specifically, we performed the following procedures:

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



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- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of EMC Fime S.r.l. We also performed limited procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence;
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited Elica S.p.A. and EMC FIME S.r.l., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 consolidated non-financial statement of the Elica Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

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

Ancona, 27 March 2023

KPMG S.p.A.

(signed on the original)

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