



Consolidated Non-Financial Statement 2021



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Prepared pursuant to Italian legislative decree 254/16

This report was approved by the Board of Directors of Emak S.p.A. on the 16th March 2022.

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Letter to the Stakeholders

(GRI 102-14)

Dear all,

2021 was another positive year for our Group. Thanks to the formidable work of all our employees, the collaboration with our customers and the support of our suppliers, we managed to achieve record results for our Group, in a year still characterized, unfortunately, by the effects of the pandemic and a decidedly complex external context.

The difficult external scenario has not prevented us from continuing our path of sustainable development for the creation of medium-term value for all our stakeholders.

During the year, in fact, we gradually adjusted our governance structure to the recommendations of Borsa Italiana's Corporate Governance Code: among other things, we formalised the operating regulations of the Board of Directors and a policy of dialogue with all shareholders, and at the beginning of 2022 the Board formalised the role of the Control and Risks Committee regarding sustainability themes, renaming it the Control, Risks and Sustainability Committee.

Similarly, our commitment to a more responsible management of our activities concerning environmental issues was also confirmed. Investments aimed at improving the energy efficiency of our factories and the research into increasingly eco-compatible solutions for our products, from motors to the materials used, continued.

We also continued to work towards further improving work environments, with interventions on the production lines and, where possible, facilitating remote working.

I would like to take this opportunity to thank all of you, employees, customers and suppliers, for all these years of work together. With the expiry of this term of office on the board, I will end my collaboration with the Emak Group after 44 years of service. I am proud of the results that we have achieved together and am confident that the future will be even more successful and sustainable.

The Chairman
Fausto Bellamico

Method of preparation

(GRI 102-10; 102-45; 102-48; 102-50; 102-51; 102-52; 102-53; 102-54; 102-56)

This document is the Consolidated Non-Financial Statement (hereinafter referred to also as the “NFS”) of the Emak Group pursuant to Legislative Decree no. 254 of 30 September 2016 (“Decree” or “D.lgs 254/2016”).

As provided for by art. 5 of the Decree, this document is a separate report marked by a specific wording in order to identify it as the Non-Financial Statement provided for by the legislation.

The Emak Group NFS has been drawn up to the extent necessary to ensure understanding of the Group's business, its performance, its results and its impacts. The document covers the issues deemed relevant and envisaged by Art. 3 of Legislative Decree. 254/16, with reference to the 2021 financial year (from 1 January to 31 December). In particular, the definition of the relevant aspects for the Group and its stakeholders took place on the basis of a materiality analysis process described in the chapter “Approach to sustainability”.

The Group prepares the NFS on an annual basis. The main objective of the document is to respond to expectations of the stakeholders, setting out in a transparent manner and according to the guidelines recognised at international level, the work carried out by the Group in a view of continuous improvement.

The Investor Relations (IR) Department has been responsible for the collection of the data and the preparation of the Report, involving in every phase the competent corporate structures of Group companies included in the mentioned below perimeter.

The NFS is subject to a limited audit (“limited assurance engagement” according to the criteria set out by the ISAE 3000 standard Revised) on the part of Deloitte & Touche reported at the end of the document.

The Board of Directors of Emak S.p.A. has approved the report on March 16th, 2022.

The NFS is published within the same terms and in the same manner prescribed for the annual financial report, including the www.emakgroup.com website, in the “Sustainability” section. Clarifications and further information can be requested via the following e-mail address: info@emakgroup.it.

REPORTING STANDARD

This NFS has been prepared in compliance with the “Global Reporting Initiative Sustainability Reporting Standards”, defined by the Global Reporting Initiative (GRI), according to the «in accordance - Core» option. Moreover, where appropriate, the guidelines of the EU 2017/C215/01 Guidelines have also been taken into account. The “GRI Content Index” section, in which full disclosure of coverage of the GRI indicators associated with each issue emerging as material is given, is part of this document.

REPORTING PERIMETER

With regards to economic-financial data, the reporting perimeter is the same as for the Consolidated Financial Statements of the Group. With relation to information regarding social aspects, the parent company and its subsidiaries which are fully consolidated¹ in the Consolidated Financial Statements of the Group have been included in the reporting perimeter.

With regards to information relating to environmental aspects, the reporting perimeter of energy consumption and greenhouse gas emissions includes all the companies fully consolidated within the Annual Financial Statements of the Group. The figures relating to other polluting emissions into the atmosphere other than greenhouse gas emissions and water consumption refer only to companies that carry out production activities, excluding therefore commercial companies, as they are considered not relevant in order to ensure an understanding of the Group's business activity and its impact.

¹ For the list of fully consolidated Group companies, reference should be made to paragraph 2.2 – Principles of consolidation – of the Notes to the Consolidated Financial Statements of the Emak Group

The following are the significant non-recurring transactions that occurred in 2021 with an effect on the reporting for the period:

- During the year 2021, the company Speed Industrie Sarl, based in Morocco, ceased its operations following the change in logistical and production conditions;
- On October 4, 2021, the subsidiary Comet S.p.A. completed the acquisition of 80% of Poli S.r.l., a company active in the production and marketing of motorsweepers. With this operation, the Group acquires specific know-how that integrates perfectly into its range and expands its cleaning catalog, further strengthening its position as a key supplier in the sector. The data relating to the company are therefore included in this report starting from the acquisition date.

For the purpose of permitting comparability of the data over time, comparison with data relating to 2020 has been reported. Restatement of previously published comparative data shall be clearly indicated as such. To guarantee the reliability of the data, the use of estimates has been limited as far as possible, and is appropriately indicated in the document where present.

It has to be noted that starting from July 2019 a reporting procedure for the preparation of the Consolidated Non-Financial Statement which defines roles, responsibilities and timelines is in place.

Moreover, in 2019 the Group has formalized a sustainability plan in order to identify its contribution to the implementation of the Global Agenda for Sustainable Development, consisting of 17 Sustainable Development Goals or SDGs, approved in 2015 by the United Nations and to be reached by 2030. For each topic deemed relevant for the Group and its Stakeholders, the commitments and activities currently implemented by the individual companies have been identified, in order to share the best practices, with the aim of continuous improvement in the medium- long term, constantly updating the document on the basis of regulatory changes and evolution of the Group. The material topics and the related implemented activities have then been linked to the SDGs, in order to identify the global goals to which the Group can contribute the most.

SUMMARY OF THE TOPICS PROVIDED FOR BY ART. 3, PARAGRAPH 1, OF LEGISLATIVE DECREE 254/16

The Emak Group has embarked upon a path of continuous improvement as part of the analysis of risks generated or suffered regarding the issues provided for by Art. 3 of Leg. Dec. 254/16 and the development of relative management policies. In this context, the Group updated its Code of Ethics in 2020 which was approved by the Board of Directors of the parent company Emak S.p.A. on February 26, 2021. The document is made available to all internal and external collaborators as well as on the website www.emakgroup.com in both Italian and English.

It stands out in particular:

Environmental issues

The Group oversees the issue by complying with national and international regulations and, if any, with the requirements of specific certifications. Through the work of the Operations & Procurement Committee, the Group oversees and monitors its work in this area.

It should be noted that the company Emak S.p.A. has a Management System certified according to the standard UNI EN ISO 14001: 2015. Furthermore, in order to identify, monitor and reduce the environmental impacts resulting from its activities, the company has adopted an environmental policy since 2018, as part of the integrated company policy.

Social and staff-related issues

The Group oversees the issue by complying with national and international regulations, and with the provisions of the Code of Ethics.

Staff-related issues are dealt with through the Group's HR department, which supervises and guarantees the correct performance of all HR processes. In order to have greater control and coordination of issues relating to human resources, the Group has set up a committee composed by the members of the Human Resources departments of each Italian company and by the HR international, a cross-departmental body responsible for the corporate management of all activities relating to foreign staff. Through this structure, the Group intends to promote an ever greater sharing of personnel management practices at Group level.

The parent company Emak S.p.A., in order to protect, enhance and optimize personnel management, has adopted a safety policy since 2018, as part of the integrated company policy.

Human rights

The Group oversees the issue by complying with national and international regulations, and with the provisions of the Code of Ethics.

As a further confirmation of its commitment, the Group has drawn up a human rights policy extended to all subsidiaries, in particular to those located in countries where local legislation is less stringent than Italian, through its integration into the Group's Code of Ethics disseminated to all companies. Furthermore, the parent company Emak S.p.A., in order to declare, disseminate and promote ethics inside and outside the organization, has adopted an ethics policy since 2018, as part of the integrated company policy.

Combatting corruption

The Group oversees the issue by complying with national and international regulations, and with the provisions of the Code of Ethics.

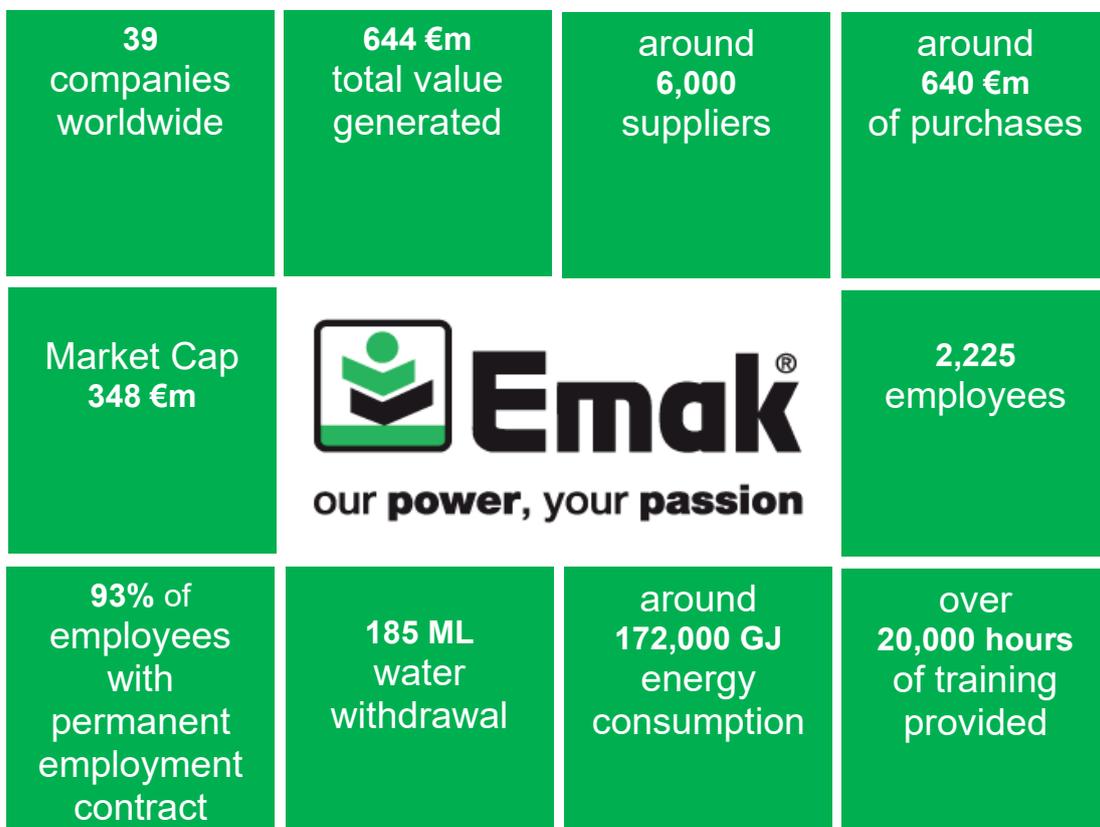
In confirmation of its commitment, the Group has also drawn up an anti-corruption policy with the aim of further strengthening its system for preventing corruption and extortion. In order to ensure maximum dissemination to all Group companies and to external parties who have relations with it, this policy has been integrated into the Code of Ethics.

1. The business of the Group

(GRI 102-1; 102-7)

The Emak Group is composed of 39 companies operating in the development, production and marketing of a wide range of products divided into three business segments: **Outdoor Power Equipment**, **Pumps and High Pressure Water Jetting** and **Component and Accessories**.

1.1 *The Group at a glance*



Vision and values

(GRI 102-16)

“We intend to be one of the leading players at world level in the development, production and distribution of machines, components and accessories for gardening, agriculture, forestry and industry, offering innovative products and services, making the activities of our consumer and professional customers more efficient and enjoyable, guaranteeing them the best possible value.

We offer consumer and professional customers innovative products of unquestionable quality and reliability, which stand out for performance, comfort of use and design, through appropriate investments in research, technology and organisation.

We promote a strong selection, integration and development of the distribution network at a global level, ensuring a constant presence of company staff in the field.

We establish clear relations with our customers, helping them to access information and we guarantee an excellent service in terms of times of response, delivery and pre and post-sales support.

We wish to «engage», motivate and orientate all people towards the centrality of the customer so that every action is oriented towards creating and transferring value.

We invest in the development of people through training, teamwork, and the integration of external partners.

We encourage the contribution of everyone through listening, involvement and the constant sharing of objectives and results.

We want people who act with passion. We promote a sense of belonging and meritocracy so that everyone sees their contribution recognised and their expectations and aspirations satisfied”.

The values on which Emak Group’s operations are based, and which have been applied ever since its foundation are:

- **correctness**, that is, compliance with rules, transparency, the safeguarding of the rights of persons and of the environment;
- **expertise**, that is, continuous learning and the improvement of professional skills;
- **team spirit**, that is, working in a team to achieve shared goals, the respect of roles and trust in others;
- **innovative spirit**, that is, new and challenging objectives, innovative solutions, new ideas, openness to change.

Well aware of its role in the social and economic context, Emak pursues its future development and the creation of value by combining:

- **economic sustainability**, that is, a commitment to investing in the growth of the Group, guaranteeing its continuity into the future through a strategic plan based on the fundamental critical factors of success;
- **social sustainability**, intended as the willingness to take on board the legitimate expectations of the stakeholders and to redistribute the value created for the common interest;
- **environmental sustainability**, through the identification, regulation, control and progressive reduction of environmental impacts deriving directly or indirectly from the activities of the enterprise.

The structure of the Group

(GRI 102-2; 102-4; 102-6)

The Emak Group operates on the global market with a direct presence in 15 countries and a distribution network covering 5 continents.



The Group offers a wide range of products with recognised trademarks and refers to a target clientele highly diversified into three business segments:

- Outdoor Power Equipment (OPE): Emak S.p.A. and its commercial and productive subsidiaries operates in this segment;
- Pumps and High Pressure Water Jetting (PWJ): this segment is managed by Comet S.p.A. and its subsidiaries, including Lavorwash S.p.A. and its subsidiaries;
- Components and Accessories (C&A): this segment is managed by Tecomec S.r.l., its subsidiaries and Sabart S.r.l..

The **Outdoor Power Equipment** segment includes activities for the development, manufacture and marketing of products for gardening, forestry activities and small machines for agriculture, such as brush cutters, lawnmowers, garden tractors, chainsaws, motor hoes and walking tractors. The Group distributes its own products with the main trademarks: Oleo-Mac, Efco, Bertolini, Nibbi and, limited to the French market, Staub. The Group's offer is directed to professionals and to private users. The Group mainly operates in the specialised dealer channel, characterized by a high level of pre and post sales service, distributing its products through its own sales branches and, where not present directly, through a network of 150 distributors in over 115 countries throughout the world. In some countries the Group has commercial relations with the main large-scale distribution chains. Furthermore, over the last few years, a process has been undertaken aimed at developing the online channel, through a dedicated proprietary portal and agreements with sector's market places.

This segment represents approximately 35% of the Group's overall sales and almost 90% is developed in Europe, where the main commercial branches are based.

In this sector, the Group focuses its efforts mainly on product innovation (in terms of safety, reduction of emissions, new technologies, comfort) and development of the distribution network (both geographically and in terms of sales channels).

In mature markets such as North America and Western Europe, demand is predominantly related to replacement: the main driver is the trend of the economy and of the “gardening” culture. In emerging markets such as the Far East, Eastern Europe and South America, demand is predominantly for the “first buy”: the main driver in these areas is economic growth, the evolution of agricultural mechanisation and the relative policies of support. A further factor that influences demand is the price of commodities: the trend in the price of agricultural commodities, for example, influences investments in agricultural machinery.

The **Pumps and High Pressure Water Jetting** segment brings together activities for the development, manufacture and marketing of three product lines: (i) agriculture, with a complete range of centrifugal pumps, diaphragm pumps, piston pumps and components for applications on spraying and weeding machines; (ii) industry, in which it offers a complete range of low, high and very high pressure piston pumps (up to 2,800 bar), hydrodynamic units and accessories for water blasting, and machines for urban cleaning; (iii) cleaning, with a complete offer of pressure washers, from home to professional use, floor washing-drying machines and vacuum cleaners. The Group distributes its own products with the Comet, HPP, Lemasa, PTC Waterjetting Equipment, PTC Urban Cleaning Equipment, Lavor and Poli brand names. The Group serves its customers, directly or through independent distributors, in over 130 countries around the world: producers of spraying and weeding machines, OEM's customers and contractors, specialised dealers and the large-scale retail trade, marketplaces for online sales. This segment represents approximately 39% of the Group's overall sales.

In this sector, the Group focuses its efforts mainly on product innovation, on the expansion of its offer, both in terms of product and sectors of use, as well as on maximizing the synergies deriving from the acquisitions completed over the years.

The demand for agricultural products is strongly connected to the trend of the economic cycle, demographic growth and the consequent increase in the demand for agricultural production, to the development of agricultural mechanisation and relative policies of support.

The market of products for the industrial sector is continuously growing and demand is linked to the trend of several sectors/fields of application in which the systems are used, such as: hydro-demolition; water-washing and ship repairs; refineries; mines and quarries; the petroleum industry; underwater washing; the iron and steel industry; foundries; chemical processing plant; energy production; paper mills; transport; municipalities; automobile and engine manufacturing.

The demand for cleaning products is mainly linked to the economic cycle trend and the increase in hygienic standards.

The **Components and Accessories** segment includes activities for the development, manufacture and marketing of products for the outdoor power equipment, agriculture and cleaning sectors. The most representative are line and heads for brush-cutters (which together form the cutting system), accessories for chainsaws (such as sharpeners for chains), pistols, valves and nozzles for high pressure cleaners and for agricultural applications, products and solutions for precision farming. In this segment the Group operates partly through its own brands Tecomec, Geoline, Agres, Mecline, Markusson and Sabart, and partly distributing products for third party brands. The Group sells its products to the main producers of gardening and forestry, agriculture and cleaning machinery (which together represent approximately 47% of turnover), through a network of specialized distributors (40% of turnover) and finally, in the large-scale distribution channel (13% of turnover). Overall, this segment represents approximately 26% of the Group's overall sales.

In this sector, the Group focuses its efforts mainly on product innovation, on strengthening partnerships with major manufacturers and on expanding its offer.

The demand for components and accessories is mainly related to the performance of the reference sectors of the various applications for which the products offered are intended.

In general, the Group's activity is influenced by seasonality in demand. Sales of products intended for gardening, agriculture and cleaning are concentrated in the first half of the year, a period in which the activities of landscaping, tillage and cleaning of outdoor spaces are carried out. Less seasonal is the demand

for products for industry, due to the diversity of the target sectors and the many applications for which they are intended.

Productive structure

The Group concentrates its investments on phases of high added value in the manufacture of its products. From the point of view of economic efficiency and value creation, the Group focuses on Research and Development, engineering, industrialization and assembly activities. The supply chain is strongly integrated and involved in the development of its products according to the principles of the extended factory.

The production plants have been subject to specific rationalization projects over the years, with a revision of the production layouts based on a “lean manufacturing” approach, and the involvement of all the employees taking part in various ways in the product creation process, from development to manufacture.

Outdoor Power Equipment

The Group utilises four production sites: two in Italy and two in China. The parent company plant deals with the production of portable products, such as semi-professional and professional brush-cutters and chainsaws. The production model is focused on assembly: the products are entirely developed and designed internally, the components are produced according to the technical specifications provided. The Pozzilli factory is dedicated to the production of wheel-based products such as lawnmowers and small tractors. The production model for this range of products provides for the purchase of the motor from leading world producers and the internal assembly of the machine. With particular reference to the lawn-mower range, the shell is produced internally with a vertical process which includes sheet metal stamping, welding and painting. The Chinese production facility of Jiangmen replicates that of the parent company, making products intended for both price sensitive markets such as the Far East, South-East Asia and South America, and mature markets to complete the offer. The second Chinese factory, in Zhuhai, is specialised in the production of cylinders for the two-stroke motors of the Group’s portable products.

Pumps and High Pressure Water Jetting

The manufacture of products in this segment is carried out in four Italian factories, one Chinese, two Brazilian and one in the United States. The plants are specialized in the production of specific product lines. Pumps for the agricultural sectors, those for industrial applications up to 1,200 bars, machines in the cleaning sector such as semi-professional and professional high-pressure water jet machines and urban cleaning equipment are manufactured in Italy. The Chinese plant is mainly dedicated to the production of machines in the cleaning segment such as high-pressure water jet machines and vacuum cleaners aimed at serving the most competitive markets. The Brazilian factories are dedicated, one to the production of very high pressure pumps (up to 2,800 bars) and related accessories for various sectors such as the oil & gas, the transformation of sugar cane, shipbuilding and automotive sectors; and the other to the manufacture of machines in the cleaning segment (such as high-pressure water jet machines) for the South American market. The American plant carries out the production of sprayers and the assembly of agricultural products and accessories.

Components and Accessories

The Group has a total of eight factories for manufacturing the products of this segment, located in different countries, focused on specific products and with different production processes.

Most of the facilities (France, USA, Chile, South Africa) are dedicated to the production of nylon thread for the brush-cutters, in the face of the need to have the production process close to the outlet markets. The production of monofilaments, in fact, follows an entirely vertical process, from the purchase of the raw material to processing and to the packaging of the final product.

The Chinese factory is mainly dedicated to the production of heads for brush-cutters and pistols for high-pressure water jet machines. These products require high intensity of internal production, relating to the molding of plastic material and assembly processes.

The line of products intended for *precision farming* is produced in Italy and in Brazil and include the design of both mechanical and electronic parts and software development; the added value activities of the products, all carried out internally.

The significant products of the forest line are designed, developed and produced by the Group, which assembles the components, partly made externally, in the factories located in Italy and Sweden, making use of specific skills.

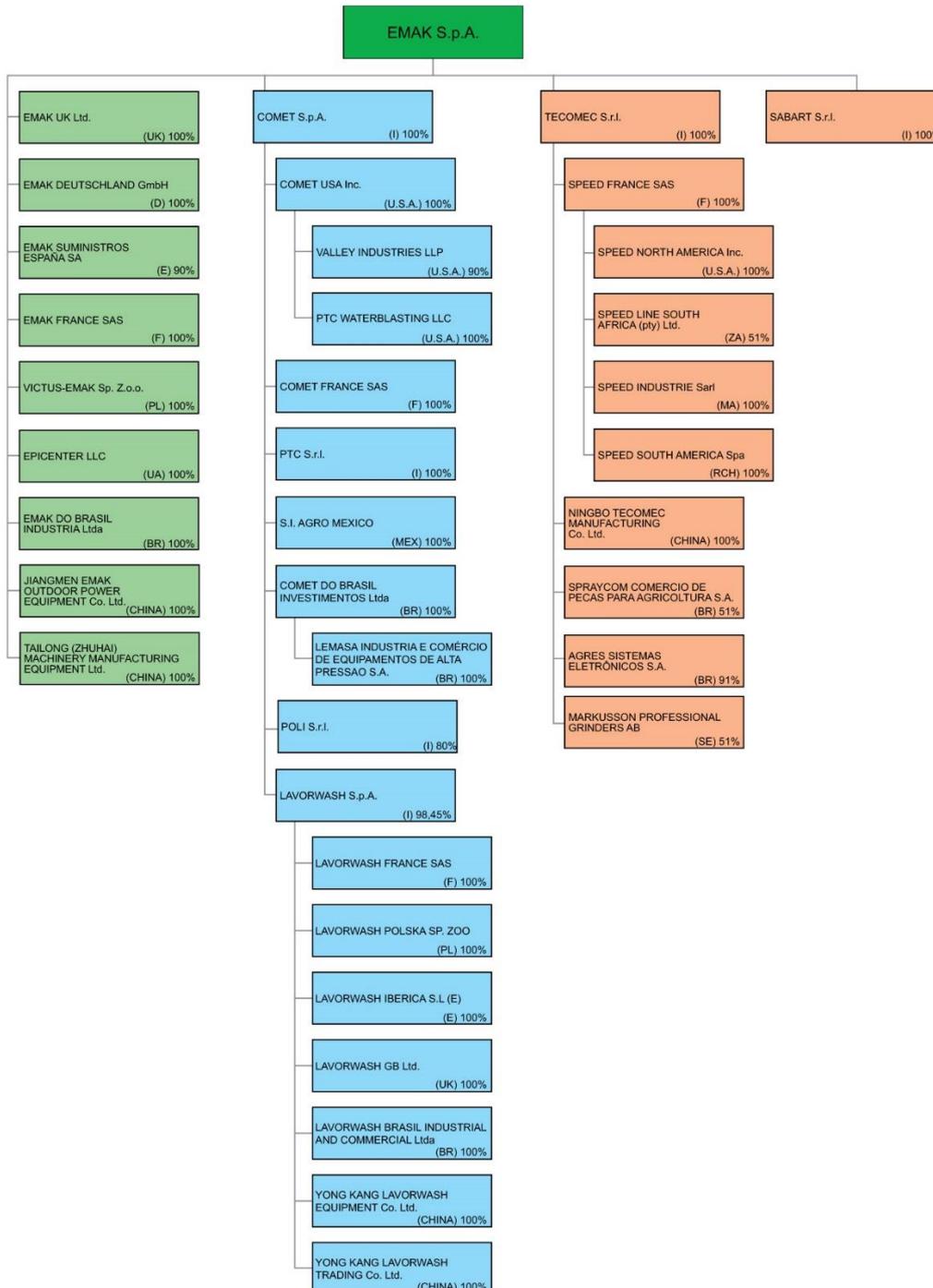
Overall, the production volumes are adjusted to the demand and needs of the market, thanks to the flexibility and functionality of the processes implemented in the various plants.

The following table shows the Group's production structure divided by business segment.

Segment	Company	Location	Output
OPE	Emak	Bagnolo in Piano (RE) – Italy	Chainsaws, brushcutters, power cutters, cultivators, flailmowers, battery products, motorpumps, blowers
		Pozzilli (IS) - Italy	Battery-powered and petrol lawnmowers, transporters, sprayers, rider
	Emak Tailong	Zhuhai - China	Cylinders for two-stroke engine
	Emak Jiangmen	Jiangmen - China	Chainsaws and brushcutters for price sensitive segment
PWJ	Comet	Reggio Emilia - Italy	Pumps, motor pumps and control units for agriculture and industry and pressure washers for the cleaning sector
	Valley	Paynesville, Minnesota - USA	Production of Sprayers and assembly of agricultural products and accessories
	P.T.C.	Rubiera (RE) - Italy	High pressure units and machines for urban cleaning
	Poli	Colorno (PR) - Italy	Motorsweepers for industrial and civil use
	Lemasa	Indaiatuba - Brazil	High and ultra high pressure pumps
	Lavorwash	Pegognaga (MN) – Italy	High pressure washers, vacuum cleaners, industrial and professional cleaning systems
	Yong Kang Lavorwash Equipment	Yongkang – China	High pressure washers and vacuum cleaners for price sensitive segment
	Lavorwash Brasil	Indaiatuba - Brazil	High pressure washers for cleaning sector
C&A	Tecomec	Reggio Emilia - Italy	Accessories and components for gardening machinery, accessories for agricultural machinery for spraying and weeding, accessories and components for pressure washers
	Speed France	Arnas - France	Nylon line and heads for brushcutters
	Speed North America	Wooster, Ohio - USA	Nylon line and heads for brushcutters
	Speed Line South Africa	Pietermaritzburg – South Africa	Nylon line for brushcutters
	Speed South America	Providencia, Santiago - Chile	Nylon line for brushcutters
	Ningbo	Ningbo - China	Accessories and components for high pressure washing and chainsaws and brushcutters
	Markusson	Rimbo - Sweden	Accessories for chainsaws: professional sharpeners for chainsaw chains
	Agres	Pinhais - Brazil	Components and accessories for agricultural machinery: products and solutions for precision farming

The composition of the Emak Group at 31/12/2021*

(GRI 102-5)



* The companies included in the reporting perimeter of the NFS 2021 are set out in the “Method of preparation” in this document.

For a more detailed description of the business segments and relative quantitative economic data, reference should be made to the Annual Financial Report 2021 published on the website www.emakgroup.com.

1.2 History

Emak was created in 1992 out of the merger of Oleo-Mac and Efco, two important companies specialised in the production of machines for gardening and the forestry sector and operating in the territory of the province of Reggio Emilia since the early 1970s.

In 1998 the company was quoted on the Milan Stock Exchange. Between 1998 and 2000, the company set up 4 commercial branches in Europe through the acquisition of its own importer in the major markets (Germany, France, United Kingdom and Belgium) completing, together with the already controlled Spanish subsidiary, its first phase of internationalisation.

In 2004 the Chinese company, Jiangmen (China), was incorporated, a factory dedicated to the production of hand-held products directed towards price-sensitive markets. Between 2005 and 2006 the Group increased its international presence acquiring its own Polish distributor and creating an American subsidiary. In 2008 there was the acquisition of the Chinese company, Tailong, producer of cylinders for internal combustion engines, and Bertolini, a historical producer of small machines for agriculture.

In 2011 Emak acquired Epicenter (Ukraine), thus increasing its presence in the Eastern European markets. 2011 represents a year of transformation for the Group with entry into the Pumps and High Pressure Water Jetting (PWJ) segments (acquisition of the Comet Group) and Component and Accessories (C&A) (acquisition of the Tecomec Group, Sabart and Raico). The path of growth continued in 2012 with the creation of the sales branch Emak do Brasil and the acquisition of Valley Industries, a United States company marketing products in the PWJ sector. 2013 and 2014 were years of consolidation of the PWJ and C&A businesses with the introduction into the Group of the companies, Master Fluid (PWJ - urban cleaning), SI Agro Mexico (PWJ – sales branch), Geoline Electronic (C&A - precision farming), Speed South America and Speed Industrie (C&A – production and packaging of wire for brush-cutters).

In 2015 the Group invested in the Brazilian company, Lemasa, a local leader in the ultra-high pressure pumps (PWJ) sector, while in 2016 there was the acquisition of 30% of Cifarelli S.p.A. and the acquisition of Acquatecnica S.r.l., followed by its merger into PTC S.r.l.. The growth path continued in 2017 with the acquisition of the Lavorwash Group, which completes and reinforces the positioning of the Group in the PWJ segment. At the beginning of 2018 the Group sold the shareholding in Raico S.r.l., a company specialised in the distribution of components and accessories for farm tractors, industrial machines and earthmoving machinery. In August of the same year the Group entered with a 51% share into the company structure of Spraycom, a Brazilian company active in the distribution in Brazil of components and accessories for agriculture such as nozzles, valves, pumps, electronic components, thus strengthening the commercial activity in the Components and Accessories segment in Brazil.

In January 2019, the Group completed the acquisition of 30% of the Brazilian company Agres (C&A - precision farming), active in the development and supply of electronic systems intended for agricultural machines, in particular for spraying and weeding.

In June 2020 the Group sells its stake in Cifarelli S.p.A. The expansion path in the Components and Accessories segment also continued during the year. In January the Group finalises the acquisition of 51% of the share capital of the Swedish company Markusson Professional Grinders AB ("Markusson"), active in the development and marketing of professional sharpeners for chainsaw chains, and in October increases its shareholding in Agres reaching 91%, strengthening its position as a global supplier in the agricultural sector, enhancing its already extensive product portfolio.

In October 2021 the group finalises the acquisition of 80% of Poli S.r.l., an Italian company based in Colorno (PR), active in the production and marketing of motorsweepers. With this operation, the Group acquires specific know-how that integrates perfectly into its range and expands its cleaning catalog (PWJ), further strengthening its position as a key supplier in the sector.

1.3 Governance structure

(GRI 102-18; 405-1)

Emak S.p.A. has a traditional governance structure, which includes the following bodies: the assembly, the board of directors and the board of statutory auditors, governed by the applicable laws respectively. The statutory audit is carried out in accordance with the law by an auditing company. Pursuant to Legislative Decree 231/2001, the Supervisory Body is established.

Since 2001, Emak has adhered to the most recent version of the codes of conduct on corporate governance, issued by Borsa Italiana, following their evolution over time.

The Board of Directors was elected, in its current composition and until the approval of the financial statements for the year 2021, by the Shareholders' Meeting held on April 30, 2019.

The mechanism provided for the election of directors ensures, among others, compliance with the balance between genders established by the legislation in force from time to time, through appropriate provisions on the composition of the lists and through a specific replacement procedure.

The Board of Directors of the Emak Group is made up of 13 members, including 5 women and 8 men, with an average age of about 63 years and between 42 and 84.

The composition of the Board of Directors is illustrated in the following table:

Qualification	Name	Gender	Year of Birth	Executive (E) Non-executive (NE)
Chairman and Chief Executive Officer	Bellamico Fausto	M	1949	E
Deputy Chairman; Director with powers	Burani Aimone	M	1956	E
Director with powers	Bartoli Luigi	M	1966	E
Director	Baldi Francesca	F	1969	NE
Director	Bartoli Ariello	M	1937	NE
Director	Becchi Paola	F	1967	NE
Director	Ferrari Giuliano	M	1950	NE
Independent Director	Iotti Elena	F	1979	NE
Independent Director	Lanza Alessandra	F	1971	NE
Lead Independent Director	Livatino Massimo	M	1964	NE
Director	Salsapariglia Marzia	F	1961	NE
Director	Spaggiari Vilmo	M	1940	NE
Director	Zambelli Guerrino	M	1942	NE

However, it should be noted that, on 28 January 2022, Fausto Bellamico, President and CEO of the Emak Group, and Aimone Burani, Vice President and CFO, have informed the Board of Directors of their decision to end their experience with the Group upon the natural expiry of the current mandate, scheduled for the Annual General Meeting of 29 April 2022.

The directors representing the shareholder Yama, consistently with the succession plan of the executive directors developed in concert with the Nomination Committee, have communicated the following decisions. Taking into account the criterion of distinction between the roles recommended by the Corporate Governance Code, Massimo Livatino, current Lead Independent Director (LID) and chairman of the board committees, for the position of Chairman, and Luigi Bartoli for the position of CEO were identified. Furthermore, Cristian Becchi, current Director of Administration and Finance of Emak S.p.A., has been identified as the next CFO of the Group.

These choices, that will be confirmed by the newly elected Board, are intended to ensure continuity in the governance of the Group, which represents a strong point for the value creation in the medium / long term for all stakeholders.

The following table shows the subdivision of the members of the Board by gender and age group updated as of 31/12/2021².

	31 December 2021	
	Male	Female
< 50 years	-	8%
50-60 years	15%	31%
61-70 years	8%	-
> 70 years	38%	-

Gender diversification in the composition of the corporate bodies is a criterion accepted in Emak's policy, which has always been in line with the provisions of law and regulations currently in force on the subject. On the occasion of the next renewal of the administrative body, Emak will adapt to the most stringent provisions of the law aimed at promoting gender balance, which provide that the less represented gender must obtain at least two fifths of the elected directors.

The Board of Directors has established four internal committees that support the Board in the respective areas envisaged by the Corporate Governance Code. Specifically, the committees established are: the Remuneration Committee, the Control, Risks and Sustainability Committee (so renamed the Control and Risks Committee by the Board of Directors on 28 January 2022, in order to better reflect its mandate), entrusted, among other things, with the task of assessing and examining the non-financial information, the Related Party Transactions Committee and the Nomination Committee. The committees are composed exclusively of independent Directors and carry out their duties in line with the provisions of the Corporate Governance Code of Borsa Italiana.

For a more detailed description of the Committees in the Emak Group, reference should be made to the Annual Financial Report for the year ended 31 December 2021 and the Corporate Governance Report and Ownership Structure 2021, published on the www.emakgroup.com website.

The Emak Group is made up of 4 business units: Emak OPE, Comet, Tecomec, Sabart. Group Management is made up of the Group CEO to whom the CEO of each business unit and the heads of the Group Functions (across all BUs) report.

The CEO, with the heads of the Finance, Internal Audit and Investor Relations functions, meets on a monthly basis with the CEOs and CFOs of the individual BUs for the analysis of business performance and management in general.

Functional Committees (HR, Operations & Procurement, Finance, Engineering, Sales & Marketing, IT) are also operational, formed by the heads of the respective Group and BU functions, with the aim of sharing skills, objectives and operating methods more effectively and efficiently, in order to maximize the work of the individual business units in achieving the synergies and strategic objectives of the Group.

² The subdivision of the Board of Directors by age group was reported according to the age groups <50, 50-60, 61-70,> 70, unlike those provided for by the GRI, as they are more representative of the composition of the administrative body.

1.4 Ethics, integrity and compliance

(GRI 102-12; 102-16)

In the performance of its activities and in the conduct of business, the Emak Group (“the Group” or “Emak”) adopts conduct characterised by high ethical standards, on the basis of absolute correctness, full respect of the rights of others, and in compliance with the laws in force and the principles of Group membership.

The Emak Group carries out its activity based on correctness, meant as respect for the rules, transparency, safeguarding the human rights and the environment, in order to protect not only the image of all the companies of which it is composed, but also their stakeholders.

The Italian companies of the Group have adopted and implemented an **Organisation, Management and Control Model** on the basis of Leg. Dec. 231/2001, considering their dimensions and degree of risk in relation to the violations contemplated by the Decree. The Model, besides to comply with a legislative requirement, is an instrument which allows to properly manage the complexity of situations in which the company has to operate, clearly defining a series of principles and values to guide its activities.

In line with the adoption of the Organisation, Management and Control Model, the Group has adopted an **Ethical Code**, shared with all the companies of the Group, periodically updated and shared with all the employees and the various subjects which collaborate with the companies. The Code establishes the corporate principles and values that inspire the companies of the Group in the performance of their activities and which form the identity of the enterprise, constantly orienting strategic choices and policies in the businesses in which it operates.

The inspiring corporate principles and values are as follows: fairness, competence, team spirit, innovative spirit, impartiality and honesty, fight against corruption, respect for people, transparency in relationships and confidentiality, combining economic, social and environmental sustainability.

Emak's Code of Ethics also defines the areas of application and the commitments of the Group in internal and external relations. It represents the moral commitment to the various stakeholders, including collaborators, shareholders, customers, suppliers, institutions, the financial community and the Public Administration.

The recipients of the document are all those who work in the name and on behalf of Emak (employees, directors, administrators, consultants, collaborators, etc.), who are required to know its content, to contribute to its implementation and to the dissemination of the principles formalized therein, also requesting respect from all those with whom they have business relations.

The Code of Ethics is widely disseminated to all recipients, also by including it in the "Sustainability" section of the Group website www.emakgroup.com, in Italian and English.

The Code and any future updates thereof are defined and approved by the Board of Directors of the Parent Company Emak S.p.A. based on the context in which the Group operates and its evolution.

The companies that adopt the 231 model undertake to train new hires on the issues set out in the Code of Ethics and in the Model: new hires are given a summary information set that ensures the knowledge considered to be of primary importance.

In companies that have not adopted the Organization, Management and Control Model, full compliance with local regulations and, if more restrictive, with the rules of conduct of the Code is guaranteed.

In compliance with the law, the Italian companies of the Group have adopted a procedure and set up suitable information channels for the communication of any reports of non-compliance regarding the administrative liability of the organization. In compliance with the provisions of current legislation, the Group has also implemented a specific whistleblowing procedure.

It is emphasized that Emak S.p.A. adopts a **Management System** inspired to the SA 8000: 2014 (Social Accountability) standard with the aim of ensuring the ethics of its production processes and, indirectly, of its supply chain. The fulfillment of the requirements is verified through internal audits and the performance expectations are measured through indicators in line with the standard in question.

Anti-corruption

(GRI 205-3)

The Emak Group pays great attention to the issue of the prevention of risks linked to corruption. In general, all those who act in the name and on behalf of the Emak Group are required to adopt an ethical behaviour, respectful of applicable laws, based on full correctness, transparency and integrity, as required by the principles of conduct contained in the Group's Ethic Code.

With particular regard to the relationships and behaviours put in place with external subjects, are prohibited illegal, collusive, or potentially such practices and behaviours, illicit payments, instigations to corruption, corruption, favouritism, solicitations, direct or through third parties, of advantages for themselves or for others, contrary to the laws, regulations and the provisions of the Ethic Code. This prohibition includes the offer, direct or indirect, of goods and services, aimed at influencing decisions or transactions.

In this context, the Group undertakes to **combat all forms of corruption**, both active and passive, by implementing all the necessary measures provided for in the Organizational Model pursuant to Legislative Decree 231/2001 and following the provisions contained in the Group's Code of Ethics.

This Model is aimed at the prevention of offenses belonging to various categories, including corporate crime, extortion, undue inducement to give or promise utilities and corruption. In addition, a system of procedures, both manual and computerised, has been set up as a guideline to follow in relevant company processes and to provide for specific points of control, with the aim of guaranteeing the correctness, effectiveness and efficiency of company activities.

No cases of corruption and/or relevant reports were registered in 2021.

Anti-competitive behavior

(GRI 206-1)

In 2021, there were no cases of anti-competitive behavior and / or reports on the matter.

Since February 2021 there has been a dispute related to a hypothesis of violation of industrial property rights concerning a subsidiary company.

The Group, supported by the opinion of its legal advisors, has carried out a preliminary analysis of these findings and believes that there are no objective elements to support the dispute initiated by the counterparty.

In consideration of the complexity of the inherent matter, the relative risk of losing is only considered possible.

Human rights

(GRI 412-1)

The Emak Group supports and complies with human rights and promotes compliance of applicable employment regulations. The Group considers the impartial treatment of people as a fundamental value within the sphere of every relationship both internal and external and considers the individual, their values and their rights, as values to be safeguarded. The conduct of every employees and freelance worker must conform to the legislative and contractual regulations governing employment relations.

All the companies in the Group are subject to the provisions of the Code of Ethics based on the Universal Declaration of Human Rights, the ILO (International Labour Organization) Conventions and the UN Convention on the Rights of the Child.

Through the dissemination of the Code of Ethics, the companies have set up a means of oversight with the aim of guaranteeing compliance of human rights, also in areas of greater potential risk with relation to these issues.

In addition, the implementation of an integrated Management System inspired to the SA8000:2014 demonstrates the concrete commitment of the parent company Emak S.p.A., to adopt socially responsible behaviours, as well as its focus on quality and continuous improvement and on the protection and safeguarding of human rights, besides mere legal compliance. In consideration of this, in Emak S.p.A 100% of the activities are subject to checks on the respect of human rights or assessment of the impact on human rights.

The company Speed Line South Africa adheres to the ETI Base Code, an internationally recognized code based on the conventions of the International Labor Organization (ILO) on working conditions and workers' rights, available for consultation on the company notice board.

1.5 Management of risks and opportunities

(GRI 102-11; 102-15)

Effective risk management is a key factor for maintaining and creating value over time. In order to achieve its strategic objectives, the Group, through its governance structure and the Internal Control System, defines the guidelines for its risk management policy.

As part of its industrial activity, the Emak Group is exposed to a series of risks, in the identification, assessment and management of which the Managing Directors, also as Directors appointed pursuant to the Corporate Governance Code of Borsa Italiana SpA, business area managers and the Control, Risks and Sustainability Committee are involved.

The Directors in charge of the internal control system oversee the risk management process by implementing the guidelines defined by the Board of Directors on risk management and verifying their adequacy.

In order to prevent and manage the most significant risks, the Group has adopted a risk classification model, subdividing them according to the corporate function from which they can derive or from which they can be managed; this model provides for an assessment of the risks based on the estimate of the economic and financial impacts and the probability of occurrence.

The Board of Directors assigns to the Committee the task of assisting it, with consultative and propositional functions, in the performance of its duties regarding the internal control and risk management system and in particular in defining the guidelines of the internal control system. and in the periodic evaluation of its adequacy, effectiveness and effective functioning. The Committee oversees the Internal Audit activities and examines, more generally, the problems inherent to the internal control and risk management system.

The Internal Audit verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an audit plan, approved by the Board of Directors.

As part of the risk management process, the different types of risk are classified according to the consequences that the occurrence of certain events may have in terms of missed strategic, operational, financial performance, or compliance with laws and / or regulations.

The Internal Audit communicates the results of its checks, through periodic reports to the Board of Directors, the chairman of the Board of Statutory Auditors, the chairman of the Control, Risks and Sustainability Committee, as well as, for the aspects of their respective competence, to the directors in charge of the internal control system and risk management.

A further moment of assessment and control as well as a source of possible improvement initiatives is represented by the audits that some Group companies receive as suppliers of important players in the sectors in which it operates. In turn, the Group carries out checks on its suppliers in order to analyze, and as far as possible prevent, any critical issues along its supply chain.

Particular attention is paid in connection with M&A transactions. In these circumstances it is in fact a practice for the Group, especially when it comes to transactions of significant size, to carry out careful due diligence activities, appointing professionals to verify not only the soundness of the transaction from a financial point of view, but also the compliance with local regulations, for example in the field of labor law. Based on the

outcome of the activity, the Group evaluates whether or not to continue with the operation, any initiatives to be implemented and guarantees to be received.

Finally, it should be noted that on the occasion of the construction of new properties, the potential impacts associated with construction activities are assessed and, as far as possible, the solutions to minimize them.

The main risks linked to the issues of sustainability connected with the Group's activity are set out below:

- **technological evolution of products.** The Group operates in sectors in which product development in terms of innovation, reliability, safety and functionality represents an important driver for the maintenance and growth of its market shares. The Group's products are also subject to various regulations, including those relating to emissions and safety. The Group manages this risk with constant investments in research and development with the use of adequate skills and resources in order to guarantee its customers an offer of innovative and competitive products in line with their requests and expectations.
- **liability towards customer and third parties.** The Group is exposed to potential liability risks towards customers or third parties related to any product liability due to potential design and / or manufacturing defects of the Group's products, also attributable to third parties such as suppliers and assemblers. Furthermore, should the products prove to be defective, or do not meet the technical and legal specifications, the Group, even at the request of the supervisory authorities, may be required to withdraw these products from the market. In order to manage and reduce these risks, the Group proceeds with the approval and certification of its products by an independent body and has also entered into a Group master insurance coverage that minimizes the risks to the insurance deductibles only.
- **supply chain.** The Group is exposed to risks associated with the conduct of suppliers and the possible lack of visibility and control over supplier practices, with particular reference to issues of compliance with environmental and social legislation and to issues of quality control on the products received. In order to manage this risk, the Group carries out periodic audits on its suppliers (a more extensive description of the methods of analysis and assessment of suppliers is given in chapter 3.2).
- **staff and health and safety in work places.** These are risks linked to inadequate management of the processes of attraction, selection, development, motivation and retention of key professional figures within the Group and risks connected to the possible occurrence of accidents and near misses in the workplace and the onset of occupational diseases. The Group applies policies relating to personnel in line with the provisions of the Code of Ethics in order to enhance its internal resources and attract external ones. Regarding occupational health and safety, there are policies aimed at complying with regulatory requirements. Particularly for the tasks more related to production, measures are adopted to facilitate the work of the operators, which go beyond the regulatory requirements. There is also a specific special part within the Model pursuant to Legislative Decree 231/01.
- **climate change.** Although in the short-medium term no significant risks relating to the production processes or the reference markets have been identified so far, the Group pays attention to the risk associated with climate change as regards the potential impacts in the medium-long term and will carry out a more specific analysis for them. The risk due to extreme weather events has a low probability of having an impact on the Group's activities: no companies, and in particular production plants, positioned in locations potentially subject to extreme events such as, for example, floods or tornadoes, that may jeopardize its operations, have been identified so far. The risks associated with climate change are also reflected in possible regulatory changes, which may relate to limitations on the emissions of some product categories of the Group, in particular those powered by internal combustion engines. In order to always be in line with regulatory requirements, the Group focuses its research and development on the development of ever low emission internal combustion engines, battery-powered products and specific components and accessories for the latter. The Group has also undertaken a development path of its range of products in the field of precision farming in order to contribute to the minimization of the use of pesticides and fertilizers on the ground, while reducing costs for agricultural operators.

- **compliance.** The Group is obliged to comply with regulations not only regarding products, but also with specific reference to environmental issues (eg environmental damage, noise pollution, emissions, waste and discharges), human rights and corruption. The Group manages the risk of compliance with regulations through internal procedures (including, where present, those relating to certifications), compliance with the specific special part within the Model pursuant to Legislative Decree 231/01 and in general the principles set out in of the Code of Ethics.

Further risks, more related to the achievement of economic and financial objectives, the related analysis and management policies, are reported in the Annual Financial Report.

Risk arising from COVID-19 pandemic

From the beginning, the Group has followed the developments of the pandemic very closely, setting up a dedicated task force and promptly adopting the necessary measures to prevent, control and contain the virus at its headquarters, globally, with the aim of protecting the health of employees and collaborators (modification of production layouts, sanitation of premises, personal protective equipment, temperature measurement, thermal cameras, serological tests, rules of hygiene and social distancing, smart working).

The people in charge of health and safety monitor the implementation, application and effectiveness of the measures adopted in relation to the provisions issued from time to time by the competent authorities and the trends of the pandemic in the various countries where the Group has operational headquarters. Although constantly reducing in terms of risk, the Group believes that, in the recent scenario, the following aspects have emerged or have assumed greater importance: (i) the risks connected to people's health; (ii) the risk deriving from the temporary reduction in the availability of personnel; (iii) the risks associated with the availability of raw materials and the volatility of prices; (iv) the risks associated with violent fluctuations in demand and non-compliance with the contractual agreements entered into with clients.

The Group promptly developed numerous counter and mitigation actions that made it possible to minimize the impact on the business. All the safeguards continue to be activated, as well as constant monitoring of any element that may change the risk factors related to the evolution of the pandemic and its direct and indirect effects on company activities.

Information on the Russia-Ukraine situation

The military aggression of the Ukrainian territory by the Russian army starting in February is creating repercussions at an international level, both in terms of financial market trends and commodity prices.

As for Ukraine, the Group operates on this market mainly through the commercial branch in Kiev, 100% controlled by Emak S.p.A. This company employs 25 people and in 2021 recorded a turnover of € 4.2 million with a profit for the year of approximately € 500 thousand. At the date of this report, the company suspended its activities following the known war events.

The value of the investment in the Ukrainian company is approximately € 1.7 million.

The 2021 turnover of the Group on the Ukrainian market was equal to € 5.2 million (of which 4.2 million through the subsidiary) equal to approximately 1% of the consolidated turnover, while the amount of trade receivables at the end February 2022 is equal to approximately € 280 thousand.

The Russian and Belarusian markets account for approximately 2% of the Group's 2021 turnover and exposure to customers on this market amounted to approximately € 3.2 million at the end of February 2022; the related commercial risk is partially covered by an insurance policy.

The geopolitical context of reference remains today characterized by significant uncertainties, therefore the situation is continuously monitored by the company management.

2. Approach to Sustainability

In the light of its reference context and with increasing awareness of the importance of adopting an integrated and synergic approach, the Emak Group has undertaken a programme of assessment and reflection regarding the issues of sustainability with the aim of identifying a set of issues relevant both to the Group and to its stakeholders.

Identification of the stakeholders

(GRI 102-43; 102-13; 102-40; 102-42)

The Group has implemented a mapping and identification process of the main categories of stakeholder, through benchmarking and an analysis of the reference context of its activities. This made it possible to define a map showing the main reference stakeholders:



The main channels of communication and dialogue with the Group's stakeholders are shown below:

Stakeholder	Thematic area	Main instruments of dialogue
Employees and freelance workers	<ul style="list-style-type: none"> - Growth, development and training - Health and safety in the workplace - Diversity, equal opportunities and non-discrimination - Human rights and working conditions - Quality of work - Ethics, integrity and compliance - Identity and values - Industrial relations - Company welfare 	<ul style="list-style-type: none"> - Training on values and organisational behaviour - Open day and internal events - Company portal - Survey of internal climate - Periodic newsletters and other communication - Communications to top management - Collective bargaining - Skills assessment process - Communications with top management - Financial relations - Scientific publications - Tenders and competitions - Training apprenticeships / internships - Scholarships
University and Research Centres	<ul style="list-style-type: none"> - Transparency - Research, development and innovation 	<ul style="list-style-type: none"> - Institutional website - Assessment of customer satisfaction - Management of claims - Pre and post-sale customer service - Commercial communications - Participation in trade fairs and events
Customers (B2B)	<ul style="list-style-type: none"> - Anticipation and understanding of customer expectations and needs - Customer trust and satisfaction - Product quality and safety 	<ul style="list-style-type: none"> - Institutional website - Assessment of consumer satisfaction - Management of claims - Post-sale consumer service - Commercial communications - Participation in trade fairs and events
Consumers (B2C)	<ul style="list-style-type: none"> - Consumer trust and satisfaction - Product quality and safety 	<ul style="list-style-type: none"> - Institutional website - Meetings and events in the territory - Press releases - Activities to support the artistic-cultural heritage in sites of public interest - National and regional research projects - Cooperation with artistic institutions of public interest - Support to charities and the voluntary sector - Sponsorships
General Public	<ul style="list-style-type: none"> - Relations with the general public - Attention towards respect of the territory - Support of social initiatives - Support to employment - Legality 	<ul style="list-style-type: none"> - Information provided further to request - Reports and Statements - Shareholders' meetings - Press releases
Institutions and regulatory bodies	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Legality - Relations with institutions 	<ul style="list-style-type: none"> - Institutional website - Participation in initiatives and events - Negotiation reports
Suppliers	<ul style="list-style-type: none"> - Transparency - Ethical responsibility - Human rights and working conditions - Continuity in relations - Qualification and assessment - Negotiating conditions - Development of partnerships 	<ul style="list-style-type: none"> - Institutional website - Financial reports - Road shows (meetings with the community) - Shareholders' meetings - Press releases
Shareholders and investors	<ul style="list-style-type: none"> - Corporate Governance - Transparency - Economic-financial performance - Ethics, integrity and compliance 	

The Emak Group, moreover, interacts and communicates with various associations, both in Italy and abroad. In particular, Group companies are members of the following associations:

Body/Association	Description	Company
ABIMAQ	Brazilian Association of Machines and Equipment	Lemasa Lavorwash Brasil Agres
ABRALIMP	Brazilian Association for professional cleaning market	Lavorwash Brasil
AEA	English Trade Association for manufacturers and importers of agricultural machinery and outdoor power equipment	Emak UK
AEF	Agricultural Industry Electronics Foundation	Agres
AEFIMIL	Spanish Association of Manufacturers and Importers of Industrial Cleaning Equipment	Lavorwash Iberica
ANSEMAT	Spanish Association for manufacturers and importers of machinery for agriculture and green care	Emak Suministros Espana S.A.
APIINDUSTRIA CONFIMI MANTOVA	Association for small and medium enterprises of Mantua	Lavorwash S.p.A.
APLA	Latin American Petrochemical and Chemical Association	Lemasa
ARPEL	Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean	Lemasa
AXEMA	French Association for manufacturers of machinery for agriculture and green care	Emak France SAS
CCI-Competence Center ISOBUS	Association for cross-manufacturer co-operation in the field of high-tech and agriculture	Agres
CETA	Association of manufacturers of cleaning machinery	Valley Industries LLP
CGPME	French association of small and medium sized enterprises	Speed France SAS
CICC	Italian Chamber of Commerce in China	Tailong (Zhuhai) Jiangmen
ConectarAGRO	Association that aims to guarantee 4G internet access in all rural areas in Brazil, thus promoting Agriculture 4.0	Agres
CREA	Regional Council of Engineering, Architecture and Agronomy in Brazil	Agres
EGMF	Federation of European manufacturers of machines for gardening, forestry and green care	Emak S.p.A.
EUCCC	European Union Chamber of Commerce in China	Jiangmen
EUROMOT	European Association of Internal Combustion Engine Manufacturers	Emak S.p.A.
FACC	French-American Chamber of Commerce	Speed North America Inc.
FederUnacoma	Italian federation of manufacturers of agricultural machinery	Emak S.p.A. Tecomec S.r.l.
FIEP	Federation of Industries of the State of Parana	Agres
Företagarna	Swedish Federation of Business Owners	Markusson
Highway 23 Coalition	Group of community leaders advocating for the connection of commerce in Greater Minnesota through improved roadways	Valley Industries LLP
ICA	International CarWash Association	Valley Industries LLP
INDICOD-ECR	Italian association for the diffusion of barcodes	Lavorwash S.p.A.
ISSA & AFIDAMP FAB	Worldwide association for the cleaning industry & Italian Association of Manufacturers of Machinery, Products and Equipment for Professional Cleaning and Hygiene	Lavorwash S.p.A.
MANTOVA EXPORT	Consultancy Consortium for companies in Mantua for import-export	Lavorwash S.p.A.
OPEAA	The Outdoor Power Equipment Aftermarket Association	Speed North America Inc.
Paynesville Area Chamber of Commerce	Paynesville Area Chamber of Commerce	Valley Industries LLP
PCASA	Plastics Convertors Association of South Africa	Speed Line South Africa Ltd.
SEBRAE	Brazilian Service of Support for Micro and Small Enterprises	Agres
SEDEX	Supplier Ethical Data Exchange	Speed Line South Africa Ltd.
Unindustria Reggio Emilia	Industrial association of Reggio Emilia	Emak S.p.A.; Comet S.p.A.; Tecomec S.r.l.; PTC S.r.l.; Sabart S.r.l.
WJTA	Water Jet Technology Association	Lemasa PTC S.r.l.
Wooster Area Chamber of Commerce	Wooster Area Chamber of Commerce	Speed North America Inc.

Materiality analysis

(GRI 102-44; 102-46; 102-47; 102-49)

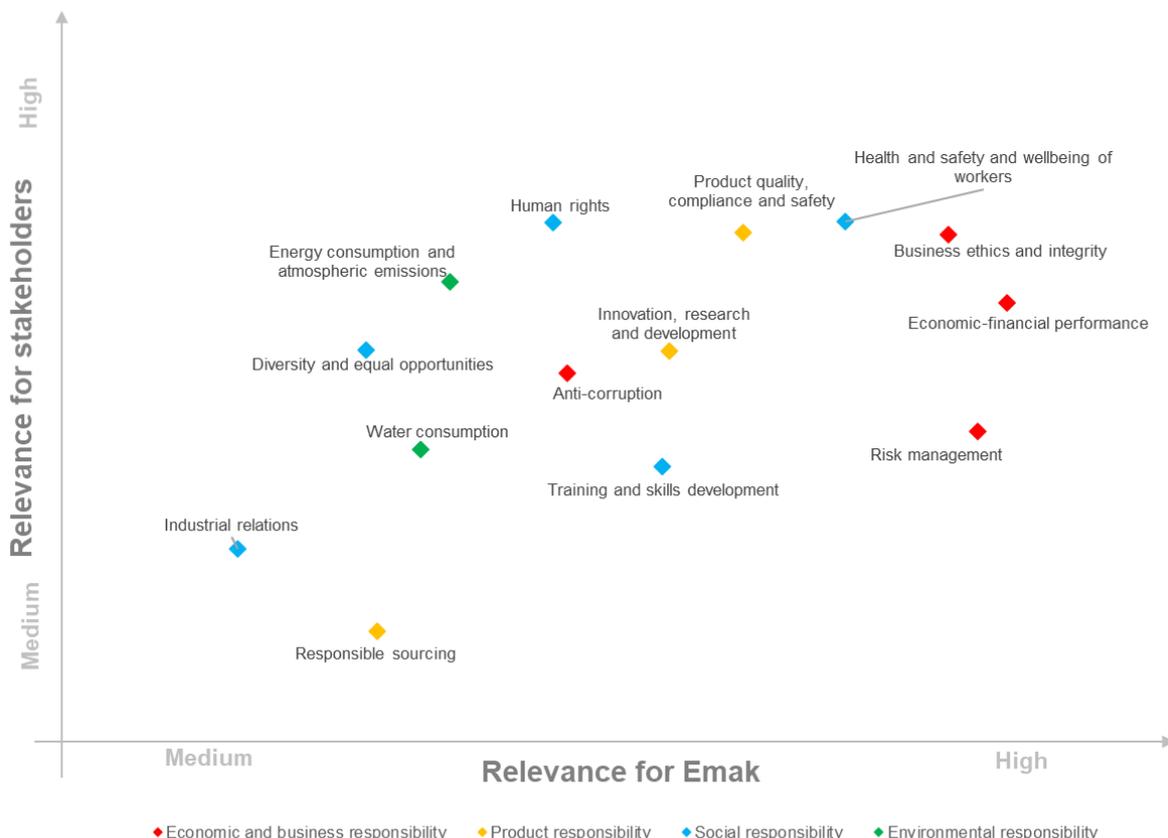
In order to identify the social, environmental and economic issues to be included in this NFS, the Group carried out a materiality analysis: the issues were selected for their influence on the decisions and assessments of stakeholders and on the basis of impacts of the Group and its ability to create value, also taking into consideration the issues provided for by Art. 3 of Legislative Decree. 254/2016 and the indications of the GRI standards, as well as the best practices of the sector.

The update of the materiality matrix took place in 2020 through a process that was divided into two phases. The first saw the definition of potentially relevant non-financial issues through a benchmark analysis carried out by analyzing the information reported by competitors, the guidelines defined by international organizations and the publications of some authoritative international sources (RobecoSam, SASB, etc.). The second concerned the prioritization of the topics in order to define which ones were the most priority. In order to determine the importance for the stakeholders, a questionnaire was administered to a sample of stakeholders (investors, consultants), the results of which were then processed considering both the benchmark analysis described above and the survey carried out on another sample of stakeholders in 2018. To define the importance of the issues for the Group, the same questionnaire was submitted to the members of the Board of Directors, the Board of Statutory Auditors and the top management of the Group.

During 2021, no significant changes such as to change the strategic and operational approach of the Group occurred. The topics that emerged as relevant from the 2020 materiality analysis were found to be in line with the priorities of the Group and its stakeholders also for this reporting year. The 2021 materiality matrix was therefore not changed compared to the previous year.

The final result of the evaluations made is reflected in the following **materiality matrix** which, on the x axis shows the medium-high significance of the issues for the Emak Group and on the y axis, their medium-high significance for the reference stakeholders.

Emak Group Materiality matrix



Significant issue	Description	Perimeter of impact	Emak's involvement ³	GRI Aspect
Economic and business responsibility				
Anti-corruption	Group commitment in the fight against corruption, whether active or passive, also in consideration of best practice in the sector.	Group	Caused by the Group	GRI 205
Ethics and business integrity	Promotion of best practice in Corporate Governance and compliance with standards in the area of ethics, integrity and legal and regulatory compliance	Group	Caused by the Group	GRI 206 GRI 307 GRI 419
Economic-financial performance	Achievement of positive economic-financial results in the short-term and economic equilibrium in the medium-long term, consistent with the creation of value for the various categories of Stakeholders	Group	Caused by the Group	GRI 201 GRI 207
Risk management system	Implementation of a structured and extensive system aimed at identifying, assessing and managing risks and uncertainties, including environmental, social and/or new emerging risks which are significant for the Group's activities	Group	Caused by the Group	Topic not related to GRI aspects
Social responsibility				
Human rights	The respect, promotion and safeguarding of human rights and working conditions in the performance of activities (prohibition of child labour, anti-corruption and compliance with ethical and/or conduct codes)	Group Suppliers	Caused by the Group and directly linked to the Group through its business relationships	GRI 407 GRI 408 GRI 409 GRI 412
Diversity and equal opportunities	Development of work practices and conditions suitable for ensuring equal opportunities, through the removal of every form of discrimination and of moral or psychological violence	Group	Caused by the Group	GRI 405 GRI 406
Training and skills development	Offer of development and training programmes aimed at strengthening people's skills and consolidating professionalism in the role held	Group's employees	Caused by the Group	GRI 401 GRI 404
Industrial relations	Promotion of the freedom of association and expression among workers, aimed at guaranteeing them the right to be represented, also through membership of trade unions and/or category associations	Group	Caused by the Group	GRI 402

³ Emak's involvement refers to the type of impact and can be classified as "caused by the Group", "directly linked to the Group through its business relationships", or "to which the Group contributed" on the basis of the role that the organisation has in the generation of the impact.

Health and safety and wellbeing of workers	Respect of legislative provisions and agreements entered into and the promotion of actions and practices aimed at minimising risks for people's health and safety and at improving employees' well-being	Group *	Caused by the Group	GRI 403
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Environmental responsibility

Energy consumption and emissions	Commitment to increasing the efficiency of energy consumptions and commitment regarding the management and reduction of atmospheric emissions	Group production sites Energy suppliers	Caused by the Group and directly linked to the Group through its business relationships	GRI 302 GRI 305
Water consumption	Commitment to a conscious and efficient management of water	Group production sites	Caused by the Group	GRI 303

Product responsibility

Innovation, research and development	Research and development activity aimed at the continuous improvement of quality and the development of innovation, guaranteeing the protection of intellectual property	Group Universities and research centres	Caused by the Group and to which the Group contributed	Topic not related to GRI aspects
Quality, conformity and product safety	Identification and reduction of potential risks to the health and safety of a product along its entire value chain	Group	Caused by the Group	GRI 416
Responsible sourcing	Selection of suppliers, collaborators and business partners using fair and transparent processes. Promotion of fair relationships and sustainable behavior in the supply chain, evaluating the performances of the suppliers on the basis of ESG criteria (Environmental, Social and Governance).	Group	Caused by the Group	GRI 204 GRI 308 GRI 414

**The Group has identified the categories of other significant non-employees workers with regard to health and safety issues (temporary workers involved in the production process, stable maintenance staff and shipment/logistic cooperatives) and starting from NFS 2020 reports the accident data of these workers who operate at the Group's premises and / or under the control of the Group, following the assessment of the quality and accuracy of such data over which it does not exercise direct control.*

3. The priorities of the Group

The following chapter focuses on the priorities of the Emak Group, defined on the basis of materiality and the main strategic interests, grouped in the macro areas of social, product, economic and business, environmental responsibility.

3.1 Social responsibility

3.1.1 The people in the Group⁴

(GRI 102-8; 402-1; 102-41)

In line with the values of expertise and team spirit at the basis of its own conduct, the Emak Group aims for excellence through the continuous improvement of its professionalism and the extensive involvement of staff at all levels. The staff and collaborators involved in the Group's activities are a strategic and precious resource, and for this reason the Group undertakes to guarantee respect of their rights, fostering their wellbeing and promoting their professional development.

Given the organisational structure of the Group and its strong presence both in the Italian territory and abroad, in order to manage in a harmonious and homogeneous manner all the activities related to staff's control and management, the Group has set up a committee composed by the members of the Human Resources departments of each Italian company and by the HR international, a cross-departmental body with a specific focus on foreign branches. In 2021 the new global HR platform of the Emak Group was launched, a software solution that will allow the standardization and improvement of the Human Resources management process for all companies, in particular as regards training, performance evaluation, merit review and career development policies, selection and onboarding of staff. The platform will also increase the Group's identity and the sense of belonging of people, who will be able to communicate globally through a common tool. The development of the latest modules is expected in 2022.

At 31 December 2021 the Group's workforce numbered 2,225 persons, an increase of 4.26% compared to the previous year (2,134 employees in 2020). The acquisitions of Poli (included in the *Pumps and High Pressure Water Jetting* segment) led to an increase in the workforce of 22 employees, while the change in the logistic and distribution model of the Speed Group in North Africa led to a reduction of 29 people. Excluding these changes, in 2021 the workforce would amount to 2,232 employees, an increase of 4.6%. Most of the increase is attributable to the production companies, as a result of the need to cope with the higher production volumes recorded during the year. Male employees account for 64.0% of staff (63.5% in 2020), and female 36.0% (36.5% in 2020).

The distribution of employees by business segment and geographical area is shown below:

	OPE		PWJ		C&A		Not allocated		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Europe	545	536	486	442	272	246	8	8	1,311	1,232
Americas	13	11	248	232	223	209			484	452
Asia, Africa, Oceania	200	191	103	101	127	158			430	450
Total	758	738	837	775	622	613	8	8	2,225	2,134

⁴ Following a process of improvement of the reporting system, the 2020 figures concerning the number of employees were restated compared to those published in the previous NFS. The difference in the total is two people. For previously published data, please refer to the 2020 Non-Financial Statement, published in the Sustainability section of the website www.emakgroup.com.

Geographically, the majority of the company population is concentrated in Europe, with 1,311 persons employed (1,232 in 2020), equal to 58.9% of the total (57.7% in 2020). In the Americas 484 persons are employed (452 in 2020), equal to 21.8% of the total (21.2% in 2020). In the Rest of the World, lastly, 430 persons are employed (450 in 2020), equal to 19.3% of the total (21.1% in 2020).

Below is shown the distribution of employees by country at 31 December 2021 compared to the previous year:

Employees at	31.12.2020	Change in scope of consolidation	Other movements	31.12.2021
Italy	988	22	30	1,040
France	146	-	21	167
UK	12	-	-	12
Spain	22	-	1	23
Poland	35	-	4	39
Sweden	4	-	1	5
China	411	-	10	421
Usa	178	-	(9)	169
Ukraine	25	-	-	25
South Africa	10	-	(1)	9
Brasil	237	-	36	273
Mexico	18	-	2	20
Morocco	29	-	(29)	-
Chile	19	-	3	22
Total	2,134	22	69	2,225

With regards to the breakdown of staff by age group, most employees are concentrated in the 30 to 50 group (58% with 1,295 people); 27% of staff are over 50 years old (606 people), while 15% are under 30 (324 employees).

Confirming the Group's wish to create strong and long-lasting professional relationships, the permanent contract remains predominant with 93% of permanent contracts, in slight increase compared to 2020 (92%).

Some companies have an ongoing employer branding campaign in order to increase the company's attractiveness towards the outside and reduce turnover.

The Group is also committed to promoting dialogue with its employees, with the aim of reconciling people's needs with the Group's growth objectives. This commitment means entering into different categories of contracts: from national and/or sector bargaining, to collective and/or company contracts, to individual contracts. 77% of employees were covered by collective bargaining agreements in 2021.

The notice period provided to employees prior to the implementation of significant operational changes is defined in the Italian companies of the Group by the collective bargaining agreements and can vary from a minimum of 7 days to a maximum of 4 months based on the type of collective bargaining agreement applied, the professional category and the seniority. For the foreign companies of the Group, a minimum notice period is applied in compliance with the provisions of local legislation or collective agreements, if any.

During 2021, the company Speed North America faced disputes with some employees not yet concluded at the date of this report, relating to the incorrect recording of employee entry and exit times with consequent incorrect calculation of rounding for the payment of overtime.

Investigations are currently being carried out by the French local authorities in relation to the management of the dismissal of two employees employed by the subsidiary Emak France SAS. At present, no convocation has been notified to the French subsidiary.

3.1.2 Training and wellbeing of employees

(GRI 404-1; 403-6)

The Emak Group invests in the development of its people through training and orientation towards precise objectives, through dedicated courses and updating, with the aim of strengthening the specific skills of every member of staff inside the organisation. During 2021, training expenses amounted to around € 341 thousand.

The different companies in the Group carry out every year an assessment of the performance of employees, through interviews or questionnaires, with the aim of identifying any professional gaps, which results lead, together with an analysis of specific training needs and specific requests for professional updating, to precise training programmes to implement during the following year.

20,651 hours of training and skills development activities have been provided during 2021, an increase compared to the 14,810 hours of 2020. Average per head was 9.3 hours, compared to 6.9 hours in the previous year.

In 2021, 40.1% of the training hours provided concerned health and safety issues (34.2% in 2020), 3.3% anti-corruption issues (4.1% in 2020) and the remaining 56.6% other topics (61.7% in 2020).

Main types of training and instruction organised include:

- **language training**, aimed at improving language skill and achieving the certificates;
- training on **health and safety** issues, that is, relating to the learning of legal and/or company rules and regulations on the issue of safety;
- **training on model 231**, on the issues of **anti-corruption** and on compliance with local legislations;
- **technical and specialist** courses, relating to both IT issues (e.g. courses on Excel, Word and Marketing) and to strengthening of the skills that enable jobs to be performed with expertise and safety (e.g. the driving and use of forklift trucks or specific training for product development)
- **management development** courses, that is, continuous improvement in managerial skills and tools for employees that hold positions of responsibility or operate in specific areas (such as logistics, sales and accounts);
- **coaching** programmes, both individual and in group, for personal and professional development.

With different frequencies and methods for the various companies, internal environment analyses are carried out to evaluate the level of employee satisfaction and to identify any areas where action could be taken to improve the wellbeing of the people in the Group. Company organization, belonging to the company, relationship with managers, professional development possibilities, health and safety and environmental aspects are among the issues addressed in the analysis.

Among the corporate welfare initiatives, some companies offer employees additional health coverage and access to preventive health services, as well as medical and sports agreements.

3.1.3 Diversity and equal opportunities

(GRI 405-1)

The Emak Group, being able to count on a strong global presence, believes that the multiculturalism and heterogeneity that derive from it, represent an important strength.

At 31 December 2021 there were 802 women in the Group, with an incidence of 36.0% out of the total workforce, slightly decreasing compared to the 36.5% of the previous year.

The Group is committed to respecting the individual dignity and the physical and moral integrity of every person, to safeguarding diversity, to guaranteeing equal opportunities and to promoting the personal, professional and cultural development of people, without exercising or supporting any form of discrimination. This commitment, pervasive in daily operations within the Group, is formalized in the procedure "The ethical management of human resources" in force at the parent company Emak S.p.A.. The procedure, aimed at describing the ways in which Emak applies its social responsibility in the management of human resources and at defining the operating methods that govern the entire process, applies to all aspects related to human resources management, both with regard to the employment relationship and with reference to professional development (from skill assessment to training needs analysis).

In this context, in 2021 the Group's HR Committee undertook an analysis of issues related to Diversity and Inclusion, in order to identify, develop and implement strategies that further promote diversity in all areas of companies. The Group carries out recruitment and selection processes that provide for the inclusion of female candidates in all cases where the profiles are consistent with the ongoing research. For example, when searching for temporary workers, the company Tecomec requires recruiting agencies to receive at least mixed applications and, for greater fairness, the selection part is sometimes carried out through practical tests to verify the specific and technical competence of the candidates. This practice has contributed to an increase of 100% in female workers involved in production. Furthermore, the company launched the "gender" project aimed at women, which among the various activities provides for the development of techniques for effective communication methods. As part of intergenerational management, a project aimed at young employees and temporary staff has been launched, which includes both a training part, for the development of specific skills such as effectiveness in communication and self-confidence, and an external employer branding activity with their direct involvement. The company has also implemented a Performance Management model aimed at transparency in evaluations and growth systems, ensuring equal opportunities within the company in terms of career progression and has developed clear and transparent remuneration policies.

In order to allow individuals to satisfy the family care needs, especially in the case of parents with small children, various companies recognize part-time if requested and have activated individual smart working agreements. Furthermore, Tecomec has made permanent the flexible and coordinated management of schedules and attendance for the Customer Care & Delivery Service, expanding in this way also the time slot of customer service.

The companies of the Group facilitate also the inclusion of people with disabilities within their business activities in accordance with the provisions of their respective national laws, such as Law 68/99 and subsequent amendments in Italy and the indications of the U.S. Equal Employment Opportunity Commission (EEOC) in the United States. In some cases, policies are broader than regulations. The companies Emak S.p.A., Tecomec and Comet, for example, have developed over the years an increasingly close collaboration with a social cooperative that employs disabled people, which consists in the outsourcing of assembly/bagging activities.

3.1.4 Health and safety

(GRI 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9)

Occupational health and safety are a priority for the Emak Group. Through continuous risk analysis and training, the Group is committed to creating a safe and healthy work environment for its people, with the adoption of appropriate measures and procedures aimed at preventing accidents and damage to health.

The companies of the Group undertake to comply with the requirements of national regulations on health and safety at work (for example in Italy the Legislative Decree 81/08, in Brazil PCMSO - Programa de Controle Médico de Saúde Ocupacional and PPRA - Programa de Prevenção de Riscos Ambientais) through the adoption of specific management systems that cover all employees, internal and external collaborators who operate within the Group's workplaces. In some companies, the implemented system is based on the most stringent requirements for specific certifications (eg ISO 45001:2018 certification).

The management systems are updated in the event of significant changes in company processes, legislative changes and in any case with the minimum frequency required by current regulations. In some Group companies the company management is supported by external consultancy firm for the implementation of the occupational health and safety management system. In order to ensure full compliance with the regulations, internal audits of legislative compliance are carried out on the basis of defined checklists and with reference to the various company procedures.

Company activities are overall oriented towards preventing accidents, injuries and occupational diseases; therefore, the design, operation and maintenance of equipment and systems, including the cleaning activities of the workplace, are addressed to this purpose. In some cases, Italian safety standards have also been applied in countries with less stringent regulations.

All Group companies are committed to identifying and eliminating dangers and minimizing risks, pursuing continuous improvement. For each type of job constant evaluations and analysis are carried out, from which derives the drafting of an adjustment and improvement plan, in which new risks or new situations of potential danger (near misses), the measures implemented by the company to reduce the risk and the residual risk are constantly inserted by RSPP. The reports and the consequent updating of improvement initiatives are analyzed during periodic meetings between the Head of the Prevention and Protection Service (RSPP), workers' safety representatives (RLS) and company management or within specific safety committees. The degree of priority of the interventions is established according to the probability and severity of the possible injury. The functions involved have the task of sharing the proposed improvement/adaptation actions, of bringing any critical or new dangers/risks reported by workers, to disclose the progress of the improvement actions discussed, in order to involve workers on safety and prevention measures.

Italian companies draft the **risk assessment document**, that is updated periodically, and in any case at least every three years, by the employer in collaboration with the members of the Prevention and Protection Service (RSPP, ASPP), with the competent doctor and with workers' safety representatives (RLS). Companies in which there is no dedicated internal function collaborate with professionals outside the organization in the preparation and implementation of the procedures and activities necessary to comply with local regulations.

Most companies, especially those involved in production activities, therefore more structured and subject to risks and hazards related to health and safety at work, have dedicated committees in which take part, in the largest composition, the workers' representatives for safety; the employer representative; the production manager; the HR manager. During the meetings, workers' notifications and requests, improvement proposals and the progress of planned activities with regards to health and safety issues are analysed.

The companies of the Group undertake to involve and consult workers in the development, implementation and evaluation of the workplace health and safety management system. Relevant information on occupational health and safety (such as the names of emergency personnel [firefighting; first aid]; safety procedures; emergency numbers; IEP [Internal Emergency Plan]) are made public and available for consultation to all workers on company notice boards, company intranet, company newsletters.

All companies of the Group encourage their employees to report work-related hazards and dangerous situations. Workers are required to communicate any accident or potentially dangerous situations that will be evaluated by the competent bodies, and eventually by the external consultants, in order to define the improvement measures to be implemented. In most companies there are formalized and structured procedures that define the methods by which the reports must be made and their evaluation, analysis and

closure process. Each worker has the right/duty to report hazards and dangerous situations: notifications are assessed in order to proceed with the suspension of the activity and/or the immediate removal of the risk. Workers can report both anonymously and in person, by contacting a specific telephone number or by consigning specific forms in dedicated boxes or by reporting to persons in charge of health and safety issues, the Health and Safety Manager and the workers' health and safety representatives.

The Group supports the continuous improvement of the health and safety of workers by making available the human, instrumental and economic resources necessary to achieve its objectives. In order to facilitate work activities, in particular in the production departments, improvement actions on ergonomics and risk reduction are continuously implemented, exceeding the legal requirements. For example, the company Tecomec, with the support of an external consultant, carried out in 2021 a specific analysis of the individual workstations for the manual handling of loads, also through the NIOSH (National Institute for Occupational Safety and Health) indicators, which led to the implementation of specific short-term interventions and the planning of medium-long term investments. The improvement will be formalized through procedures and afterwards dedicated training will be carried out. Several companies are introducing machines in their production departments to automate certain activities and reduce the manual labor of people. Workplace improvement initiatives are aimed at any type of worker, both employees and temporary workers and trainees.

Particular attention is paid to the training and awareness of staff on health and safety issues with specific reference to the task performed, such as courses relating to the handling of loads, the use of machinery (e.g. forklift), emergency and fire prevention and training of first aid personnel.

Occupational health and safety training is scheduled annually and provided on the basis of legislative requirements. The most involved companies are the production companies, in consideration of the greater risks inherent in their business. In addition to the mandatory courses, internal training is organised in order to reduce any risk situations reported and, in the case of specific risks, individual workers are subjected to targeted training on the basis of their activities. Training activity is addressed to all employees, and in particular to managers, persons in charge of health and safety, emergency teams, workers' health and safety representatives, forklift operators, AED, electrical workers. Examples of training are the firefighting training, the update for workers' health and safety representatives, training for the use of forklift trucks.

In addition to checking the regularity of training and any mandatory updates, every new hire and every external visitor is trained on specific company risks. Occasional external visitors are followed by a contact person during their stay in the company, maintenance workers and companies operating with construction sites are placed under a regular contract in compliance with the law.

Constant and regular health surveillance is also guaranteed by the Competent Doctor who keeps the anamnestic information anonymously and confidential for the entire duration of the employment relationship, after which the discharged worker receives the original of his health record by post, while a copy is sent in a sealed envelope to the company for archiving and preservation. The companies also provide Personal Protective Equipment (PPE) to personnel who works in workstations where they are required and prepare every year an evacuation plan for emergencies.

With regard to issues relating to health and safety, and in particular training, health surveillance and the provision of PPE, temporary workers are treated in the same way as employees. In case of contracting companies operating within Group's premises, it is constantly checked that workers are up to date with training, health surveillance and insurance, also with the support of specific management software that automates the collection and control of the related documentation.

In order to facilitate the access of their workers to medical and health care services, some companies in the Group have developed specific Welfare and health coverage programs which include various agreements with private entities as well as with the national health service. Some companies also have a wellness committee that promotes various health promotion activities including but not limited to exercise, healthy eating and mental health. Some companies have activated agreements for the delivery of healthy and balanced dishes, designed in collaboration with doctors, nutritionists and personal trainers, that workers can eat during their lunch break. In various companies, during safety courses or on specific occasions, topics such as the consequences of bad lifestyles, the risk of injuries and accidents deriving from the lowering of the attention threshold, the risks deriving from smoking (courses to quit smoking) have been covered.

The Group is strongly committed to avoiding and mitigating the negative impacts on health and safety in the workplace directly connected to its activities and products through product and component safety tests, the certification of its products and the selection of its suppliers also on the basis of environmental and ethical

requirements, which include issues relating to the health and safety of workers. Furthermore, the machine tools owned by Group's companies that are at the suppliers' premises comply with the safety requirements set by the regulations and are certified. For the maintenance or any critical issues, the company intervenes, directly or through competent external personnel, to restore safety or for specific maintenance of the machine.

With the aim of implementing improvement actions and evaluating the efficiency, episodes of occupational accidents are monitored, comparing the trend of indices from year to year. During 2021, in the Group occurred 34 injuries (of which none fatal), with a recordable workplace accident rate of 7.5, decreasing compared to 2020 (8.2).

In 2021 all Group's companies carried on the initiatives undertaken for the management of the emergency caused by Covid-19 pandemic, in order to implement measures aimed at guaranteeing safety at work in the most rapid and effective way, in compliance with the regulations that the national authorities have issued on the subject. At the same time, activities for the management of business risks emerging from the current situation continued, with the aim of limiting the impact on human resources, income results and the financial balance of the Group. The companies have updated their procedures, operating instructions and modules relating to the reduction of the risk of infection from Covid-19. The initiatives carried on include the remote working system for office employees, respect of social distancing on production lines, the supply of personal protective equipment to all staff in the company, the limitation of travel and business trips, the limitation of access to company premises by personnel external to the companies, the sanitization of the workplace.

For more details about people in the Group, reference should be made to the "Performance Indicators" section of this document.

3.2 Product responsibility

3.2.1 Supply chain

(GRI 102-9; 102-10; 204-1)

Emak Group's supply chain is composed of around 6,000 suppliers, subdivided between consolidated suppliers of direct materials for production, suppliers of consumables and indirect materials, suppliers of services and suppliers of finished products. In 2021, the aggregate value of Group purchases was around 640 million euros, of which approximately 80% is attributable to production companies. Intercompany purchases represented around 27% of the aggregate value in 2021. Smaller commercial companies purchase marketed products mainly by other Group companies, while they use local suppliers for services. Common suppliers among more companies are around 11% of the total. The Group, through the Corporate Purchasing Department, implement synergy and optimisation plans of the supply chain aimed at further increasing and consolidating the perimeter of common suppliers.

Supplies are included in a global Group supply context and are governed by common commercial rules and conditions where possible, regulated by framework Agreements, which take into consideration the specific needs deriving from the particular characteristics of the business sectors in which the Group operates.

With regards to geographical area, almost 70% of the supply chain is located within the European Union and the remaining part in Extra EU Countries, largely in the China, Brasil and USA directly serving the Group's production sites. The geographical distribution of the supply chain can vary depending on the specific nature of the single businesses, the mix and the quantity of purchased products. On average, the Group companies rely on local suppliers for about 60% of their purchases, intended as suppliers based in the same country as the individual companies. In Italy the Group maintains part of its suppliers with a site situated at less than 150 km from the Production Site, especially for mechanical processing, surface treatments and assembly works: these are historical suppliers with a longstanding relationship with the company. Plastic components are usually purchased from local suppliers.

The management of the relationship with suppliers in the Far East is assigned to local teams (Purchases and Quality) present in the various factories with the supervision of the relevant Italian staff: both local control on the part of qualified staff and control at various levels on the part of the Head Office, is therefore guaranteed. In case there is no local staff in the single companies, there are intra-group collaboration and synergy agreements aimed at controlling suppliers using the staff available with information sharing or direct visit.

The main suppliers are classified at Corporate level, according to indicators that assess strategic importance, performance, supply characteristics, supplier replaceability and the level of independence, as well as financial risk, into:

- Partners: suppliers that meet high requirements based on an inter-functional scoring;
- Strategic: important suppliers for which the Group is not a strategic customer. The Group works to ensure that suppliers falling into this category become partners or part suppliers;
- Part Suppliers: suppliers without stable relationships from the relational point of view; for the Group they do not represent a high risk.

The main commodities purchased are those typical for the metal-mechanical sector: plastics, parts made of cast aluminium, parts in moulded and shaped metal, finished products, electric induction and brush motors, metal work, electrical and electronic components and spare parts.

The main raw materials purchased are aluminium, brass, copper and steel. These are purchased in slabs from the producer, or managed through contracts that provide for the purchase of a certain quantity fixed at the raw material cost at a given time.

The main changes occurred during the year in the Group's supply chain structure are mainly attributable to the actions taken to face the Covid-19 pandemic and guarantee the continuity of supplies to the plants through double sourcing. In order to guarantee supplies and monitor deliveries, some Group companies have also created specific cross-functional working teams.

Changes in the Group's supply chain structure are also due, to a lesser degree, to the following reasons:

- Changes due to qualitative problems;
- Changes due to the high risk of supplies or external factors such as closures/cessation of the supplier's business which could potentially affect the production continuity of the Group's factories;
- Changes due to purchases marketing, aimed at obtaining improved technical-commercial conditions;
- Changes due to optimization of the purchasing process.

Changes in the supply chain can also be determined by the outsourcing of some production stages, as for the company PTC S.r.l., which has started some years ago the process of outsourcing the carpentry in order to focus on the true core business of the company which is linked to the assembly of Water Jetting and Urban Cleaning machines.

The main activities have affected around 35 suppliers at Group level, including suppliers judged to be at high risk and those with resourcing projects for qualitative problems: the main commodities affected are plastic, metalwork, rubber and mechanical processing.

In the case of purchases marketing, the Group's policy is to maintain double sourcing of supplies with reference to risk management. The supply chain risk is mapped according to parameters that include assessments on financial aspects, supplier replaceability, integration with technical department, service level and vendor rating. For critical suppliers or strategic purchases, the percentage of multiple sourcing is high. In 2021 this represented an advantage for Group's companies, as they were able to respond more quickly to the problems of shortage of materials and the increase in transport costs.

In 2021 Comet S.p.A. continued the development of the purchasing process through KANBAN logics, already in use at other Group companies, which allow to manage the supply chain in a leaner way and to reduce stock.

Supplier analysis and assessment

(GRI 414-1; 308-1; 407-1; 408-1; 409-1)

The selection of suppliers and the assignment of business regulated by contracts is carried out through clear, certain and non-discriminatory procedures, using only criteria linked to the objective competitiveness of the services and products offered and their quality, considering also the supplier's performance with regards to environmental and social issues and its compliance with the principles expressed in the Ethical Code. The presence of Ethical-Environmental-Quality certification is a plus in the choice of the supplier and in the application of strategic sourcing. The evaluation of environmental and ethical aspects forms part of the assessment of suppliers both upon their initial introduction into Emak's Register of suppliers and in the periodic assessment of performance.

Supplier assessment is carried out both through checklists, in order to verify the compliance with quality standards and with the SA8000 ethical standard, and through visits to the supplier's headquarters by the team in charge (Quality - Purchasing). This type of audit has a more qualitative outcome in terms of the reporting of any non-conformities to the Certified Systems Manager and the Purchases Management and the definition of a shared action plan for the investigation and correction of any non-conforming situations. The assessment and classification of suppliers already present in the Register of suppliers, is included in a specific section that checks the presence of environmental and ethical certification and evaluates the supplier regarding particular changes or improvements in this area. In some supply contracts for certain types of purchase (e.g.: transport), there is a specific section on environmental and ethical issues.

Audits are performed on a periodic basis on the trend of accidents, turnover or aspects relating to safety and ethics through the compilation of questionnaires and/or checklists.

Emak's integrated policies are promptly shared with new suppliers, together with the ethical and environmental commitment notice they are required to comply with. They are also invited to visit the Emak website for more details on these issues.

As regards European suppliers, and Western suppliers in general, the Group believes that the probability of having suppliers at risk with regard to environmental, social and respect for human rights issues is minimal, as they are subject to the stringent regulations in force in these countries.

On the basis of the quality audits received, the Group does not have suppliers at high risk on these themes: partners are mostly structured companies, operating for some time in the market and informed on this issue.

For Extra-European suppliers, is in place a suppliers' introduction and evaluation policy and the sharing of a check list SA8000 to use during the Purchases – Quality audits. Audits are conducted by the designated and qualified personnel and transmitted for verification and control to the appropriate structure of the Parent Company.

New suppliers are visited and assessed according to the SA8000 checklist and Quality Audit forms.

The periodic check on the part of appointed staff, through checklists and audits, guarantees that the Register of suppliers is constantly updated with approved and useable suppliers. The check of clauses relating to human rights forms part of this procedure.

The Group believes it is essential to keep extra-European supplies monitored centrally and to promote training projects for the Purchases-Quality staff so that the issues relating to the environment, safety and ethics are constantly held in consideration in order to limit risk. In this regard, auditors have been made aware of, and formally trained to pay attention to, these aspects and to report any non-conformities, also potential. It has also been defined a target number of annual audits to share with the Corporate Purchasing Department with a timeline of 2 years.

In 2021, all of the Group's new suppliers of materials were assessed according to social and environmental criteria through self-assessment forms and the explicit acceptance of the Group's policy. As in the previous year, supplier audits were also limited in 2021 due to the Covid-19 pandemic.

Most of the practices described have been extended to all divisions of the Group through their inclusion in the updated Ethical Code which has been shared at corporate level during 2021, although general assessments on environmental and social criteria were already widely common within the Group.

3.2.2 Research and development

Research and development is one of the cornerstones on which we base the Group's strategy of continuous growth and success. The Group, in fact, considers investing in research to be fundamental as a means for obtaining competitive advantage in national and international markets. For this reason, where possible, the Group covers its products with **international patents**.

R&D is oriented towards the improvement of the product under various aspects: safety, comfort, practicality of use, performance and environmental impact. Particular attention is focused on the development of new technologies, which guarantee for the product greater efficiency, lower consumption and an overall lower environmental impact, without affecting performance.

In addition, the Group has for some years set up **partnerships with the academic world**, with the objective of a reciprocal exchange of know-how with a view to the continuous improvement of its products and their performance.

During 2021 the Group dedicated a total of 19.1 million Euros to Research and Development, of which 11.7 million Euros for product innovation and adjustment of production capacity and process innovation and 7.4 million Euros for research costs charged directly to the income statement.

The main activities carried out by Group companies in 2021 are set out below, subdivided by business lines.

Outdoor Power Equipment

Research and development in the outdoor power equipment segment is pursued in various directions.

The development of new products is an activity common to all the projects that the Group undertakes (an average of 10-12 projects every year): from the definition of the concept, to the design, industrialization, validation, certification and start of production. In order to improve and accelerate the process of new product development, the Group has implemented the use of 3D printers and mixed and virtual reality solutions. Work is under way to introduce PLM (Product Lifecycle Management), tools that are integrated with the ERP system in order to manage the entire life of the product, from the concept to the disposal.

2021 saw a consolidation of two strategic product lines for the Group: the battery-powered products line and the H series line. Specifically, the line of 40V battery-powered products was completed with the introduction

of a further two lawnmowers (with 44cm cut sheet metal body and with 40cm cut plastic body) and a chainsaw model. The H series has been extended thanks to the introduction of a multifunction brush cutter and a pruner, both fitted with a 25cc motor. The family of petrol chainsaws was renewed with a new professional 63cc model fitted with a new motor. In addition, new products for gardening have been introduced, such as the new line of scarifiers and a line of cutters, with models intended for both private and professional use.

Sorting projects are preliminary studies for the development of a product, sometimes with drawings, at sometimes with prototypes, aimed at assessing the convenience and feasibility of finalizing projects emerging from dialogue with customers.

Research and innovation relate to a wide range of areas, and are directed towards the development of a technology or a methodology. The most important projects on which the Group is currently working are as follows:

- IoT: a multi-year project for which the Group has also obtained funding from MISE (the Ministry of Economic Development). With this technology, it will be possible to monitor the activity of machines in the field providing, on the one hand, useful information to the customer regarding maintenance of the machines and, on the other hand, collecting data useful to the Group for the improvement and future development of the products.
- Low-emission motors: the identification and development of technologies applied to two-stroke petrol motors with the aim of adjusting to future directives relating to emission limits that are expected to impose a reduction of 30% compared to what is provided for in current legislation. Specifically, innovative stratified charging technologies are under study, also through the use of external consultancy services.
- Methodological activities: generally, with the external collaboration of research centres or universities, these activities are focused on calculation/experimental calculation methodologies for use in a systematic way in the product development process. The aim is to create predictive models that, once refined, can be applied in the context of new product development. For example, mathematical models for simulating drop tests are under development. The test has always been carried out in an experimental way; today a numeric model that will make it possible to carry out the tests through simulation with 3D models is under development. In addition, a methodology aimed at achieving IPX4 certification (even though not mandatory) of the new battery-powered range under study.
- Research on materials: the Group has started studies for the introduction on its products of 100% or partially recycled plastics: it's a multi-year project for which the Group is seeking to obtain a form of financing and which has already seen the preliminary involvement of suppliers of raw materials and semi-finished products.

Pumps and High-Pressure Water Jetting

The world of **pumps for agriculture**, used mainly to pump pesticides or fertilizers, is very traditional and characterized by few, but continuous new developments.

Research and development activities for this category of product focus mainly on the development of a complete range in terms of capacity and pressure for specific uses, on the use of materials that make it possible to increase chemical resistance in order to be able to treat different liquids and on the research of different construction solutions that maintain the same level of performance of the pumps and the same pressure and volume characteristics of the water used, but with a reduction in costs and weights. The Group is also studying possible applications for fitting the pumps with sensors that give information to the user on the state of the pump (for example, oil level, oil pollution with water, and depression sensors to verify the condition of the filter).

With regards to **products for industry**, research and development activity varies according to the product category. For the smaller-sized pumps, intended to be used, in particular, with pressure washers in the hobby sector, the activity is focused on the specialisation of the applications, on the use of materials that guarantee optimal value for money, and on the design, with the aim of maximum possible automation of the production process. For purpose of achieving these objectives, the Group enters into partnerships with a number of suppliers in order to match the technical aspects with construction ones.

The development of high and extremely high-pressure pumps has different development priorities, also in consideration of their plant engineering application. As a result, design is focused on the chemical resistance to treated liquids, on lengthening the life of the pump, on the use of alternative materials in compliance with new legislation, which guarantee equivalent performance levels.

With regards to **washing products**, design is very important in the consumer sector, aimed not only at satisfying the aesthetic requirements of private users, but also at improving the machines' production process. The development of the use of electronics is becoming increasingly important: the objective is to control machine consumption, acting on the speed of the motor, and offering improved functions both for the user and for the assistance centres (e.g., visibility of the hours worked, consumption, controls block for machine safety with the aim of avoiding improper use). In this product segment, control systems with radio-frequency are also being studied for controlling the functions of the pressure washers using a pistol, so as to make the user increasingly free from having to return to the machine in order to switch on/off or for change the controls.

With regards to the professional segment, the Group is working on improving the efficiency of the machines under all aspects. In order to reduce the use of water, through determined technical solutions, it's possible to obtain a reduction in the washing time and in the volume of water used, or a greater efficiency in order to avoid using chemical agents or polluting elements such as additives. In addition, the Group is working on improving the combustion efficiency of machines that have an oil burner for the production of hot water. A further line of development regards electronics: systems able to block the machine in the event of the detection of micro-leaks, avoiding leaks of water and protecting the machine's components, are already in use. Systems are also under development that provide information on the life of the machine (hours of operation, any anomalies detected both from an electronic and from a hydraulic point of view), useful for maintenance purposes and for the management of fleets of machines on lease and in building sites.

Components and accessories

Research and Development in the Components and Accessories segment is characterised by the need to reconcile requirements relating to the three different types of customers for whom the products are intended: mass retailing, specialized dealers and OEM. While, for example, on the one hand the OEM client prefers characteristics such as performance, or a specific performance that it believes can have interesting prospects for years to come, mass retail chains, on the other hand, prefer ease of installation, while the specialized dealer requests a long-lasting and high performance-level product.

With regards to the three product lines, there's a unique common factor which is the increasingly important: that of sustainability and low environmental impact. Most innovations, in fact, go in the direction of reducing energy consumptions with equivalent output or a lower residual impact on the environment of the construction materials or the impact produced by the devices.

With regards to brush cutter accessories (**gardening line**), the activity focuses mainly on the following aspects:

- Reduction in vibrations: the cutting system (wire and head) is the terminal point of the entire machine and is the part that, rotating at high velocity, carries out the work and generates the machine's vibrations. The objective is to contribute to the comfortable use of the machine, reducing hand-arm vibrations.
- Reduction of acoustic emissions of the cutting system to levels even stricter than legal requirements.
- Reduction in the machine's consumption of energy: the activity is aimed mainly at the development of cutting systems and, in particular, those with a wire, intended for battery-powered machines. The objective is to guarantee high levels of performance while, at the same time, reducing the need for energy to carry out the work.

The Group is also carrying out feasibility studies on the use of eco-compatible plastic materials (e.g., 100% recyclable, composed of natural biodegradable components) for its own products, in particular, wire-based ones.

The research and development of products for chainsaw maintenance (**forestry line**) focuses on automated sharpening operations, with particular attention on the more professional segment of the market (sharpeners with hydraulic clamping of the vice).

With regards to accessories for **agriculture**, research and development mainly focuses on the development of precision systems. The systems permit the control of pesticide treatments, guaranteeing the application of the products in the correct position and with the correct pressure using nozzles that last over time and which are able to reduce drift.

In this context, after having developed the "electronically operated single nozzle", development work has been started on a variable dose nozzle with the PWM (Pulsed Waived Modulation) system: this system makes it possible to dose the quantity of product sprayed on the ground.

In addition, low-capacity flow meters dedicated to sowing are under development, able to measure the doses of fertiliser to be applied to the single seeds in the first phase of growth.

Finally, the development of navigation systems is having ever greater importance: the development of systems able to create prescription maps that make it possible to prescribe how much product to distribute on the terrain, in order to maximise soil yield while reducing treatments to a minimum, is becoming increasingly decisive.

Within the range of products for **washing**, the Group is committed to widening the offer of products for professional use. The development of a water pistol at extremely high pressure for professional applications in sectors such as in the mining, construction and concrete destruction industries is nearing completion. The Group is also developing applications with rotating jets, specifically, ceramic nozzles able to guarantee high-level performance in high pressure applications and hydro excavation.

With regards to the range of low-pressure products, research and development is focused on the creation of products able to guarantee adequate performance levels in compliance with ever stricter legislative requirements, also through the use of different materials from those normally used.

3.2.3 Product quality and safety

(GRI 416-2)

The Group strongly believes that quality is an essential factor for guiding activities in the pursuit of its corporate mission. All the companies in the Group therefore actively seek to ensure maximum quality. From this point of view, the following table shows the certifications obtained by Group companies, testifying to the joint efforts made to guarantee the best possible product quality:

Segment	Company	Certifications
Outdoor Power Equipment	Emak S.p.A.	ISO 9001:2015 ISO 14001:2015
	Comet S.p.A.	ISO 9001 2015
Pumps and High Pressure Water Jetting	Lavorwash S.p.A.	ISO 9001:2015
	P.T.C. S.r.l.	ISO 9001:2015
	Yong Kang Lavorwash Equipment Co. Ltd.	ISO 9001:2015
	Lavorwash Brasil Industrial and Commercial Ltda	ISO 9001:2015
	Tecomec S.r.l.	ISO 9001:2015
Components & Accessories	Ningbo Tecomec Manufacturing Co. Ltd.	ISO 9001:2015
	Agres Sistemas Eletrônicos SA	ISO 9001:2015

Outdoor Power Equipment

The Group certifies its products in compliance with the legal requirements of the countries in which they are sold. With regards to product safety, the main piece of legislation is the Machines Directive, which contains sub-directives that regulate all the technical aspects for every type of product. There are also other specific directives that regulate electro-magnetic compatibility, vibrations, emissions and noise. More than 90% of the activities necessary for the certification of products occurs internally in laboratories equipped with special instrumentation. There are, however, a number of specific tests, such as electromagnetic compatibility and kick back tests for chainsaws, which need to be carried out by a third-party body. A further necessary activity for launching a product on the market, carried out internally, relates to user manuals and the drawing up of the technical file.

In the production phase, the quality and safety of the machines are guaranteed by constant monitoring along the entire product cycle, from the development phase to production, besides a sample check involving a functional and safety check aimed at assessing the machine's conformation.

The Group is also particularly active in and attentive towards the constantly evolving reference legislation context. Emak is a member of EUROMOT, the European Association of Internal Combustion Engine Manufacturers, which supports the evolution of future scenarios with regards to the reference sector (e.g., emission scenarios, etc.) and of EGMF, the European Garden Machinery Industry Federation, whose objects include supporting the evolution of future scenarios regarding all directives concerning products and market monitoring. In addition, Emak follows the evolution of sector regulations (Emissions Directive, Machine Servicing Directive, Noise directive, WEEE Directive - The Waste Electrical and Electronic Equipment Directive - ISO, REACH, ROHS standards, etc.) in order to be constantly updated and in line with the requirements imposed by current laws in the countries where the Group operates. Finally, Emak participates in ISO meetings relating to changes and evolutions regarding product safety in the reference market.

No cases of non-compliance with current regulations occurred in 2021.

Pumps and High Pressure Water Jetting

In the Pumps and High Pressure Water Jetting segment, there are various procedures in place to monitor and guarantee quality and safety in the different phases for the design, production and marketing of the product in the market. Specifically, in Comet S.p.A., the reference company for the activities of the segment, there is a procedure that describes the criteria adopted by the technical department for preparing the Technical File of designed, manufactured and marketed Finished Products. Among other things, this document sets out analyses of the risks associated with the use of the developed products, which follows the criteria indicated in the directives/standards which the product has to comply with. The analysis of risks, as well as the use and maintenance booklet, is revised every time a modification makes this necessary (modification of the product and/or the issue of new relevant regulations). The File also shows the results of conformity tests carried out in company or external laboratories.

A further procedure in place relates to the definition and description of the activities, responsibilities and flow of information linked to the product design cycle so as to ensure that the quality requirements of the product are complied with and implemented.

In addition, there is a Technical procedure aimed at defining the production process control requirements for subcontracted suppliers of finished products.

The production processes are subject to a specific Technical Procedure with the aim of defining the operating procedures for structuring the production process and of ensuring that these are implemented in controlled conditions. The organisation provides for specific procedures that accompany the production process of a number of machines subject to a PED Directive (Directive relating to equipment under pressure).

Every product non-conformity found during the design and production phase is registered and any corrective actions are planned.

ISO 9001 certified companies operate according to the requirements of the standard and have adopted a procedure that establishes criteria and controls with regards to the design, production and quality control of both incoming and outgoing products. In some cases, certification is issued by third parties such as TÜV (Technischer Überwachungsverein), KEMA (Keuring Electrotechnisch Materieel Arnhem) and UL (Underwriters Laboratories). Products are also subject to the safety requirements established by the directives or regulations applicable in the various countries, such as the EU/EC directives for the European market or the INMETRO certification, necessary for household appliances in the Brazilian market.

No cases of non-compliance with current regulations occurred in 2021.

Components and accessories

To ensure compliance with the mentioned directives, equipment has been purchased that allows the main material screening to be carried out internally in the company. In any case, collaboration with some internationally recognized institutes and laboratories continues.

With regards to evaluation activities regarding the health and safety of the products developed, there is an internal procedure that establishes the activities and responsibilities regarding the design and engineering phases of new products. Specifically, during the design phase the laws and standards to which the product is

subject are reviewed (e.g. the REACH regulation - Registration, Evaluation, Authorisation and Restriction of Chemicals, and the RoHS directive - Restriction of Hazardous Substances Directive) on the basis of the final market of the product. Higher levels of safety are requested for a number of products, such as power tools. In these cases, the well-established procedure imposed by management is the issue of a certification by third party bodies: for the European market, the certification is issued by the TÜV company (Technischer Überwachungsverein), while for the United States market by UL (Underwriters Laboratories). In the event that it is considered necessary internally or is explicitly requested by the customer, an FMEA (Failure Mode and Effect Analysis) risk analysis is applied. Finally, for those products that are not regulated by specific legislation (e.g. accessories), reference is made to the standard to which the finished product is subject. For example, for the trimmer heads, the Chinese company Ningbo Tecomec carries out its tests on the basis of the UNI EN ISO 11806 standard, indicating the safety requirements and testing for portable, hand-held, powered brush-cutters and lawnmowers. Tecomec is also aligning to British legislation to adapt its products to the nascent UKCA standardization and has obtained the Russian EAC certification for most of its catalog products.

No cases of non-compliance with current regulations occurred in 2021.

3.3 Economic responsibility

3.3.1 Economic value created and distributed

(GRI 201-1)

Added value is the wealth produced by the Emak Group and redistributed to the various stakeholders under various forms.

Through a reclassification of the income statement, the figures regarding the creation and distribution of added value provide an indication of how the Group has created wealth for its stakeholders, highlighting the economic effects produced by business management with reference to the main categories of interested parties.

In 2021, the added value distributed by the Group was 599,160 thousand Euros, in spite of an added value generated of 643,765 thousand Euros.

Added Value generated		
€/000	2021	2020
Sales	588,299	469,778
Other operating incomes	5,110	4,152
Change in inventories	48,764	9,996
Financial income	1,003	727
Exchange gains and losses	589	-3,547
Income from/(expenses on) equity investment	0	-2,144
Depreciation	0	0
Global Added Value generated	643,765	478,962
Added Value distributed		
Employees remuneration	98,231	84,588
Personnel expenses	98,231	84,588
Operating costs	466,490	343,563
Raw materials, consumable and goods	354,737	258,006
Other operating costs	111,753	85,557
Community investments	156	141
Charities and contributions	156	141
Remuneration of the Public Administration	12,774	3,202
Income taxes	12,774	3,202
Shareholders remuneration	17,467	7,940
Net profit attributable to non controlling interests	603	312
Net profit attributable to the Group distributed to shareholders*	12,295	7,359
Financial charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	4,569	269
Remuneration of financial system	4,042	4,895
Financial expenses restated #	4,042	4,895
Global Added Value distributed	599,160	444,329
Added Value retained		
Profit for the year allocated to reserve	20,213	11,941
Amortization	24,392	22,692
Global Added Value retained	44,605	34,633

Net profit attributable to the Group distributed to shareholders corresponds to the allocation of the operating result of Emak S.p.A. as dividend that the Board of Directors will propose to the Shareholders' Meeting called for April 29, 2022.

Financial expenses are shown net of charges of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries.

For more details on the economic and financial effects of the epidemiological emergency and the related responses of the Group, please refer to the 2021 Annual Financial Report.

3.3.2 Tax system

(GRI 207-1; 207-2; 207-3; 207-4)

The economic contribution that the Group provides at a fiscal level to the countries where it operates is divided into various types of taxes:

- income taxes;
- property taxes;
- labor taxes, including taxes collected and paid to the tax authorities on behalf of employees;
- indirect taxes collected on the production and consumption of goods and services (VAT, customs duties, etc.).

In carrying out its business, the Group follows the principle of fairness, understood as respect for rules and regulations, and a contribution to the development of the communities of the countries in which it operates. Aware of its role within the socio-economic context, the Group complies with the national tax regulations in force in the 15 countries in which its companies are based, with the awareness that taxes are important sources of revenue for public administrations, essential for guaranteeing investments in infrastructures and public services in the area. At the same time, the belief that compliance with regulations is one of the factors that contribute decisively to the goal of corporate sustainability is strongly rooted in the Group.

The supervision of the tax compliance of the group is entrusted to the Corporate CFO, who is supported by the CFOs of the individual Group companies for the correct fulfillment of tax obligations. The Group makes use of adequate consultancy support, participates in committees promoted by associations, spontaneous trade groups and research bodies, organises continuous training of personnel, both in individual entities and at group level, and choices on tax matters are shared with both Corporate CEO and with the respective managing directors. The compliance of the individual entities is harmonized in the group tax policy, through coordination and validation.

The results of the coordination consist on the one hand in a coherent and efficient approach to the recurring issues of taxation, such as tax consolidation, the patent box, transfer pricing, the various forms of incentives for businesses; on the other hand in a basic setting for a strict compliance with tax regulations. This principle of legality has always remained inherent in the development of each of the conglomerate entities, right from its first aggregation.

From this principle arise the absence of the Group from non-cooperative countries, the rejection of aggressive tax planning practices and a tradition of excellent relations with public administrations, in particular with the Italian one. With specific reference to the latter, in terms of taxation, only the size limits have precluded the parent company from accessing the Cooperative Compliance regime.

With the expansion and proliferation of structures, the progressive generational alternation of management and an increasingly stringent legislative frame, the group is committed to constantly adapting, also on an administrative and fiscal level, its governance system, including the Ethical Code and the procedures pursuant to Legislative Decree 231/01, which provide for reporting mechanisms relating to unethical or illegal behavior, the convinced and dynamic adherence to the Corporate Governance Code promoted by Borsa Italiana, and the system of programmatic and control procedures, which extensively regulate all the relevant areas of their actions, in particular in terms of taxation.

The Country-by-Country reporting of financial, economic, and tax-related information for each jurisdiction in which the organization operates, for the years 2020 and 2021, is set out below.

YEAR 2020 (€/'000)	Tax jurisdiction														
	Italy	Spain	France	Germany	UK	Sweden	Poland	Ukraine	USA	Mexico	Brasil	Chile	Morocco	South Africa	China
Revenues from third-party sales	264,880	9,222	57,828	5,303	4,511	2,287	19,267	3,381	52,904	5,767	19,223	2,788	436	1,206	20,773
Revenues from intra-group transactions with other tax jurisdictions (aggregate data)	56,227	41	4,954	696	14	56	4	0	336	0	409	562	2,086	60	45,729
Profit/loss before tax (aggregate data)	15,999	744	3,657	-1,221	90	513	688	403	5,085	379	-454	701	-341	233	4,682
Tangible assets other than cash and cash equivalents (material assets)	44,232	608	6,942	0	56	5	120	60	4,272	43	1,751	718	23	571	17,008
Corporate income tax paid on a cash basis	1,464	105	605	0	0	77	172	67	1,175	207	729	0	0	57	559
Corporate income tax accrued on profit/loss (only current taxes)	3,876	152	1,096	0	0	95	214	70	800	149	691	18	13	36	686

YEAR 2021 (€/000)	Italy	Spain	France	Germany	UK	Sweden	Poland	Ukraine	USA	Mexico	Brasil	Chile	Morocco	South Africa	China
Revenues from third-party sales	334,858	9,719	78,881	0	5,805	4,026	26,818	4,171	54,762	7,174	34,506	3,574	0	1,524	22,481
Revenues from intra-group transactions with other tax jurisdictions (<i>aggregate data</i>)	75,198	1	4,158	0	59	107	147	0	558	0	388	275	112	32	73,415
Profit/loss before tax (<i>aggregate data</i>)	28,746	687	6,010	-21	435	1,039	1,663	643	5,510	740	6,246	916	-120	202	6,192
Tangible assets other than cash and cash equivalents (material assets)	42,503	633	7,783	0	74	3	145	91	4,454	36	2,665	954	0	534	18,683
Corporate income tax paid on a cash basis	3,504	103	1,069	0	0	94	129	105	761	153	1,904	0	0	62	1,207
Corporate income tax accrued on profit/loss (only current taxes)	6,568	145	1,520	0	20	191	362	115	1,061	195	2,119	223	1	47	1,121

For Group's entities included and their primary activities, the reasons for the difference between corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied to profit/loss before tax, please refer to the Explanatory Notes to the Consolidated Financial Statements.

For a more detailed description of the Group's economic and financial performance, please refer to the 2021 Annual Financial Report published on the website www.emakgroup.com.

3.3.3 EU Taxonomy

In recent years, the European Union has developed an ambitious strategy for sustainable development and the transition towards a low-carbon economy, in line with the contents of the Paris Climate Agreement of 2015 and the United Nations 2030 Agenda with the relative 17 sustainable development goals. To achieve these targets, the European Union promotes investments in assets and sustainable activities with the use of not only public resources, but also private ones.

The Taxonomy Regulation defines the criteria to determine if an economic activity can be considered as eco-sustainable, starting from the identification of 6 environmental objectives: a) the mitigation of climate changes; b) adaptation to climate changes; c) the sustainable use and protection of water and marine resources; d) the transition towards a circular economy; e) the prevention and reduction of pollution; f) the protection and restoration of biodiversity and of ecosystems.

As of today, the European Commission has adopted only delegated acts that identify criteria of a technical nature relating to the first two environmental goals, the mitigation of climate changes and adaptation to climate changes. As a result, reporting on the EU taxonomy with relation to 2021 covers the environmental goals of mitigation of climate changes and adaptation to climate changes.

On the basis of what is provided for by article 10, paragraph 2 of Delegated Regulation (EU) 2021/2178 of 6 July 2021, which specifies the information to report for 2021, the KPIs relating to the levels of turnover, capital expenditure (CapEx) and operating costs (OpEx) regarding admissible and not admissible economic activities under the taxonomy, are set out below.

The indicators shown are based on information currently available and on the current interpretation of the legislation and may, therefore, be subject to future modifications.

TURNOVER

On the basis of current interpretation of the legislation, the Emak Group has considered as admissible under the taxonomy the revenues generated in 2021 from the sale of battery-powered and electrical products manufactured by the Group (activity 3.6. Manufacture of other technologies with low carbon emissions)

CAPEX

The Emak Group has considered as admissible under the taxonomy increases in tangible fixed, intangible fixed assets and IFRS16 leased assets relating to 2021 regarding battery-powered and electrical products (activity 3.6. Manufacture of other technologies with low carbon emissions) and other energy-efficiency measures relating to fixed assets (activity 7.3. the installation, maintenance and repair of devices for energy efficiency; 7.5. Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings and 9.3 Professional services connected with the energy performance of buildings).

OPEX

The Emak Group has considered as admissible under the taxonomy research and development costs charged directly to the income statement with reference to battery-powered and electrical products (activity

3.6. Manufacture of other technologies with low carbon emissions) and costs for the maintenance of buildings and other assets in 2021 concerning interventions for the energy-efficiency of buildings during the year (activity 7.3. the installation, maintenance and repair of devices for energy efficiency; 7.5. Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings and 9.3 Professional services connected with the energy performance of buildings).

	% eligible	% non-eligible
Turnover	16%	84%
Capex	6%	94%
Opex	23%	77%

3.4 Environmental responsibility

The Group believes that the protection of the environment in which it operates is of fundamental importance, considering the natural environment as an asset to be safeguarded, in harmony with the Group's activities and with due consideration for future generations.

The Group's efforts in the reduction of environmental impact affect all business processes across the board, starting from the design of its products, aiming to use increasingly eco-compatible materials, and technical solutions that permit a lowering of polluting emissions and a reduction in consumptions, guaranteeing, at the same time, customer satisfaction from a performance point of view.

The most significant environmental impact for the Group is concentrated in the production companies, which for the most part carry out assembly activities and therefore do not include energy-intensive operations. Although the timely management of environmental aspects and impacts is delegated to the individual companies, starting from the 2019 financial year, the Operation and Procurement Committee has included the mapping and sharing of the initiatives taken by the various companies on environmental issues in its duties so as to be able to better coordinate the Group's activities on the matter.

Particular attention is paid to the development of eco-friendly packaging, replacing plastic with cardboard, largely recycled, recycled plastic and parts of chipboard. The packaging is also being adapted reporting on the packaging the useful information for proper disposal, in order to comply with the environmental labeling obligation which is expected to come into effect in July 2022.

In line with the environmental commitment of the Group, some Italian companies have adopted projects to reduce the consumption of plastic through the use in the company refreshment areas of paper cups and wooden stirrers for coffee and the installation of water dispensers where employees can fill bottles distributed free of charge to discourage the use of plastic bottles. This initiative made it possible to save in 2021 over 4,200 kg of plastic, for an equivalent of 9,500 kg of CO₂, by replacing it with biodegradable materials that have less impact on the environment and reusable water bottles.

The Group's awareness towards environmental protection is also reflected in the choice by some companies of sustainable gadgets, made of recycled plastic, recycled cardboard, corn fiber, bamboo and other biodegradable materials.

It should be noted that the parent company Emak S.p.A. implements its commitment to sustainable development through the Integrated Management System, which combines the Quality System UNI EN ISO 9001:2015, the Ethical System inspired to the principle of SA8000 and the Environmental System UNI EN ISO14001:2015 standards in a synergical manner.

With regards to the creation of responsible products, the parent company, Emak S.p.A., has created a logo that expresses its green vision: **We care.**

Emak S.p.A. has also been a partner of the 2021 edition dedicated to the Green Deal of "MATCHER", the program that connects the most innovative companies from the Emilia-Romagna Region with the most promising startups/scaleups worldwide to co-develop concrete solutions and projects in the field of environmental sustainability, in particular as regards the search for innovative materials (e.g. plastic free, recycled materials, compostable materials) to be used in production processes instead of polluting materials and the search for new production technologies or production methods that can help companies to produce in a more sustainable and efficient way. For a more detailed description of the Group's commitment to developing more sustainable products from an environmental point of view, please refer to the Research and Development paragraph.

In order to verify the full legislative compliance with regard to environmental aspects, the Group companies are subject to periodic audits by third parties which, among the various issues, examine waste management, emissions, water withdrawals and discharges. It should be noted that in 2021 the Chinese company Tailong passed an audit aimed at verifying the achievement of a cleaner production, carried out by a third company authorized by the government, which revealed a more efficient use of energy and resources and the reduction of pollutants generated and emitted by production processes.

3.4.1 Energy consumption

(GRI 302-1)

In 2021, 84,183 GJ of fuels from non-renewable sources (natural gas, diesel, gasoline and LPG) were consumed, while total electricity consumption was 87,996 GJ. The overall energy consumption was therefore equal to 172,179 GJ (157,908⁵ GJ in 2020). In percentage terms, most of the consumption is attributable to the use of electricity (about 51%) purchased directly from the network, used for heating / cooling and for the Group's production processes; 37%, on the other hand, is attributable to the consumption of natural gas for heating buildings and factories. In 2021 there was an increase in energy consumption in GJ equal to 9.0% compared to 2020 (+8.4% on a like-for-like basis). The general increase in energy consumption is attributable both to the easing of the restrictive measures adopted in 2020 to tackle the Covid-19 pandemic, and to the increase in production volumes. Considering the data in units of measurement, in fact, there is an increase in the consumption of natural gas for heating (+9.8% compared to 2020), fuel for cars (+22.9% compared to 2020), electricity (+5.5% compared to 2020) and diesel for production processes (+15.0% compared to 2020).

Several companies have adopted procedures and solutions aimed at monitoring and reducing energy consumption such as:

- installation in the production departments of systems that manage lighting according to work shifts and motion sensors in some rooms for the automatic switching on and off of the lights;
- management of plant heating taking into account the external and internal temperatures, with variable adjustments based on the day of the week and according to the season;
- use of energy-intensive machinery outside peak hours;
- recycling of the energy generated during product tests;
- installation of new high energy efficiency boilers;
- revision of the general electrical system and of the transformer substations which led to an increase in efficiency regarding dispersions;
- progressive replacement of neon lamps with LED lamps;
- installation in the production departments of machinery and equipment with high energy efficiency;
- interventions on plants to improve the microclimate and thermal insulation, for example by replacing the window fixtures or installing shading curtains.

It should be noted that 100% of the electricity purchased by the company Markusson comes from renewable sources (hydroelectricity). Furthermore, Emak S.p.A. and PTC S.r.l. self-produced 331 GJ and 43⁶ GJ respectively of renewable electricity from photovoltaic systems.

3.4.2 Emissions

(GRI 305-1; 305-2; 305-7)

Direct and indirect CO₂eq emissions associated with the main consumption activities of the Group can be subdivided into two categories:

- **direct emissions (Scope 1):** emission of greenhouse gases due to direct fuel consumption on the part of the Group (e.g. natural gas, diesel and petrol);
- **indirect emissions (Scope 2⁷):** emissions of greenhouse gases deriving from the consumption of electricity, consumed by the Group.

⁵ Following a process of improvement of the reporting system, the 2020 energy consumption figures were restated compared to those published in the previous NFS, in order to include electricity self-produced by PTC S.r.l. from photovoltaic system. For previously published data, please refer to the 2020 Non-financial statement, published in the Sustainability section of the website www.emakgroup.com.

⁶ The value of self-produced electricity from photovoltaic system of PTC S.r.l. is obtained considering the average monthly production.

In 2021, Group's Scope 1 emissions were 4,974 ton CO₂eq (4,342 ton CO₂eq in 2020), while Scope 2 emissions calculated with the market-based method were 9,069 ton CO₂ (8,878 ton CO₂ in 2020). Specifically, 65% of the emissions is attributable to electricity (Scope 2), while 35% is attributable to the use of fuels (Scope 1).

Using instead the location-based method, the Scope 2 emissions were 8,141 ton CO₂ (8,099 ton CO₂ in 2020).

In 2021, in line with the trend in energy consumption, there was an increase in Scope 1 emissions (+15% compared to 2020) and in Scope 2 emissions both according to the location-based method (+0.5% compared to 2020) and market-based (+2.2% compared to 2020).

With regard to the quantification of other atmospheric emissions different from CO₂ emissions, various cases are reported among the companies of the Group. In particular:

- Companies that are not subject to authorization as they do not produce significant emissions into the atmosphere;
- Companies subject to periodic checks and which have an environmental authorization obligation for emissions into the atmosphere. For example, at a national level, Emak S.p.A., Lavorwash S.p.A., Comet S.p.A and P.T.C. monitor their emissions into the atmosphere (PM) pursuant to Legislative Decree 152/06. In particular, the emissions are sampled through sampling of gaseous fluids conveyed in the emission chimney, according to the UNI EN 13284-1: 2003 sampling method. The sampling results are described in specific test reports where the values of the samples sampled (mg/Nm³) are compared with the limits established by the reference standard. These values are not in exceedance of the emission limit values imposed by the AUA⁸. In 2021 the estimated emission for the plant of the Parent Company in via Secchi, Bagnolo in Piano (RE) are lower than 0.79 kg of NO₂ and 1.46 Kg of SO₂ and equal to 43.92 Kg of CO, 14.64 Kg of S.O.V., 28.11 Kg of particulate matter and 0.01 Kg of lead; for the Pozzilli (IS) plant are lower than 23 Kg of NO_x and equal to 0.00092 Kg of lead; while for the Lavorwash S.p.A. plant are lower than 1.96 Kg of Particulate Matter (PM). For the aforementioned plants subject to AUA, for the purpose of calculating emissions into the atmosphere, the sampled value (in mg/Nm³) is multiplied by the hours worked and by the flow rate of the chimney itself. In some plants subject to environmental authorisation (eg Tailong in China), the emission control is performed by the competent authorities on an annual basis; for an estimate of emissions in the year, the sampled value is then multiplied by the annual working. For the Chinese plant Tailong, the estimated emissions are equal to 3.92 Kg of NO_x and 11.37 Kg of Sox.

At the end of 2020, the US company Valley signed a ten-year subscription contract for a share of the capacity of a solar park equivalent to its average annual electricity needs. Thanks to this agreement, Valley will on the one hand get a discount on the supply from its supplier, on the other hand it will contribute to the reduction of CO₂eq emissions by approximately 450,000 pounds⁹ (equal to approximately 204,000 kg) per year for the next ten years.

In 2021 several Group companies have activated a collaboration with Treedom for the planting of 800 trees, contributing to the absorption of over 159 tons of CO₂.

⁷ Scope 2 emissions are provided according to both location-based and market-based methods. For the location-based method, average emission factors relating to the generation of national energy were used for the various countries of operation expressed in CO₂ (source: Terna - international comparisons, 2019), while for the calculation of Scope 2 emissions with the market-based method, emission factors expressed in CO₂ relating to the "residual mix" (AIB-2020 European Residual Mix) were used, if available. Otherwise, the same emission factors used for the location-based method were also used for the market-based method. Scope 2 emissions are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂ equivalent) as can be deduced from the reference technical literature.

⁸ *Autorizzazione Unica Ambientale*.

⁹ Emission factor source: U.S. Energy Information Administration (EIA) of 2018.

3.4.3 Water withdrawals

(GRI 303-1; 303-2; 303-3)

The Group pays particular attention to the consumption of the water resource used and implements actions aimed at reducing and limiting its consumption in the medium-long term, also through constant monitoring.

Water can be used for sanitary or production purposes. In the latter case, it is mainly used in test benches or in test rooms in order to test the products and in the production process of the brushcutter wire. Companies that use water the most in their production processes use water in closed processes in order to reduce its use and have installed filtering systems that allow the reuse of water. Furthermore, although it is a practice only encouraged and not regulated by local authorities, Speed Line South Africa Ltd. uses collected rainwater in its production.

The primary source of withdrawal is the public network, but several companies of the Group also use wells located near their plants, within the limits granted by the public authorities, both for production purposes and for the irrigation of green spaces. The waters are usually discharged into the sewer system.

The companies hold regular water analysis by external bodies, in order to monitor that the quality complies with the regulatory requirements of the various countries.

In order to assess its impact in sensitive areas, the Group has identified the companies that are in water stress areas based on the basic water stress indicator provided by the World Resources Institute's Aqueduct Water Risk Atlas tool. The companies that resulted in water stress areas are: Emak S.p.A. limited to the Pozzilli site, Speed South America, Lemasa and Lavorwash Brasil.

For details on water withdrawals, see the table in the "Performance indicators" section.

4. Performance indicators

Figures relating to human resources¹⁰

Total number of employees by country, gender and type of contract at 31 December

	31.12.2020			31.12.2021		
	Men	Women	Total	Men	Women	Total
Europe	820	412	1,232	880	431	1,311
Permanent	806	403	1,209	872	418	1,290
Temporary	14	9	23	8	13	21
Americas	327	125	452	341	143	484
Permanent	323	122	445	334	140	474
Temporary	4	3	7	7	3	10
Asia, Africa, Oceania	208	242	450	202	228	430
Permanent	143	181	324	133	165	298
Temporary	65	61	126	69	63	132
Group	1,355	779	2,134	1,423	802	2,225
Permanent	1,272	706	1,978	1,339	723	2,062
Temporary	83	73	156	84	79	163

Total number of employees by region, full-time/part-time and gender at 31 December

	31.12.2020			31.12.2021		
	Men	Women	Total	Men	Women	Total
Europe	820	412	1,232	880	431	1,311
Full-time	785	318	1,103	843	339	1,182
Part-time	35	94	129	37	92	129
Americas	327	125	452	341	143	484
Full-time	317	120	437	328	137	465
Part-time	10	5	15	13	6	19
Asia, Africa, Oceania	208	242	450	202	228	430
Full-time	208	241	449	202	227	429
Part-time	-	1	1	-	1	1
Group	1,355	779	2,134	1,423	802	2,225
Full-time	1,310	679	1,989	1,373	703	2,076
Part-time	45	100	145	50	99	149

¹⁰ Following a process of improvement of the reporting system, the 2020 figures concerning the number of employees were restated compared to those published in the previous NFS. The difference in the total is two people. For previously published data, please refer to the 2020 Non-Financial Statement, published in the Sustainability section of the website www.emakgroup.com.

Average number of external workers by professional figure and gender at 31 December

	31.12.2020			31.12.2021		
	Men	Women	Total	Men	Women	Total
Group	132	71	203	242	99	341
Agency and other	120	60	180	231	91	321
Trainee	12	11	23	11	8	20

Percentage of employees by region, employee category and gender at 31 December

	31.12.2020			31.12.2021		
	Men	Women	Total	Men	Women	Total
Europe	67%	33%	100%	67%	33%	100%
Executives	90%	10%	5%	92%	8%	5%
Employees	62%	38%	46%	61%	39%	47%
Workers	69%	31%	49%	70%	30%	48%
Americas	72%	28%	100%	70%	30%	100%
Executives	83%	17%	6%	83%	17%	6%
Employees	72%	28%	50%	71%	29%	57%
Workers	72%	28%	44%	68%	32%	37%
Asia, Africa, Oceania	46%	54%	100%	47%	53%	100%
Executives	63%	38%	4%	62%	38%	3%
Employees	59%	41%	39%	60%	40%	38%
Workers	36%	64%	58%	38%	62%	59%
Group	63%	37%	100%	64%	36%	100%
Executives	84%	16%	5%	86%	14%	5%
Employees	64%	36%	45%	63%	37%	47%
Workers	61%	39%	50%	62%	38%	48%

Percentage of employees by region, employee category and age group at 31 December

	31.12.2020				31.12.2021			
	<30	30_50	>50	Total	<30	30_50	>50	Total
Europe	7%	57%	36%	100%	8%	53%	38%	100%
Executives	2%	51%	48%	5%	3%	41%	56%	5%
Employees	8%	59%	33%	46%	10%	57%	33%	47%
Workers	7%	55%	38%	49%	7%	51%	41%	48%
Americas	29%	57%	14%	100%	30%	56%	13%	100%
Executives	0%	76%	24%	6%	0%	80%	20%	6%
Employees	23%	67%	10%	50%	29%	63%	8%	57%
Workers	40%	43%	17%	44%	38%	41%	21%	37%
Asia, Africa, Oceania	15%	74%	10%	100%	16%	75%	9%	100%
Executives	0%	81%	19%	4%	0%	92%	8%	3%
Employees	15%	77%	8%	39%	12%	80%	7%	38%
Workers	16%	72%	12%	58%	19%	71%	11%	59%
Group	13%	61%	26%	100%	15%	58%	27%	100%
Executives	1%	62%	37%	5%	2%	58%	40%	5%
Employees	13%	64%	23%	45%	15%	62%	22%	47%
Workers	15%	57%	28%	50%	15%	54%	31%	48%

Employees belonging to protected categories by employee category and gender at 31 December

	31.12.2020			31.12.2021		
	Men	Women	Total	Men	Women	Total
Group	42	17	59	38	19	57
Executives	-	-	-	-	-	-
Employees	8	4	12	7	5	12
Workers	34	13	47	31	14	45

New employee hires by gender and age group

	2020				2021			
	Men	Women	Total	%	Men	Women	Total	%
Europe								
<30	26	10	36	41.9%	30	18	48	43.6%
30-50	31	22	53	7.6%	48	17	65	9.3%
>50	13	2	15	3.4%	11	7	18	3.6%
Total	70	34	104	8.4%	89	42	131	10.0%
Incoming turnover (%)	8.5%	8.3%	8.4%		10.1%	9.7%	10.0%	
Americas								
<30	51	29	80	60.6%	70	45	115	78.2%
30-50	79	30	109	42.2%	49	30	79	29.0%
>50	21	12	33	53.2%	15	3	18	27.7%
Total	151	71	222	49.1%	134	78	212	43.8%
Incoming turnover (%)	46.2%	56.8%	49.1%		39.3%	54.5%	43.8%	
Asia, Africa, Oceania								
<30	29	8	37	53.6%	22	20	42	62.7%
30-50	12	13	25	7.5%	19	36	55	17.0%
>50	-	1	1	2.1%	4	-	4	10.0%
Total	41	22	63	14.0%	45	56	101	23.5%
Incoming turnover (%)	19.7%	9.1%	14.0%		22.3%	24.6%	23.5%	
Group								
<30	106	47	153	53.3%	122	83	205	63.3%
30-50	122	65	187	14.5%	116	83	199	15.4%
>50	34	15	49	8.8%	30	10	40	6.6%
Total	262	127	389	18.2%	268	176	444	20.0%
Incoming turnover (%)	19.3%	16.3%	18.2%		18.8%	21.9%	20.0%	

Employee turnover by gender and age group

	2020				2021			
	Men	Women	Total	%	Men	Women	Total	%
Europe								
<30	2	3	5	5.8%	7	1	8	7.3%
30-50	25	9	34	4.9%	18	14	32	4.6%
>50	28	11	39	8.7%	25	9	34	6.8%
Total	55	23	78	6.3%	50	24	74	5.6%
Outgoing turnover (%)	6.7%	5.6%	6.3%		5.7%	5.6%	5.6%	
Americas								
<30	44	29	73	55.3%	54	32	86	58.5%
30-50	62	30	92	35.7%	52	22	74	27.2%
>50	14	4	18	29.0%	13	6	19	29.2%
Total	120	63	183	40.5%	119	60	179	37.0%
Outgoing turnover (%)	36.7%	50.4%	40.5%		34.9%	42.0%	37.0%	
Asia, Africa, Oceania								
<30	10	2	12	17.4%	19	16	35	52.2%
30-50	13	21	34	10.2%	21	25	46	14.2%
>50	2	1	3	6.4%	5	6	11	27.5%
Total	25	24	49	10.9%	45	47	92	21.4%
Outgoing turnover (%)	12.0%	9.9%	10.9%		22.3%	20.6%	21.4%	
Group								
<30	56	34	90	31.4%	80	49	129	39.8%
30-50	100	60	160	12.4%	91	61	152	11.7%
>50	44	16	60	10.8%	43	21	64	10.6%
Total	200	110	310	14.5%	214	131	345	15.5%
Outgoing turnover (%)	14.8%	14.1%	14.5%		15.0%	16.3%	15.5%	

Hours of training by gender and employee category

2021						
	Men		Women		Total	
	No, hours	Average per capita	No, hours	Average per capita	No, hours	Average per capita
Group	13,465	9.5	7,186	9.0	20,651	9.3
Executives	1,006	10.7	123	8.2	1,128	10.4
Employees	8,576	12.9	4,417	11.5	12,992	12.4
Workers	3,884	5.8	2,647	6.6	6,530	6.1
<i>of which anticorruption</i>	450	0.3	234	0.3	684	0.3
<i>of which health and safety</i>	5,530	3.9	2,750	3.4	8,279	3.7

2020						
	Men		Women		Total	
	No, hours	Average per capita	No, hours	Average per capita	No, hours	Average per capita
Group	9,861	7.3	4,949	6.4	14,810	6.9
Executives	1,056	11.6	326	19.1	1,382	12.8
Employees	6,156	10.0	3,152	9.0	9,307	9.6
Workers	2,649	4.1	1,472	3.6	4,121	3.9
<i>of which anticorruption</i>	420	0.3	187	0.2	607	0.3
<i>of which health and safety</i>	3,150	2.3	1,914	2.5	5,064	2.4

Work-related injuries ¹¹

	2020	2021
Number of fatalities as a result of work-related injury	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Number of high-consequence work-related injuries¹² (excluding fatalities)	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Number and rate of recordable work-related injuries	31	34
<i>of which employees</i>	31	30
<i>of which external workers</i>	-	4
Number of hours worked	3,777,529	4,550,547
<i>of which employees</i>	3,549,434	4,061,589
<i>of which external workers</i>	228,095	488,958
Rate of fatalities as a result of work-related injury	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-
<i>of which employees</i>	-	-
<i>of which external workers</i>	-	-
Rate of recordable work-related injuries	8.21	7.47
<i>of which employees</i>	8.73	7.39
<i>of which external workers</i>	-	8

Main types of work-related injuries

	2020	2021
Contusions and lacerations	24	21
Sprains and fractures	4	6
Muscle strains and joint pains	2	7
Altre tipologie	1	0
Total number of work-related injuries	31	34

¹¹ Starting from 2020 injury figures include non-employees workers, significant with regard to health and safety issues (temporary workers involved in the production process, stable maintenance staff and shipment/logistic cooperatives), who operate at the Group's premises and / or under the control of the Group.

The injury rate has been calculated as the ratio between the total number of injuries and the total hours worked, using a multiplication factor of 1,000,000. The injury figures include commuting injuries only if transport was organized by the Group.

¹² Work-related injury that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Environmental data¹³

Group energy consumption

	Unit of measurement	2020	2021
Fuel from non-renewable sources	GJ	74,537	84,183
<i>of which for heating</i>	GJ	57,739	63,189
<i>of which for productive process</i>	GJ	6,702	8,556
<i>of which for automotive</i>	GJ	10,097	12,438
Fuel from renewable sources	GJ	-	-
Electric energy	GJ	83,371	87,996
<i>of which renewable</i>	GJ	167	501
Total energy consumption	GJ	157,908	172,179

	Unit of measurement	2020 Production Companies	2021 Production Companies	2020 Commercial Companies	2021 Commercial Companies
Fuel from non-renewable sources	GJ	59,361	69,362	15,176	14,820
<i>of which for heating</i>	GJ	45,879	51,803	11,860	11,386
<i>of which for productive process</i>	GJ	6,670	8,522	32	34
<i>of which for automotive</i>	GJ	6,812	9,038	3,284	3,400
Fuel from renewable sources	GJ	-	-	-	-
Electric energy	GJ	80,713	85,206	2,658	2,790
<i>of which renewable</i>	GJ	167	501	-	-
Total energy consumption	GJ	140,074	154,569	17,834	17,610

¹³ The figures relating to other polluting emissions into the atmosphere other than greenhouse gas emissions and water consumption refer only to companies that carry out production activities, excluding therefore commercial companies, as they are considered not relevant in order to ensure an understanding of the Group's business activity and its impact.

Following a process of improvement of the reporting system, the 2020 energy consumption figures were restated compared to those published in the previous NFS, in order to include electricity self-produced by PTC S.r.l. from photovoltaic system. For previously published data, please refer to the 2020 Non-financial statement, published in the Sustainability section of the website www.emakgroup.com.

Details of energy consumption – fuels type¹⁴

	2020			2021		
	uom	Consumption [uom]	GJ	uom	Consumption [uom]	GJ
Natural Gas	m³	1,653,334	59,836	m³	1,846,856	66,580
<i>of which for heating</i>	<i>m³</i>	<i>1,593,877</i>	<i>57,739</i>	<i>m³</i>	<i>1,750,740</i>	<i>63,189</i>
<i>of which for productive process</i>	<i>m³</i>	<i>59,457</i>	<i>2,098</i>	<i>m³</i>	<i>96,116</i>	<i>3,391</i>
Gasoline	l	179,297	6,098	l	229,828	7,884
<i>of which for productive process</i>	<i>l</i>	<i>62,472</i>	<i>2,082</i>	<i>l</i>	<i>70,979</i>	<i>2,374</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>102,508</i>	<i>3,531</i>	<i>l</i>	<i>135,325</i>	<i>4,709</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>14,318</i>	<i>484</i>	<i>l</i>	<i>23,524</i>	<i>802</i>
Diesel	l	223,710	8,298	l	254,963	9,484
<i>of which for productive process</i>	<i>l</i>	<i>59,327</i>	<i>2,218</i>	<i>l</i>	<i>68,251</i>	<i>2,557</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>71,783</i>	<i>2,698</i>	<i>l</i>	<i>76,876</i>	<i>2,899</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>92,601</i>	<i>3,383</i>	<i>l</i>	<i>109,837</i>	<i>4,028</i>
Electric energy	KWh	23,158,538	83,371	KWh	24,443,428	87,996
Gas LPG	l	11,670	305	l	8,966	234

¹⁴ Below are the conversion factors used to calculate energy consumption in GJ relating to 2021 data:

- Natural gas: 0.039715 GJ/m³ for the international perimeter (Defra, 2021); 0.035281 GJ /m³ (Ministry of the Environment 2021, Table of National Standard Parameters)
- Electric energy: 0.0036 GJ /Kwh (constant)
- Gasoline: 0.03487 GJ/l for the international perimeter (Defra, 2021); for the national perimeter 0.03199 GJ/l (Ministry of the Environment 2021, Table of National Standard Parameters)
- Diesel: for the international perimeter 0.03844 GJ/l (Defra, 2021); for the national perimeter 0.03615 GJ/l (Ministry of the Environment 2021, Table of National Standard Parameters)
- LPG: for the international perimeter 0.02613 GJ/l (Defra, 2021).

	2020 Production Companies			2021 Production Companies		
	uom	Consumption [uom]	GJ	uom	Consumption [uom]	GJ
Natural Gas	m³	1,343,428	47,976	m³	1,547,245	55,194
<i>of which for heating</i>	<i>m³</i>	<i>1,283,971</i>	<i>45,879</i>	<i>m³</i>	<i>1,451,129</i>	<i>51,803</i>
<i>of which for productive process</i>	<i>m³</i>	<i>59,457</i>	<i>2,098</i>	<i>m³</i>	<i>96,116</i>	<i>3,391</i>
Gasoline	l	155,701	5,283	l	205,160	7,024
<i>of which for productive process</i>	<i>l</i>	<i>62,472</i>	<i>2,082</i>	<i>l</i>	<i>70,979</i>	<i>2,374</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>86,269</i>	<i>2,970</i>	<i>l</i>	<i>119,561</i>	<i>4,159</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>6,961</i>	<i>230</i>	<i>l</i>	<i>14,620</i>	<i>491</i>
Diesel	l	158,913	5,829	l	188,608	6,944
<i>of which for productive process</i>	<i>l</i>	<i>59,327</i>	<i>2,218</i>	<i>l</i>	<i>68,251</i>	<i>2,557</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>30,489</i>	<i>1,117</i>	<i>l</i>	<i>33,667</i>	<i>1,238</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>69,097</i>	<i>2,495</i>	<i>l</i>	<i>86,691</i>	<i>3,149</i>
Electric energy	KWh	22,420,232	80,713	KWh	23,668,453	85,206
Gas LPG	l	10,448	273	l	7,671	200

	2020 Commercial Companies			2021 Commercial Companies		
	uom	Consumption [uom]	GJ	uom	Consumption [uom]	GJ
Natural Gas	m³	309,906	11,860	m³	299,611	11,386
<i>of which for heating</i>	<i>m³</i>	<i>309,906</i>	<i>11,860</i>	<i>m³</i>	<i>299,611</i>	<i>11,386</i>
<i>of which for productive process</i>	<i>m³</i>	<i>-</i>	<i>-</i>	<i>m³</i>	<i>-</i>	<i>-</i>
Gasoline	l	23,595	815	l	24,668	860
<i>of which for productive process</i>	<i>l</i>	<i>-</i>	<i>-</i>	<i>l</i>	<i>-</i>	<i>-</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>16,239</i>	<i>561</i>	<i>l</i>	<i>15,764</i>	<i>550</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>7,356</i>	<i>254</i>	<i>l</i>	<i>8,904</i>	<i>310</i>
Diesel	l	64,797	2,469	l	66,355	2,540
<i>of which for productive process</i>	<i>l</i>	<i>-</i>	<i>-</i>	<i>l</i>	<i>-</i>	<i>-</i>
<i>of which for cars for business use</i>	<i>l</i>	<i>41,294</i>	<i>1,581</i>	<i>l</i>	<i>43,209</i>	<i>1,661</i>
<i>of which for cars for mixed use</i>	<i>l</i>	<i>23,503</i>	<i>888</i>	<i>l</i>	<i>23,146</i>	<i>879</i>
Electric energy	KWh	738,306	2,658	KWh	774,975	2,790
Gas LPG	l	1,222	32	l	1,295	34

Details of Scope 1¹⁵ and Scope 2¹⁶ emissions (Location-based method) for the Group

	2020			2021		
	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)
Europe	3,716	2,650	6,367	4,299	2,574	6,872
<i>Production Companies</i>	2,904	2,350	5,253	3,497	2,291	5,788
<i>Commercial Companies</i>	813	301	1,113	801	283	1,084
Americas	439	2,112	2,552	450	1,997	2,447
<i>Production Companies</i>	397	2,100	2,497	409	1,984	2,393
<i>Commercial Companies</i>	42	13	55	42	13	54
Asia, Africa, Oceania	186	3,337	3,523	225	3,570	3,795
<i>Production Companies</i>	186	3,337	3,523	225	3,570	3,795
<i>Commercial Companies</i>	-	-	-	-	-	-
Total	4,342	8,099	12,441	4,974	8,141	13,115
<i>Production Companies</i>	3,487	7,786	11,273	4,131	7,845	11,976
<i>Commercial Companies</i>	855	313	1,168	843	296	1,139

¹⁵ For the calculation of Scope 1 emissions, the following emission factors expressed in CO₂eq were considered:

- For 2020 data: ISPRA 2020 for emissions on national territory (Italy), DEFRA 2020 for emissions originating on non-Italian territory;
- For 2021 data: ISPRA 2021 for emissions on national territory (Italy), DEFRA 2021 for emissions originating on non-Italian territory.

¹⁶ For the calculation of Scope 2 emissions (Location-based method), average emission factors relating to the generation of national energy were used for the various countries of operation expressed in CO₂ (source: Terna - international comparisons, 2019). For the calculation of Scope 2 emissions (Market-based method), emission factors expressed in CO₂ relating to the "residual mix" (AIB-2020 European Residual Mix) were used. Scope 2 emissions are expressed in tonnes of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on the total emissions of greenhouse gases (CO₂ equivalent) as can be deduced from the reference technical literature.

Details of Scope 1 and Scope 2 emissions (Market-based method) for the Group

	2020			2021		
	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)	Scope 1 (ton CO2 eq)	Scope 2 (ton CO2)	Total (ton CO2 eq)
Europe	3,716	3,429	7,145	4,299	3,502	7,801
<i>Production Companies</i>	2,904	3,091	5,994	3,497	3,169	6,667
<i>Commercial Companies</i>	813	338	1,151	801	333	1,134
Americas	439	2,112	2,552	450	1,997	2,447
<i>Production Companies</i>	397	2,100	2,497	409	1,984	2,393
<i>Commercial Companies</i>	42	13	55	42	13	54
Asia, Africa, Oceania	186	3,337	3,523	225	3,570	3,795
<i>Production Companies</i>	186	3,337	3,523	225	3,570	3,795
<i>Commercial Companies</i>	-	-	-	-	-	-
Total	4,342	8,878	13,219	4,974	9,069	14,043
<i>Production Companies</i>	3,487	8,527	12,014	4,131	8,724	12,855
<i>Commercial Companies</i>	855	350	1,205	843	346	1,188

Water withdrawal by source¹⁷

Megaliters	2020		2021	
	All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	28	-	30	-
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	28	-	30	-
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	0.1	-	0.1	-
Groundwater (total)	21	0.2	17	-
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	16	0.2	11	-
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	5	-	6	-
Seawater (total)	-	-	-	-
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
Produced water (total)	-	-	-	-
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	-	-	-	-
Third-party water (total)	111	50	137	56
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	106	50	134	56
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	5	-	3	-
Total third-party water withdrawal by withdrawal source	-	50	-	56
Surface water	-	-	-	-
Groundwater	-	50	-	56
Seawater	-	-	-	-
Produced water	-	-	-	-
Total water withdrawal	160	50	185	56
<i>Freshwater (≤1,000 mg/L Total Dissolved Solids)</i>	150	50	175	56
<i>Other water (>1,000 mg/L Total Dissolved Solids)</i>	11	-	9	-

¹⁷ In order to identify the areas subject to water stress, the Aqueduct Tool developed by the World Resources Institute (WRI) was used. The tool of the WRI is available online at the web page: <https://www.wri.org/our-work/project/aqueduct>. For the analysis, have been taken into consideration the results that emerged in the column "Baseline water stress". For 2020, the following companies were found to be in water stress: Emak S.p.A. limited to the Pozzilli plant, Speed Industrie, Speed South America, Lemasa and Lavorwash Brasil. For 2021, the following companies were found to be in water stress: Emak S.p.A. limited to the Pozzilli plant, Speed South America, Lemasa and Lavorwash Brasil.

GRI Content Index

(GRI 102-55)

The table below shows Group information based on the GRI Standards with reference to Emak's materiality analysis. For all information provided, reference to the section in this NFS is also indicated.

Universal Standards		
GRI Standard	Disclosure	Page number
GRI 102: General Disclosures 2016		
Organizational profile		
102-1	Name of the organization	7
102-2	Activities, brands, products, and services	9-12
102-3	Location of headquarters	The Headquarter is in Bagnolo in Piano (RE - Italy)
102-4	Location of operations	9-12
102-5	Ownership and legal form	13-14
102-6	Markets served	9-12
102-7	Scale of the organization	7
102-8	Information on employees and other workers	28-29 / 51-52
102-9	Supply chain	35-36
102-10	Significant changes to the organization and its supply chain	5 / 35-36
102-11	Precautionary Principle or approach	19-21
102-12	External initiatives	18-19
102-13	Membership of associations	24
Strategy		
102-14	Statement from senior decision-maker	3
102-15	Key impacts, risks, and opportunities	19-21
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	8 / 17-19
Governance		
102-18	Governance structure	15-16
Stakeholder Engagement		
102-40	List of stakeholder groups	22-23
102-41	Collective bargaining agreements	29
102-42	Identifying and selecting stakeholders	22
102-43	Approach to stakeholder engagement	22-23
102-44	Key topics and concerns raised	25-27

Reporting practice		
102-45	Entities included in the consolidated financial statements	4
102-46	Defining report content and topic Boundaries	25-27
102-47	List of material topics	26-27
102-48	Restatements of information	4-5 / 28 / 48 / 51 / 58
102-49	Changes in reporting	5 / 25
102-50	Reporting period	4
102-51	Date of most recent report	4
102-52	Reporting cycle	4
102-53	Contact point for questions regarding the report	4
102-54	Claims of reporting in accordance with the GRI Standards	4
102-55	GRI content index	64-69
102-56	External assurance	4 / 70

SPECIFIC STANDARDS			
GRI Standard	Disclosure	Page number	Omission
Economic and business responsibility			
Material topic: Economic-financial performance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	19-21 / 43-45	
103-3	Evaluation of the management approach	19-21 / 43-45	
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	43	
GRI 207: Tax 2019			
207-1	Approach to tax	44-45	
207-2	Tax governance, control and risk management	44-45	
207-3	Stakeholder engagement and management concerns related to tax	44-45	
207-4	Country-by-country reporting	44-45	
Material topic: Anti-corruption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	17-21	
103-3	Evaluation of the management approach	17-21	
GRI 205: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	18	

Material topic: Business ethics and integrity			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	17-21	
103-3	Evaluation of the management approach	17-21	
GRI 206: Anti-competitive behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and main outcomes	18	
GRI 307: Environmental compliance 2016			
307-1	Non-compliance with environmental laws and regulations	During 2021 the Group didn't receive any significant administrative sanctions.	
GRI 419: Socioeconomic compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	During 2021 the Group didn't receive any significant administrative sanctions.	
Social responsibility			
Material topic: Human rights			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	17-21 / 36-37	
103-3	Evaluation of the management approach	17-21 / 36-37	
GRI 407: Freedom of association and collective bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	According the procedures in place for supplier selection and audit, we believe that there is no significant risk relating the freedom of association and collective bargaining in the main suppliers of the Group.	
GRI 408: Child labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	According the procedures in place for supplier selection and audit, we believe that there is no significant risk relating child labor in the main suppliers of the Group.	
GRI 409: Forced or compulsory labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	According the procedures in place for supplier selection and audit, we believe that there is no significant risk relating forced or compulsory labor in the main suppliers of the Group.	

GRI 412: Human rights assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	19	
Material topic: Diversity and equal opportunities			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	15 / 17 / 31	
103-3	Evaluation of the management approach	15 / 17 / 31	
GRI 405: Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	15-16 / 31 / 52-53	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	In 2021 there were no confirmed cases	
Material topic: Training and skills development			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	30	
103-3	Evaluation of the management approach	30	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	54-55	
GRI 404: Training and education 2016			
404-1	Average hours of training per year per employee, by gender and employee category	30 / 56	
Material topic: Industrial relations			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25 -27	
103-2	The management approach and its components	17 / 28-29	
103-3	Evaluation of the management approach	17 / 28-29	
GRI 402: Labor/management relations 2016			
402-1	Minimum notice periods regarding operational changes	29	
Material topic: Health and safety and wellbeing of workers			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	19-21 / 32-34	
103-3	Evaluation of the management approach	19-21 / 32-34	
GRI 403: Occupational health and safety 2018			
403-1	Occupational health and safety management system	32-34	
403-2	Hazard identification, risk assessment, and incident investigation	32-34	
403-3	Occupational health services	32-34	
403-4	Worker participation, consultation, and communication on occupational health and safety	32-34	

403-5	Worker training on occupational health and safety	30 / 32-34	
403-6	Promotion of worker health	32-34	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	32-34	
403-9	Number and rate of recordable work-related injuries, high-consequence work-related injuries, fatalities as a result of work-related injury. Main types of work-related injury.	34 / 57	
Environmental responsibility			
Material topic: Energy consumption and emissions			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	19-21 / 47-49	
103-3	Evaluation of the management approach	19-21 / 47-49	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	48 / 58-60	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	48-49 / 61-62	
305-2	Energy indirect (Scope 2) GHG emissions	48-49 / 61-62	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	49	
Material topic: Water consumption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	19-21 / 50	
103-3	Evaluation of the management approach	19-21 / 50	
GRI 303: Water and effluents 2018			
303-1	Interactions with water as a shared resource	50	
303-2	Management of water discharge-related impacts	50	
303-3	Water withdrawal by sources	50 / 63	
Product responsibility			
Material topic: Product quality, compliance and safety			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	19-21 / 40-42	
103-3	Evaluation of the management approach	19-21 / 40-42	
GRI 416: Customer health and safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	41-42	

Material topic: Responsible sourcing			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	17-21 / 36-37	
103-3	Evaluation of the management approach	17-21 / 36-37	
GRI 204: Procurement practices 2016			
204-1	Proportion of spending on local suppliers	35	
GRI 414: Supplier social assessment 2016			
414-1	New suppliers that were screened using social criteria	37	
GRI 308: Supplier environmental assessment 2016			
308-1	New suppliers that were screened using environmental criteria	37	
Material topics not covered by GRI			
Material topic: Innovation, research and development			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	19-21 / 37-40	
103-3	Evaluation of the management approach	19-21 / 37-40	
Material topic: Risk management			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	25-27	
103-2	The management approach and its components	19-21	
103-3	Evaluation of the management approach	19-21	

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

**To the Board of Directors of
Emak S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Emak S.p.A. and its subsidiaries (hereinafter "Emak Group" or "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on March 16, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), which they have identified as reporting framework.

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

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* 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 auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do 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 performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Emak Group;

4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Emak S.p.A. and with the employees of Comet S.p.A., Tecomec S.r.l., Yong Kang Lavorwash Equipment Co. Ltd. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies, Emak S.p.A., Comet S.p.A., Tecomec S.r.l., Yong Kang Lavorwash Equipment Co. Ltd., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Emak Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS of the Emak Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
March 28, 2022

This report has been translated into the English language solely for the convenience of international readers.



Emak S.p.A.
42011 Bagnolo in Piano (RE) Italy
www.emakgroup.com
www.linkedin.com/company/emak-s-p-a-