

CONSOLIDATED  
NON-FINANCIAL INFORMATION  
STATEMENT  
**2018**



**TECHNOGYM®**

The Wellness Company



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**CONSOLIDATED  
NON-FINANCIAL  
INFORMATION  
STATEMENT**  
TO 31 DECEMBER 2018



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# LETTER TO THE STAKEHOLDERS

A long time ago in 1993, when our industry was dominated by the American stereotype of fitness focusing on hedonism and image, Technogym launched a new vision called “Wellness”. It was based on a more Italian approach to life, founded on the notion of “mens sana in corpore sano” advocated by the ancient Romans, calling for regular physical activity, a healthy diet, and a positive mental approach.

It was nothing short of a revolution and it made it possible for us to transform fitness into a social business, combining growth and profit with keeping people healthy: from looking good to feeling good, from appealing to a small number of super-fit enthusiasts to the potential to get the entire population involved.

We embraced this vision and have been promoting the culture of Wellness as a social opportunity for all stakeholders for the last 25 years, all around the world: for Governments that can lower the impact of their public health costs by backing policies based on prevention and healthy lifestyles; for businesses that can offer their staff wellness programmes and invest in more creative and more productive employees; and for the general public who can live a longer and better life thanks to wellness.

Today, we are known all around the world as “The Wellness Company”, a company where issues of sustainability have always been integrated into our business model in a natural and organic way. For years, our operations, our strategies and our processes have been guided by the philosophy of wellness: from product development to production and logistics, to marketing and communications, to our wellness project at work dedicated to all our colleagues around the world.

The aim of this *Consolidated non financial report* is to share information with all our stakeholders about initiatives and results related to the key points in our strategy, which determine Technogym’s long- and short term, financial, social and environmental sustainability.

The aim of this document is to communicate, with the support of metrics and data, how our vision of Wellness guides us in the creation of a business capable of generating economic growth and profit for our shareholders, while generating value for stakeholders in terms of health, quality of life, culture and innovation.

Let’s Move for a Better World.

Nerio Alessandri

## NOTES ON METHODOLOGY [102-46; 102-50; 102-52]

The Non-Financial Report is based on the 2016 Global Reporting Initiative (GRI) Sustainability Reporting Standards, using the “GRI-Referenced” approach.

The reporting perimeter includes Technogym S.p.A. and all the consolidated entities in the Consolidated Financial Statement. Any limitations of this scope for individual figures have been indicated, with reasons given where relevant. The report covers the period from 1 January - 31 December 2018 (annual reporting intervals); where possible, a comparison with 2016 and 2017 has been included.

The non-financial data in this Report takes into account the topics and detailed disclosures in the GRI Standards which are needed for a complete, coherent picture of the economic, environmental and social impacts of the Group's activities. The data also complies with the disclosure obligations in Legislative Decree 254/2016. The sections on the individual topics contain information about the Disclosure Management Approach required by the GRI Standards. They also include details of active company procedures and policies, and of the key performance indicators. At the end of the report is a table summarising the decree areas, the material topics and the related GRI standards, plus a table giving details about the indicators we have reported on.

In terms of the process, the company departments were involved in updating and expanding on the perception of the relevance of these issues from Technogym's point of view, for gathering the important information, policies, and data needed to prepare the Report.

The data was collected by the central departments of Technogym S.p.A., who consolidated the data received from the various local offices.

The independent auditing of the Non-Financial Statement was entrusted to PricewaterhouseCoopers S.p.A. and completed with the issue of the “Independent auditor's report on the consolidated non-financial statement pursuant to article 3 of Legislative Decree 254/2016 and article 5 of Consob Regulation 20267”





01

TECHNOGYM



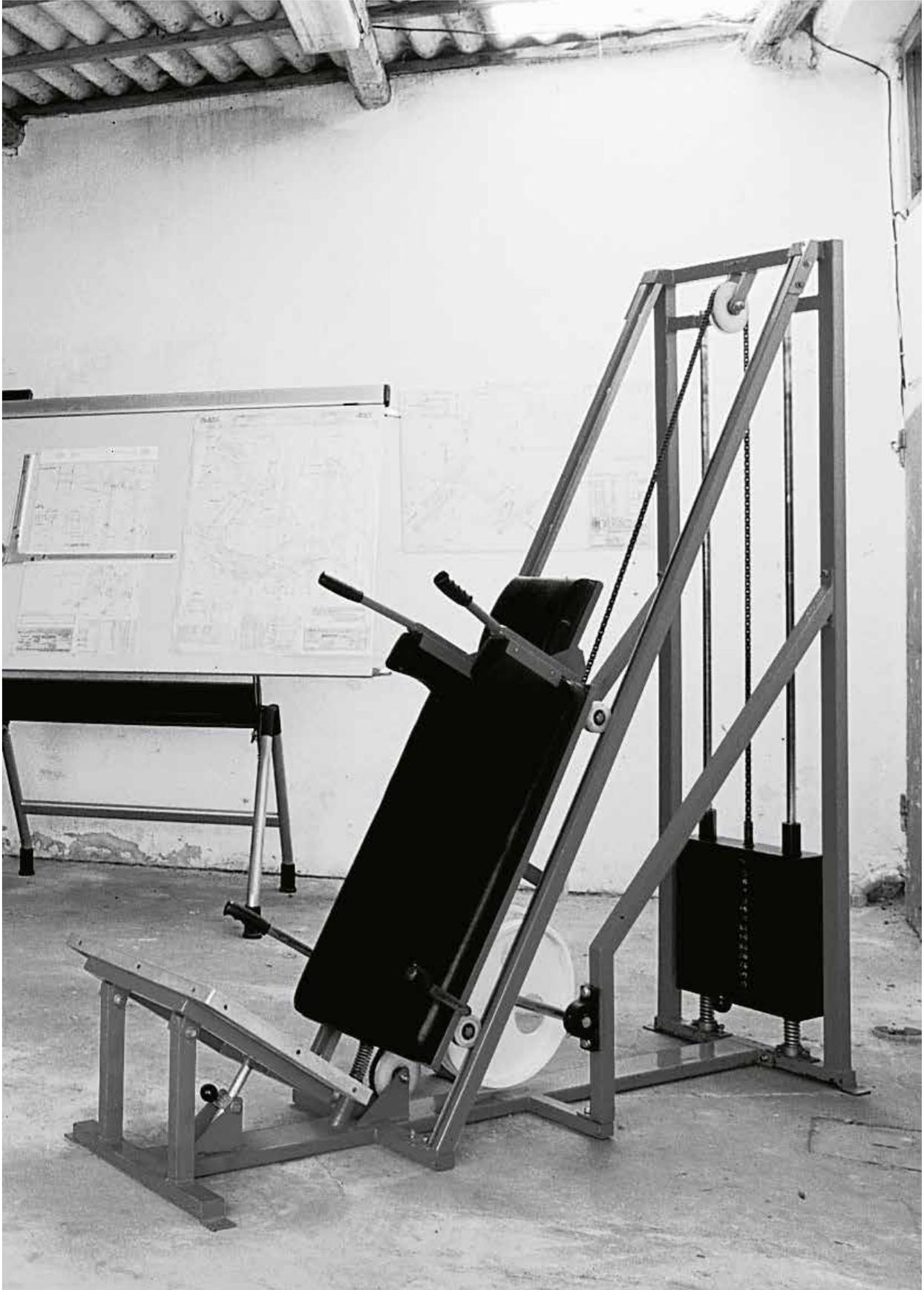
# 1. TECHNOGYM

## 1.1 THE TECHNOGYM BRAND

The TECHNOGYM brand was created in 1983 when Nerio Alessandri, a young industrial designer and sports enthusiast, designed and built his first piece of fitness equipment in his garage in Cesena, aged just 22. The machine in question was a Hack Squat, a safe, guided way of performing squat exercises. Since then, TECHNOGYM has become known for its strong focus on safety and accident prevention, and for its easy-to-use, well-designed products. The brand name TECHNOGYM combines Alessandri's two passions: technology (TECHNO) and sports (GYM).

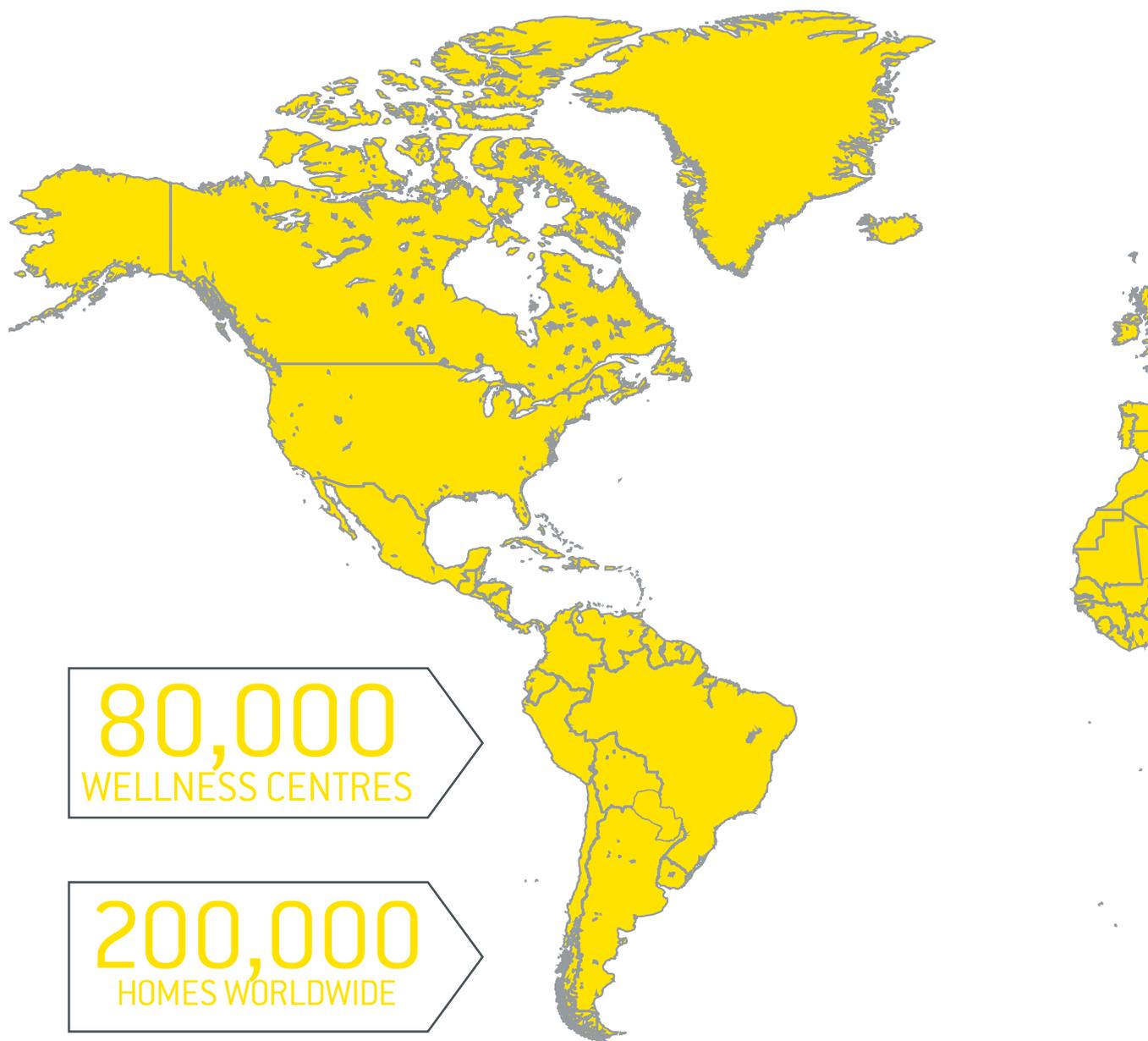
In the early 1980s, Europe's fitness industry was still considered a small niche market. Gyms, often equipped with very rudimentary machines, were mainly the preserve of body-builders. Nerio Alessandri sensed that there was a growing need for technologically and functionally superior physical exercise equipment that respected consumers' health. He also saw that the fitness industry could potentially appeal to a wider, more diversified public, as society gradually realised the importance of physical exercise in mental and physical health and wellness.

Today, after more than 30 years of history, TECHNOGYM is recognised all over the world as a leader in the supply of technologies, services and designer products for the Fitness and Wellness industry thanks to its complete range of machines for cardio, strength and functional training, services (aftersales, training, consulting, interior design, marketing support and finance) plus a digital cloud platform that enables users to log onto their Wellness experience wherever they may be, either on TECHNOGYM machines, or using their mobile devices.



Over the years, the TECHNOGYM offer has expanded. It now incorporates Fitness Clubs, the Hospitality & Residential sector, HCP (Health, Corporate & Performance) and Home. TECHNOGYM products are used in 80,000 Wellness centres and more than 200,000 homes worldwide.

On 3 May 2016, TECHNOGYM was listed on the MTA (screen-based stock exchange) managed by Borsa Italiana S.p.A.

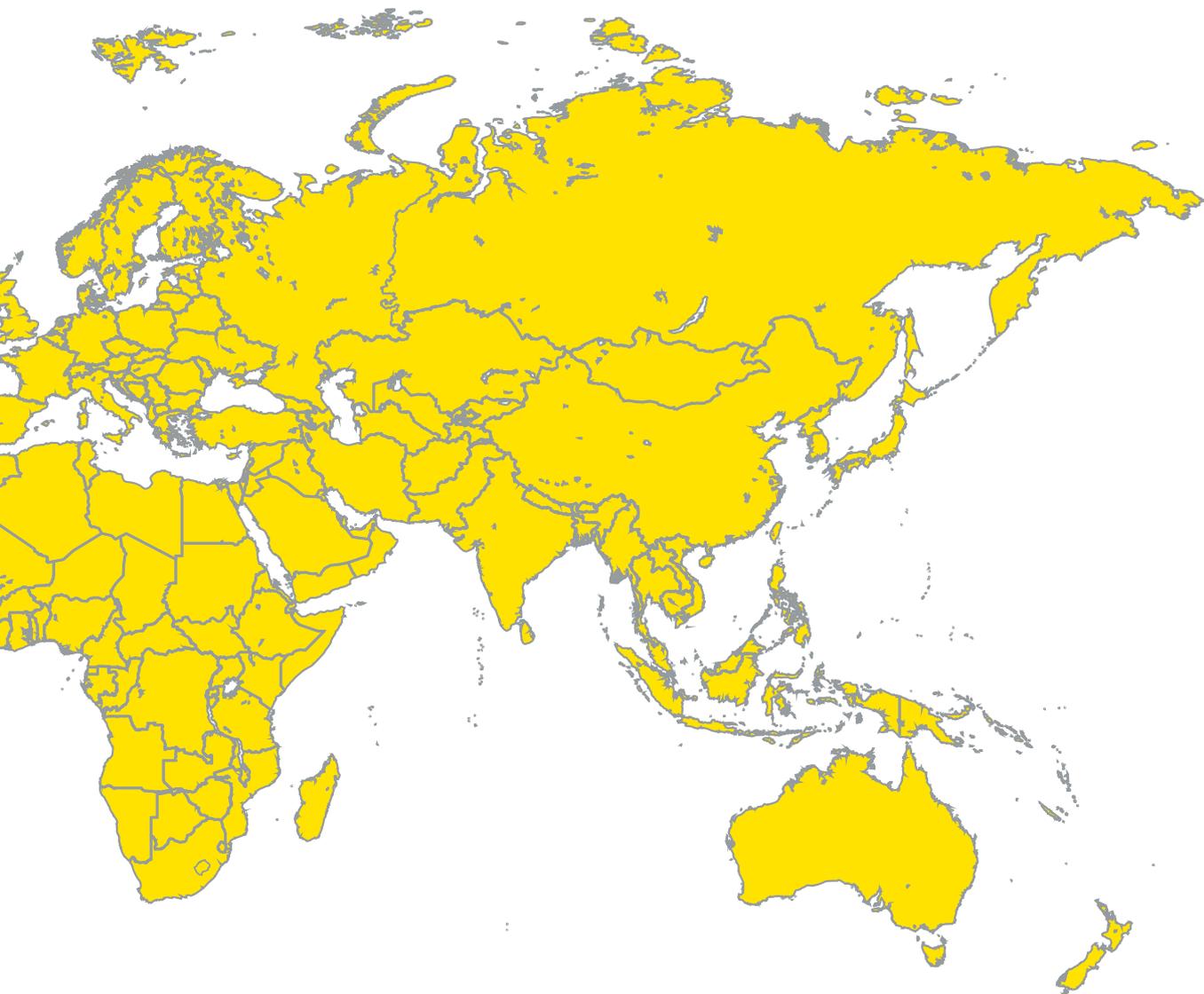


**80,000**  
WELLNESS CENTRES

**200,000**  
HOMES WORLDWIDE

**100**  
COUNTRIES IN THE WORLD

TECHNOGYM has been an official supplier of the last six editions of the Olympic Games: Sydney 2000, Athens 2004, Torino 2006, Beijing 2008, London 2012 and Rio 2016, and was also chosen as an Official Supplier of the Pyeongchang 2018 Winter Olympics in South Korea.



## MILESTONES IN THE HISTORY OF TECHNOGYM

### 1983

Nerio Alessandri founds TECHNOGYM, combining his passion for technology [TECHNO] and sport [GYM]. Aged 22, he designs and builds his first machine in his garage.



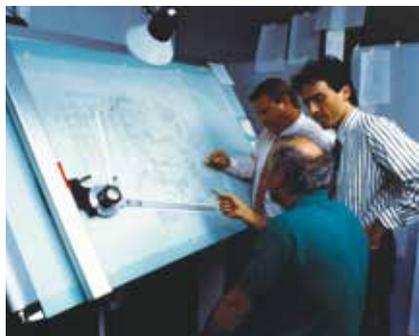
### 1986

Launch of Unica, the first machine designed for domestic use. A complete gym in the space of just one square metre, it soon becomes a status symbol and an icon of Italian design worldwide.



### 1984

Just one year after being founded, TECHNOGYM develops and launches the Isotonic Line, the first comprehensive line for strength training.



### End of the '80s

TECHNOGYM launches partnerships in football and Formula One, becoming the official supplier of athletic equipment for several leading football teams (including A.C. Milan), world-famous athletes (including Formula One drivers Ayrton Senna and Michael Schumacher) and for major international sporting events (the 1990 World Cup in Italy).



# 1990

TECHNOGYM invents the CPR (Constant Pulse Rate) system. For the first time, training intensity is automatically regulated by the user's heart rate.



# 2000

For the first time, TECHNOGYM is chosen as Official Supplier of the Olympics. In Sydney, more than 10,000 athletes train using TECHNOGYM equipment.



# 1992

TECHNOGYM introduces the first rehabilitation equipment in its product range, opening a new market segment.



# 1996

Launch of the Wellness System, the world's first training management software. Users can now automatically activate TECHNOGYM machines using the portable TGS Key, and keep track of their training programme and data. The TGS Key can be considered the world's first wearable device, well before the mobile revolution.



## 2007

Visioweb is created, the first piece of fitness equipment connected to the internet.



DISTRIBUTION

Segments

## 2010

TECHNOGYM opens its first stores in Milan, New York and Moscow.



## 2014

TECHNOGYM launches the first edition of Let's Move for a Better World, a social campaign designed to reduce obesity and sedentary lifestyles. Thanks to the TECHNOGYM Ecosystem, fitness and Wellness club customers around the world can donate their movement to a good cause.



## 2002

TECHNOGYM launches Wellness TV: for the first time, TV screens are built into the fitness equipment.



Nerio Alessandri creates the Wellness Foundation, a non-profit foundation that aims to research and promote wellness as a social opportunity. One of the Foundation's main projects is Wellness Valley in Emilia Romagna, intended to be the world's first Wellness district designed to enhance people's quality of life and well-being.



## 2012

Launch of MyWellness Cloud: the first cloud platform in the Fitness and Wellness sector. Users can now access their personal programme anywhere, at any time, while fitness and wellness professionals can connect with their clients inside and outside the gym, using a web and mobile system.



On September 29, in the presence of the President of the Italian Republic, Giorgio Napolitano, and former President of the USA, Bill Clinton, the TECHNOGYM Village in Cesena is unveiled, the first Wellness campus in the world, which is home to TECHNOGYM's headquarters, research centre, factory and Wellness centre, and is open to clients, partners and influencers from all over the world.



## 2016

TECHNOGYM is listed on the Milan Stock Exchange on 3 May.



For the sixth time, TECHNOGYM is chosen as Official Supplier of the Rio Olympics.



## 2018

TECHNOGYM was appointed official supplier to the 2018 Winter Olympics in PyeongChang, which is the company's seventh appointment as an official supplier to the Games. In the same year, TECHNOGYM launched SKILLATHLETIC, a new training method inspired by the training programs of sporting champions.



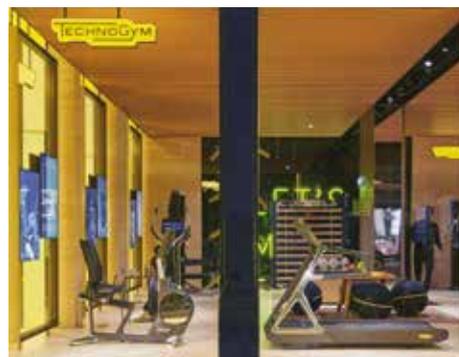
## 2015

TECHNOGYM is a major partner at Expo Milano 2015 with the 'Let's Move & Donate food' campaign which, thanks to equipment connected to the TECHNOGYM app, allows visitors to turn movement into meals donated to countries affected by malnutrition.



## 2017

TECHNOGYM opens its first experiential flagship in Milan, and launches the SKILL line for athletic performance training.



## 1.2 WELLNESS

“Wellness®” is a lifestyle, promoted by TECHNOGYM, aimed at improving quality of life through education and regular physical activity, a balanced diet, and a positive mental attitude. During the early 90s, while the stereotypical muscle-bound image of fitness personified by Jane Fonda and Sylvester Stallone was all the rage in the USA, in Emilia Romagna Nerio Alessandri was launching a new vision: Wellness®, an all-Italian lifestyle whose roots lie in the Roman concept of *mens sana in corpore sano* (healthy mind, healthy body). It was nothing short of a revolution, which transformed a business based on hedonism into a social one, from looking good to feeling good, from attracting only a small number of super-fit gym enthusiasts to the possibility of embracing the whole population.

Wellness® was a social opportunity for all: for governments to cut their healthcare bills, for companies to benefit from employing more creative, more productive workers, and for ordinary people, to improve their lifestyles and



health. This was the idea behind the Wellness Foundation, the non-profit organisation created more than 10 years ago by Nerio Alessandri, with the goal of sharing his twenty years' experience in the fitness, Wellness and health sector to create a more sustainable society by promoting wellness and a healthy lifestyle.

Internationally, thanks to the commitment of Nerio Alessandri and the Wellness Foundation, Wellness® has become a key theme of the World Economic Forum in Davos, and was also the subject of a United Nations event in New York.

In 2018, for the tenth consecutive year, Nerio Alessandri was a speaker at the World Economic Forum, which for the first time hosted a session devoted entirely to sport, entitled: "The Transformative Power of Sport". Alongside high profile representatives of the industry, including the Japanese Minister for Sport (Japan is the host nation for the 2020 Tokyo Olympics), Nerio Alessandri spoke about the role of sport in fostering the development of a more cohesive, inclusive society, and in creating new opportunities for disadvantaged communities.



## 1.3 MISSION, VISION, STRATEGY

### THE MISSION AND THE VISION [102-16]

TECHNOGYM's Mission: **To spread the Wellness Lifestyle.** Wellness as a lifestyle can bring important benefits to society by improving people's quality of life, reducing government expenditure on healthcare, boosting corporate productivity, and respecting the environment. The belief in Wellness as a social responsibility guides and unites our company.

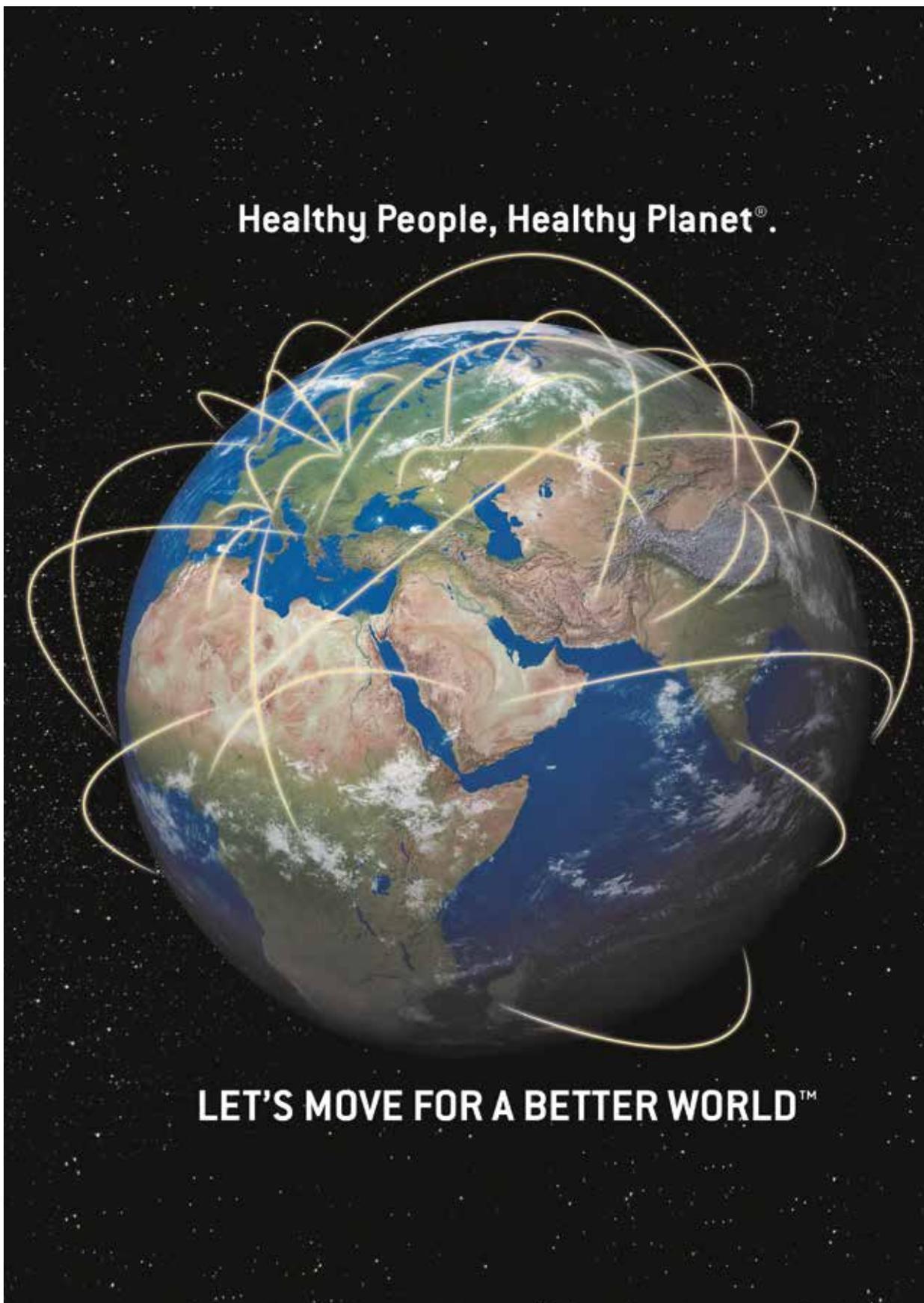
TECHNOGYM's Vision: **To be the world's leading Wellness Solution Provider.** TECHNOGYM strives to be recognized as a landmark in its industry, promoting an authentic lifestyle by creating customized solutions for private customers and fitness professionals. It is more than just equipment, it is also about services, content, devices and networking solutions.

### STRATEGY

TECHNOGYM's objective is to help people live a Wellness lifestyle any time, anywhere, by implementing a three-pillar strategy:

- **Wellness on the go:** the TECHNOGYM Ecosystem is a platform that helps everyone enjoy a personalised Wellness experience by accessing content and training programs on any TECHNOGYM machine and on any personal device, at any time, anywhere in the world. The TECHNOGYM Ecosystem integrates equipment, dedicated mobile apps, the MyWellness Cloud digital platform and specific content, programs and services, offering fitness professionals the opportunity to connect with their clients wherever they may be.
- **Brand Development:** in recent years, the TECHNOGYM brand has followed a positioning strategy based on two principal objectives: being a Premium brand in the Club, H&R and HCP segments, and being a Luxury brand in the Home and Consumer segments. Through marketing and communication, the TECHNOGYM brand establishes its values with a clear, coherent strategy that has helped TECHNOGYM to position itself as an internationally-recognised name.
- **Global presence in different market segments:** TECHNOGYM is expanding globally in various market segments, thanks to an omni-channel distribution strategy that includes Retail, Field Sales, Wholesale and Inside Sales. In 2017, growth was achieved in all distribution channels.









## 1.4 THE BUSINESS MODEL

TECHNOGYM has a four-phase business model: Product Research and Development; Production; Distribution; and After Sales.

The ultimate objective of this business model is to create and offer a customised total wellness solution that responds to the wellness and health needs of end users.

On this premise, and considering the Decree 254/2016 areas<sup>1</sup>, social issues are a constant focus of attention [Art. 3 para. 1, legislative decree 254/2016]. Product and consumer health and safety lie at the heart of the work done in the research and development phase, but can also be found in the subsequent stages of the production process. Technogym aims to offer solutions that create functional benefits for end users, without neglecting its attention to design and the use of innovative materials, to guarantee a safe, quality user experience.

For this reason, the Group works closely with suppliers who are considered to be key to the success of our products, establishing long-term relationships and periodically assessing their performance, and compliance with applicable environmental and social laws, with the aim of guaranteeing a stable supply chain [Art. 3 para. 1 b; Art. 3 para. 2 e].

Our focus on individual well-being also extends to ensuring a **safe working environment** [Art. 3 (2)(c) Legislative Decree 254/2016] - especially in the production operations at the plants in Cesena and Malý Krtíš (Slovakia). In relation to Production, TECHNOGYM also oversees **environmental issues** [Art. 3 (1) - Environmental issues; Art. 3 (2)(a, b, c) Legislative Decree 254/2016] through its Environmental Management System, which enables continuous control and monitoring of consumption.

In addition to these areas of the Decree, which relate to specific parts of the production process, the **management of personnel** [Art. 3 (2) Legislative Decree 254/2016] and the **fight against corruption** [Art. 3 (2)(f) Legislative Decree 254/2016] are cross-cutting issues which are controlled throughout the value chain.

Thanks to this model, over the years TECHNOGYM has become well-known for interpreting and anticipating its customers' needs, creating a global community of over 40 million people who train every day on its machines in 80,000 fitness centres and in more than 200,000 private homes in 100 countries worldwide. Today, TECHNOGYM is a landmark in the fitness, Wellness and sport sectors.

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[1] The following description is an overview of the business model taking into account the services and activities of interest regarding the five main areas of the Decree. For more information refer to the individual chapters, which contain more detail.

## INNOVATION, DESIGN AND PRODUCT DEVELOPMENT

Since its formation in 1983, TECHNOGYM's guiding principle has been all-round innovation in products, processes, its digital ecosystem, sales, marketing and in every other area of the company.

Products are at the core of TECHNOGYM's innovation strategy. Our Research and Development area employs more than 200 professionals including engineers, sports doctors, designers and software developers. It also collaborates with external medical practitioners, physiotherapists, architects, athletes and sports trainers. TECHNOGYM owns a large number of national and international trademarks and patents.



In 2017, TECHNOGYM launched a series of highly innovative products and concepts including MYCYCLING, an indoor training solution for cyclists; SKILLROW, an indoor rowing simulator that perfectly captures the feel of rowing on water, and SKILLRUN, a treadmill that sets the new standard of excellence for running. In 2018 TECHNOGYM launched the new SKILLBIKE and SKILLATHLETIC TRAINING, a new method inspired by the training programmes of sporting champions.

The TECHNOGYM Ecosystem continues to enjoy market success, as does the TECHNOGYM 'Internet of Things' platform that connects products, cloud and mobile devices to offer consumers 'Wellness on the Go', a personalized Wellness experience that can be accessed any time, anywhere: in the gym, at home, in a hotel, at work, at the doctor's or outdoors.



## MEDICAL AND SCIENTIFIC RESEARCH<sup>2</sup>

The scientific approach is an integral part of TECHNOGYM's product development. We also have long-standing collaborations with a network of scientists and prestigious Italian and international universities. Technogym is continuing its many scientific research projects with universities and research centres in Italy and internationally. In particular, the company is carrying out product validation tests with the Universities of Coventry and Loughborough, in the United Kingdom. Nationally, structured collaborations are ongoing at the Universities of Padua, Udine and IUSM Rome. Scientific activity is continuing with the publication of articles in well-known scientific journals, and the presence of managers from our Scientific Department as speakers, at national and international conventions.



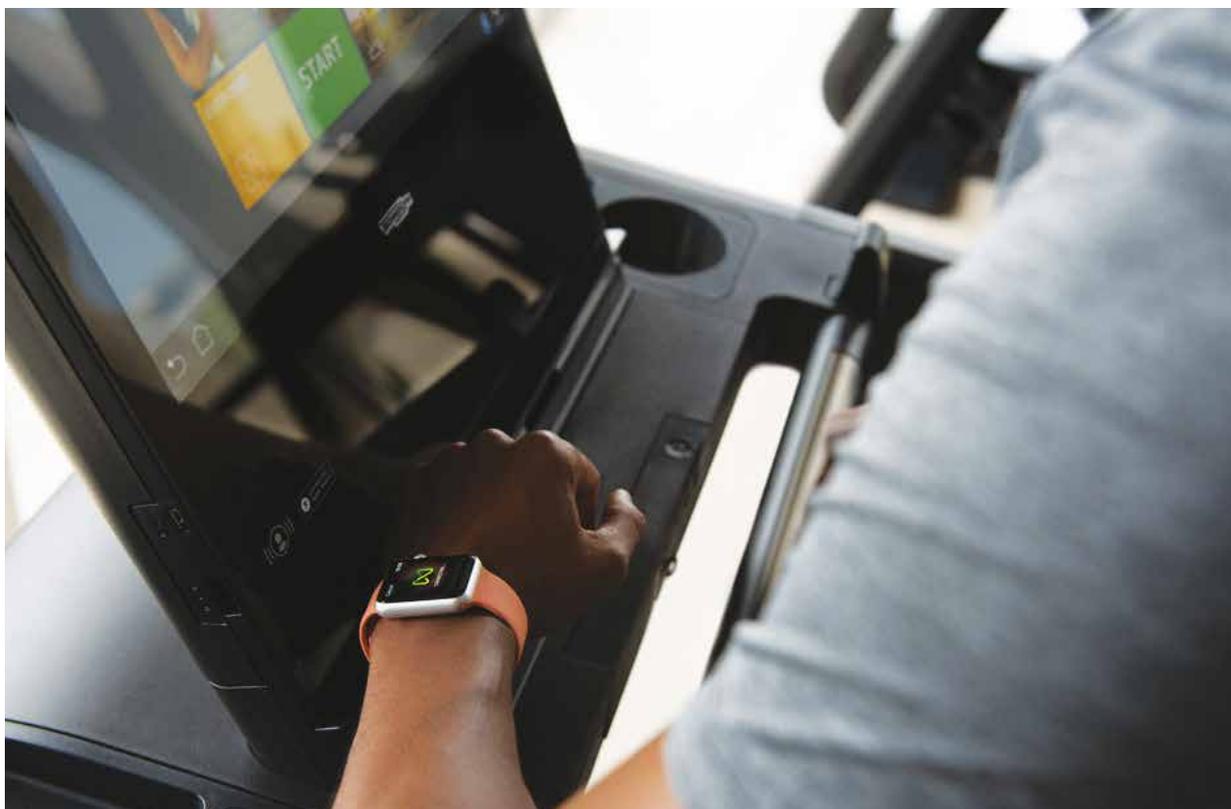
[2] Refer to Chapter 6 "Products" which gives more information about the medical-scientific approach to product development.

## DIGITAL INNOVATION

Digital innovation is a fundamental part of TECHNOGYM's activity. Back in 1996, TECHNOGYM launched Wellness System, the world's first training management software. Today, TECHNOGYM's offer incorporates the TECHNOGYM Ecosystem, the only system of its kind in the world of fitness and Wellness. It connects equipment based on an 'Internet of Things' approach, and incorporates a cloud platform that stores personalized data and training programs for individual users, and a complete range of Wellness apps for consumers and professionals. We have also introduced radical changes in user experience: The TECHNOGYM Ecosystem is an open application that integrates TECHNOGYM products and services with the leading tracking apps and wearable devices, giving users a 'Wellness on the Go' experience any time, anywhere (in the gym, at home, at work, outdoors, at the doctor's or while travelling). Each user has a personal account containing their personal data and training programs. Exercise data can be accessed from various touchpoints: apps, websites or directly on TECHNOGYM equipment, thanks to the UNITY interface.

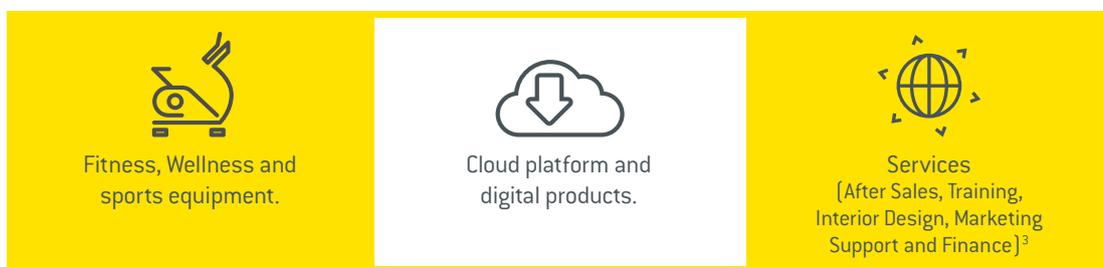
In 2017, TECHNOGYM forged a collaboration with IBM, implementing a virtual coaching service on the Mywellness platform, based on Watson Artificial Intelligence. The aim is to create a TECHNOGYM virtual coach that will interact with people to offer them customised training programmes based on their objectives and environmental variables.

During the keynote speech at the "Apple Worldwide Developers Conference", Apple announced that Technogym's cardio training products would be compatible with the Apple Watch. TECHNOGYM was the first company in the industry to implement this kind of revolutionary interaction. It means that Apple Watch users can track their indoor exercise (at home or at the gym) simply by placing their watches close to UNITY - the technological interface for Technogym products – and in just a few seconds they can automatically log on to treadmills, cross trainers, bikes or steppers. Using this remarkable innovation, previously unavailable data such as active and total calorie count, distance, speed, floors climbed, gradient and pace are accurately synchronised to give the maximum possible precision of measurement.



## THE OFFER: TOTAL WELLNESS SOLUTION

TECHNOGYM's unique offer is the Total Wellness Solution, a bespoke Wellness solution for professionals and end users. It includes:



### EQUIPMENT

TECHNOGYM boasts a complete range of cutting-edge equipment for cardio, strength, functional and group training. All machines are specially designed to meet the needs of the different market segments. We are constantly committed to developing new products and technologies to offer safe, effective and engaging training.

### SERVICE

TECHNOGYM'S Total Wellness Solution offers a series of services designed to offer an enhanced, personalised Wellness experience for end users, while giving fitness professionals a range of diversified options to expand their client base and gain their loyalty.

### INTERIOR DESIGN

Thanks to the Wellness Design service, TECHNOGYM can offer the full design of Wellness areas in hotels, businesses, medical centres or private homes. The objective is to create peaceful, stimulating spaces that give clients an opportunity to stand out thanks to a unique, personalized style.

### FINANCIAL SERVICES

TECHNOGYM provides its customers with safe, fast and transparent financing, together building a personalized and reliable plan in collaboration with a number of leading international banks and insurance companies.

### AFTER SALES

TECHNOGYM's aftersales service is designed to ensure that our equipment stays reliable and performs well over time, thanks to tailor-made contracts designed to optimise operativity and quality. We have a global network of Authorized Technical Assistance Centres, able to provide a fast, competent response.

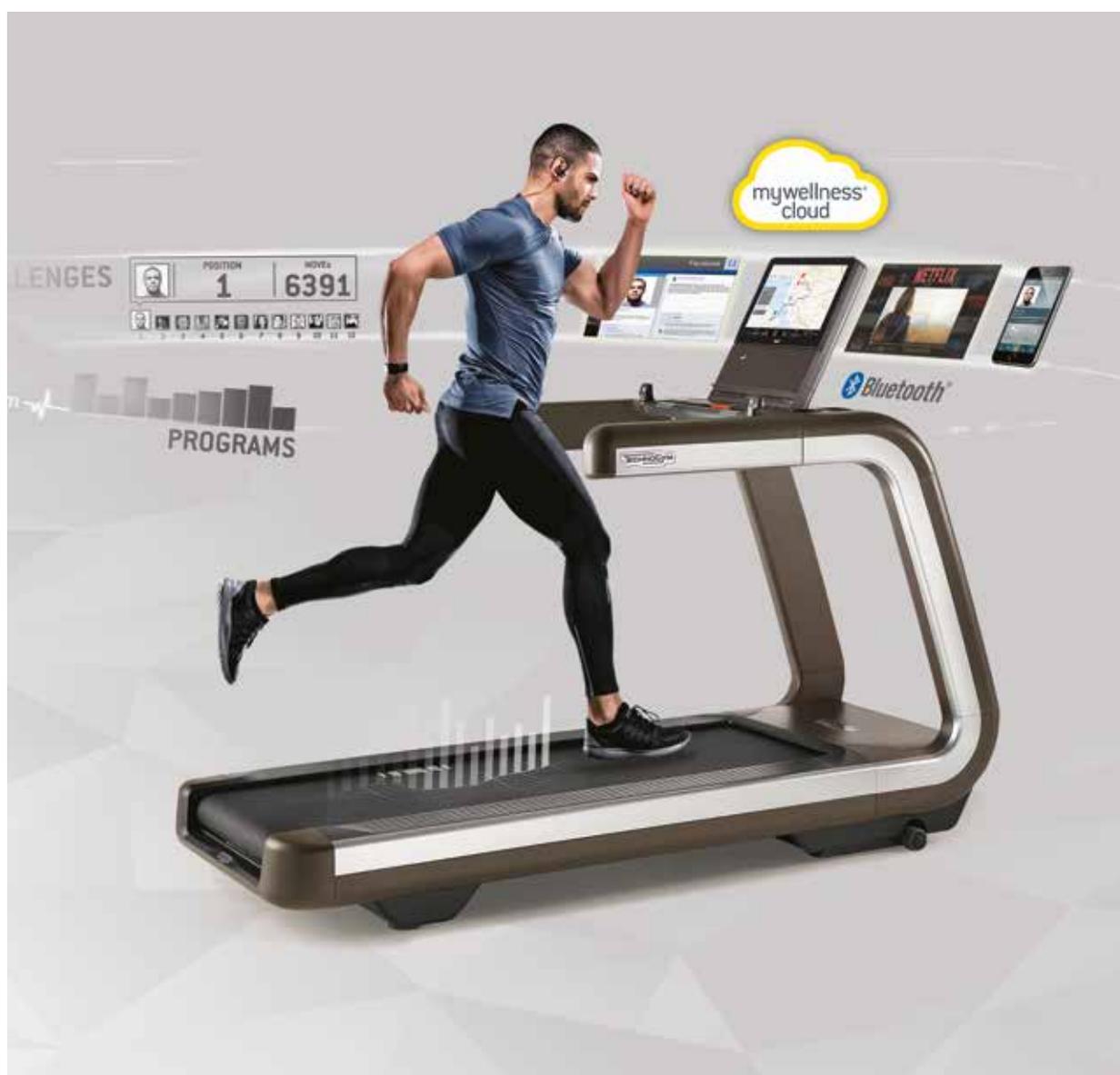
[3] See chapter 5 for more details.

## MARKETING SUPPORT

The promotion of Wellness, sporting partnerships and our global community give the TECHNOGYM brand a distinctive appeal, and make a positive contribution to our customers' business. Educational and promotional tools are used to raise awareness about TECHNOGYM equipment and its benefits, and allow customers to exploit our brand and communications as an asset for their business.

## NETWORKING APPS, DEVICES & CONTENTS

Thanks to MyWellness Cloud, an open platform integrated with equipment, apps and portable devices, fitness professionals and users can stay in touch wherever they are. It offers complete lifestyle management that builds customer loyalty and business opportunities. Professionals can take advantage of a vast range of professional applications that grow their potential, while users can engage with the UNITY digital console, the most advanced cardio interface on the market, designed to make every workout experience unique.



## DISTRIBUTION

### SEGMENTS

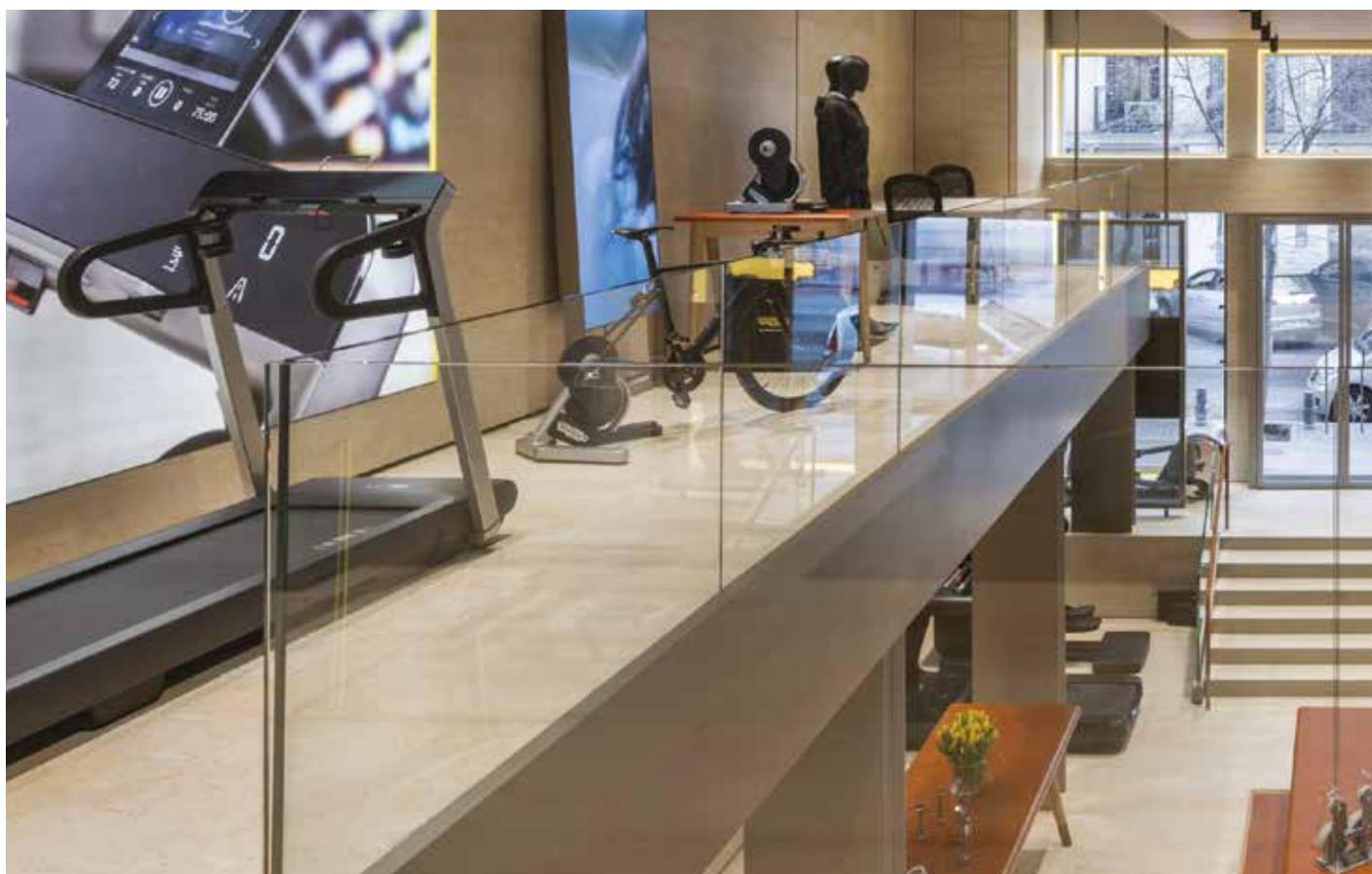
TECHNOGYM targets specific distribution SEGMENTS:

- Fitness and Wellness Clubs;
- Hospitality & Residential;
- HCP (Health, Corporate & Performance);
- Home.

### CHANNELS

The distribution of TECHNOGYM products follows the omni-channel approach, through 4 sales channels:

- field sales, represented by TECHNOGYM sales personnel and sales agents;
- inside sales, which includes telemarketing and online sales;
- retail, represented by our seven directly-managed stores;
- distributors.



Field sales, Inside Sales and Retail are direct channels used by TECHNOGYM to reach end users and professionals directly, while Distributors is an indirect channel, through which end users and professionals are reached by exclusive distributors who can cover markets in which we have no direct outlet. In 2018, business growth was mainly achieved in the Field Sales channel.

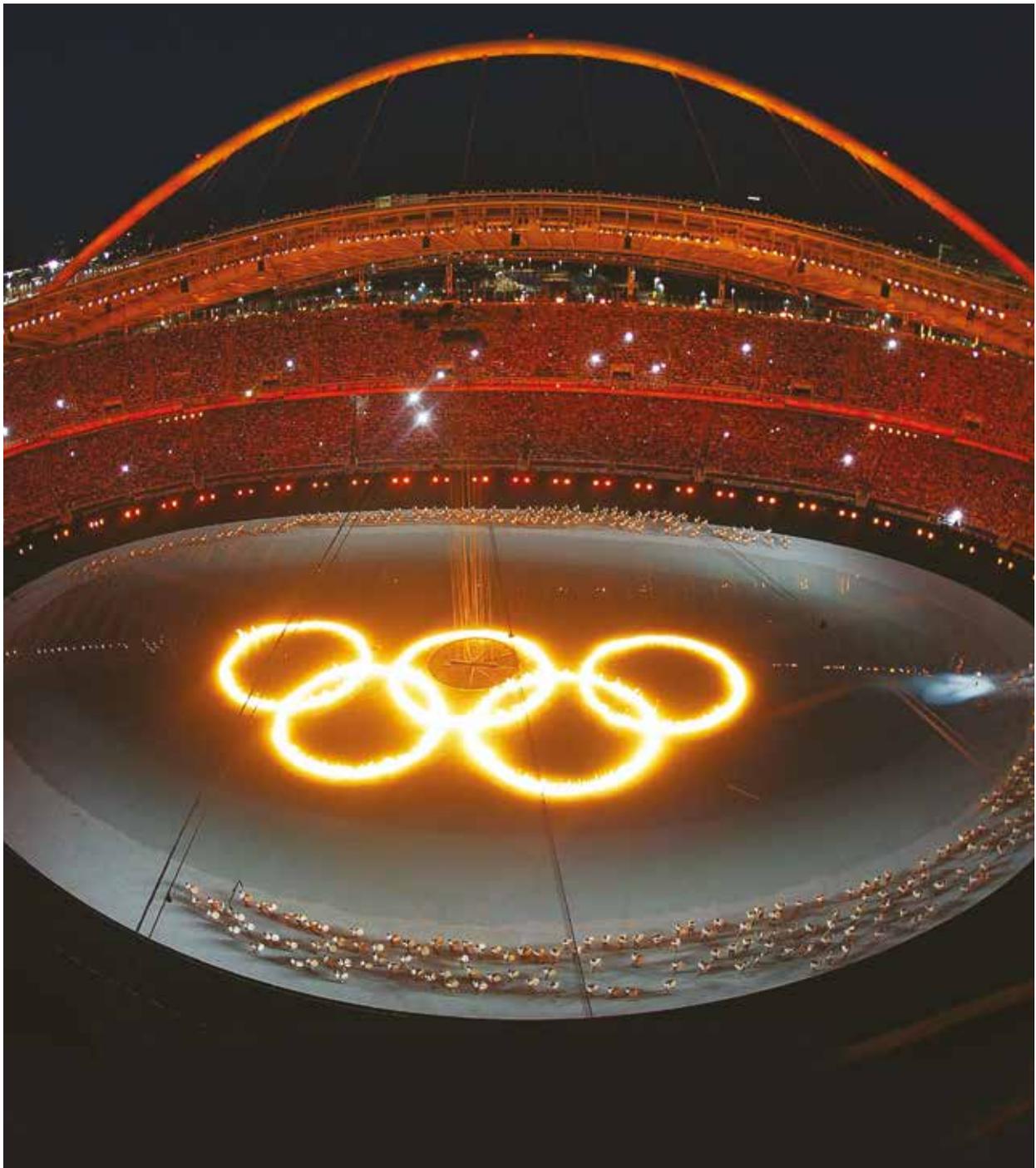
## GEOGRAPHIC AREAS

TECHNOGYM is present in all the major global markets. In 2018, more than 90% of company revenues were earned outside of Italy, with approximately 40% coming from outside Europe. There was strong growth in the North America and APAC regions.

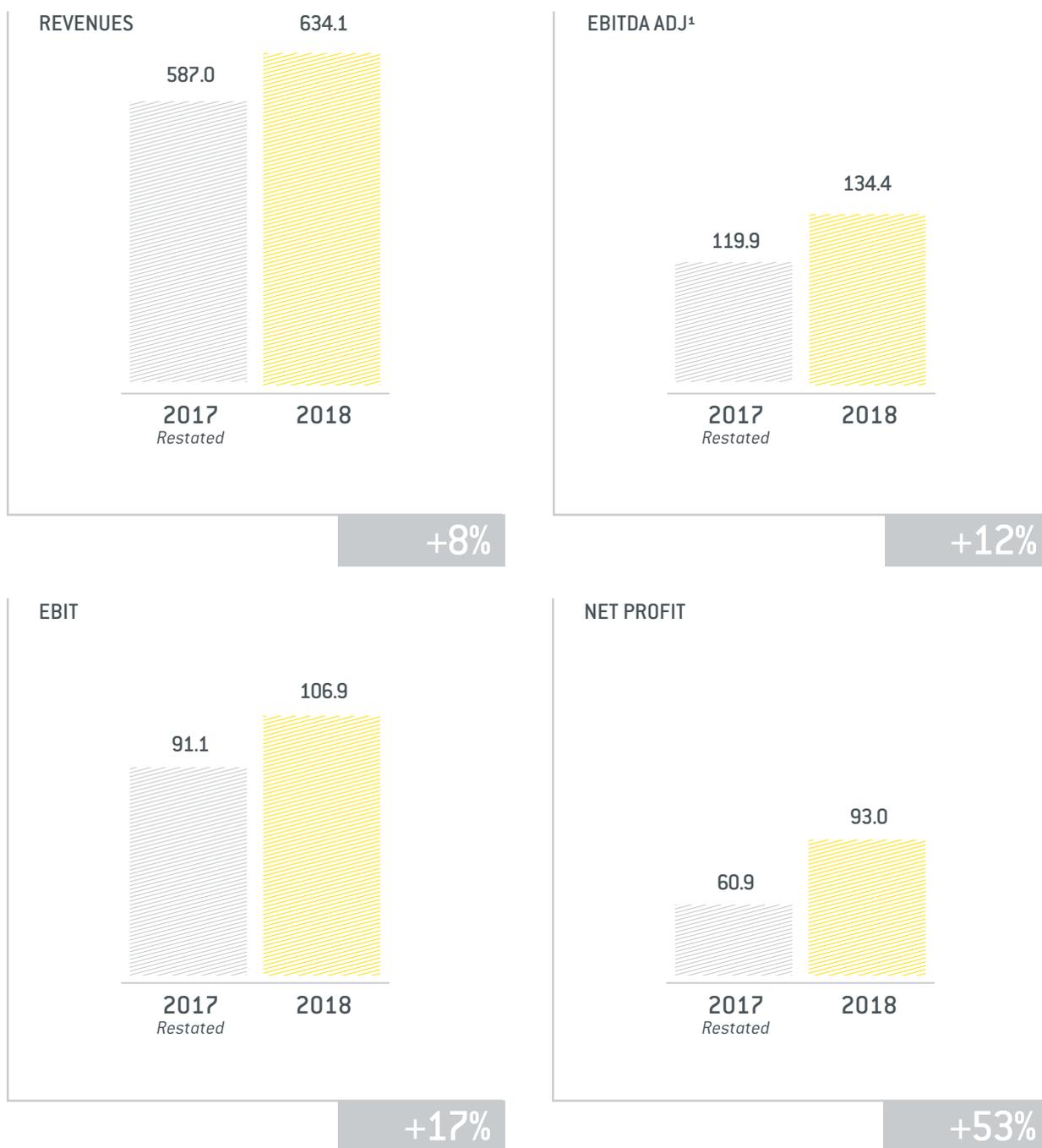


## MARKETING AND COMMUNICATIONS

Marketing and communication covers every stage of the TECHNOGYM business model, and is one of the main elements of the company's strategy for development and consolidation in the fitness market and in the Wellness sector as a whole. Over time it has made a significant contribution to making TECHNOGYM a distinctive brand, recognised worldwide and synonymous with quality, innovation and Italian design. A cornerstone of TECHNOGYM's marketing and communication strategy is its participation in the sports industry. TECHNOGYM is the official supplier to a large number of top teams and athletes, and has been the Exclusive Official Supplier of athletic training at seven Olympic Games.



## 1.5 KEY FINANCIAL RESULTS <sup>(AB5)</sup>



[In million of Euro and ratios]

For more details refer to the 2017 financial report, which is also available on the website (<http://corporate.technogym.com/it/investor-relations/bilanci-e-risultati>).

(4) The Group defines: adjusted EBITDA as the net operating income, adjusted for the following income statement items: (i) net provisions; (ii) depreciation, amortization and impairment losses and (iii) non-recurring income/(expenses); the adjusted EBITDA margin as the ratio between EBITDA and total revenues; EBITDA as the net operating income, adjusted for the following income statement items: (i) net provisions; (ii) depreciation, amortization and impairment losses and; the EBITDA margin as the ratio between EBITDA and total revenues.

(5) The Group defines adjusted net operating income as the net operating income adjusted for non-recurring income/(expenses).



02

SUSTAINABILITY  
AT TECHNOGYM

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## 2. SUSTAINABILITY AT TECHNOGYM

This second edition of the Non-Financial Report meets the legal requirements as set out in Legislative Decree 254/2016.

The purpose of this section is to give key information about Technogym's strategic and operational approach, its activities and principal environmental and social performances, and to clarify the Group's commitment to sustainability, based on the UN Sustainable Development Goals.

Technogym's approach to sustainability has strong synergies with its **corporate mission**. Our aim is to **disseminate the Wellness Lifestyle** globally, to promote regular physical exercise, healthy lifestyles and to improve people's quality of life. *Wellness*, the corporate philosophy of Technogym, is key to defining our strategic objectives. It reflects our commitment to building shared value with all stakeholders.

The close correlation between business strategy and sustainability is what guides the Group in its decisions and actions which are designed to meet the health needs and demands of ordinary people. The well-being of end users, and therefore of the community as a whole, is central to our corporate objectives, and it starts at the product design phase. We maintain this focus throughout the production process, through to the after sales and marketing stages.

This combination of factors makes our business model unique, and fosters our strategic alignment with the United Nations Sustainable Development Goals (SDGs).

In particular, Technogym's objective, which reflects its Mission, is to actively contribute to **reaching Goal 3 "Health and Well-being"**, with specific reference to Target 3.4. "By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing".

### 2.1. KEY ISSUES [102-47]

In order to comply with Legislative Decree 254/16, and in line with the 2016 GRI Sustainability Reporting Standards, businesses need to identify key issues based on the importance of economic, environmental and social impact of their organisation, and their material influence on the opinions and decisions of stakeholders.

A materiality analysis is thus a strategic tool in defining the most important issues for the company and its stakeholders.

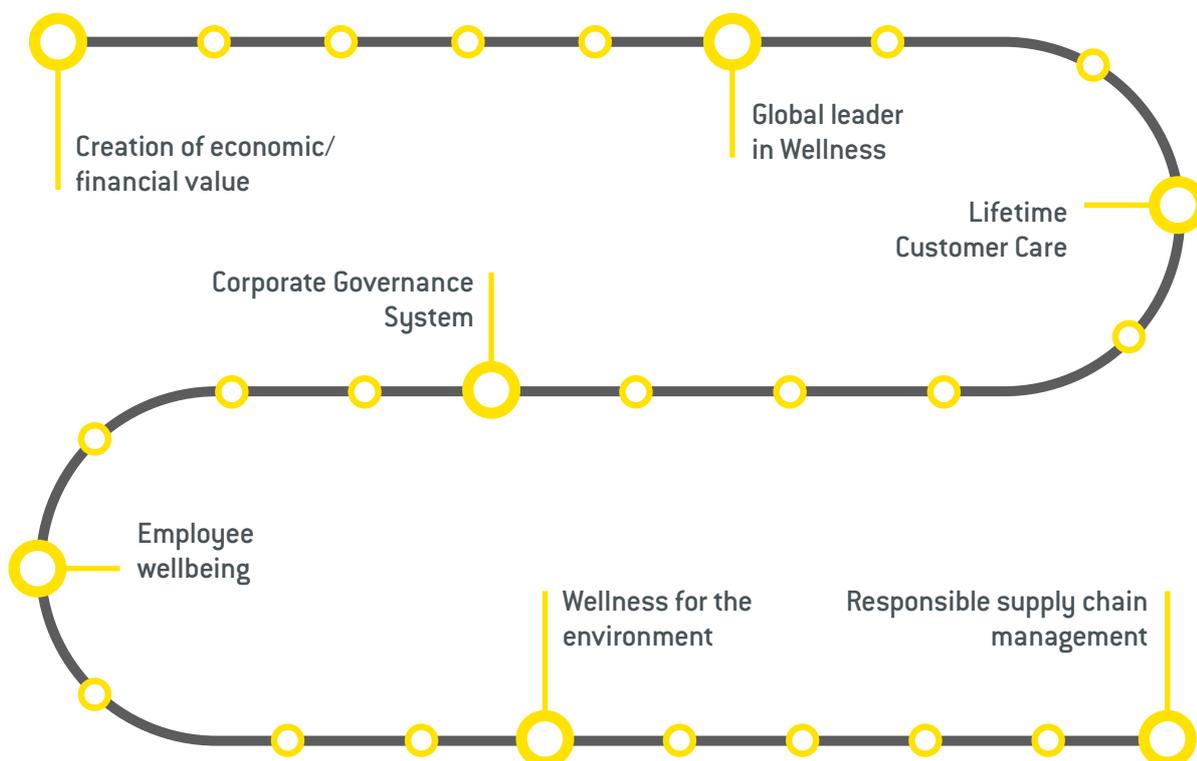
In 2017, Technogym launched a materiality analysis process, to identify the topics and priority issues related to the Group's activities, in terms of their economic, social and environmental impacts.

As the business departments were involved in the first year of preparing the non-financial report, the contents of the 2017 Non-Financial Report have been maintained for 2018, as they represent the Group's priorities. The following key topics have again been included.

**“Promoting the wellness lifestyle in the community”** indicates the alignment between the organisation’s viewpoint and the opinion of stakeholders in terms of Technogym’s role as a promoter of the wellness culture for the whole community;

**“Solutions for individual wellness”** testifies to the central importance of the process of interpreting and responding to individual needs, within the Group strategy.

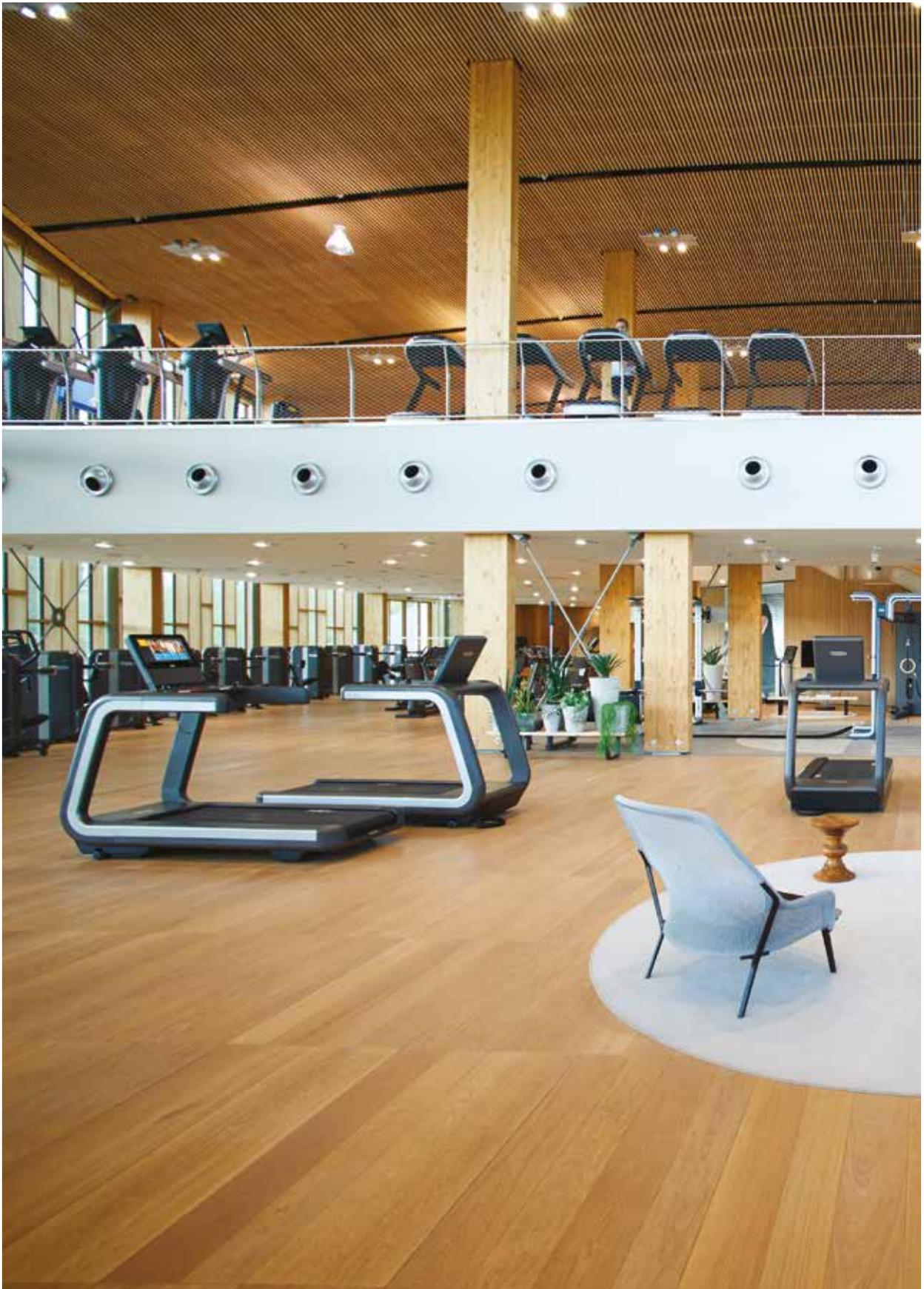
The other topic areas covered in the analysis are: “Building financial and economic value”, “Global leader in Wellness”, “Lifetime customer care”, “Corporate Governance system”, “Employee wellbeing”, “Environmental wellbeing”, and “Responsible supply chain management”.



Looking at each topic in terms of importance, the following set of priorities were identified (Priority Level 1), together with important topics (Priority Level 2). Among the topics highlighted in Decree 254/16, those of particular importance for Technogym were social issues (product safety, the meeting of needs, promoting the wellness culture in the community) and personnel-related topics such as employee wellbeing and protection). These are dealt with, at various levels of enquiry, in the Non-Financial Report.

| Topic area  | Topic   | Priority level |
|---|---|----------------|
| Personal Wellness solutions                       | The capacity to guarantee safe, high performance products                                       | 1              |
| Personal Wellness solutions                       | The capacity to interpret and anticipate wellness requirements of individuals and of society    | 1              |
| Promoting the Wellness Lifestyle in the community | Promoting the Wellness culture for the whole community  | 1              |
| Global leader in Wellness                         | International growth and consolidation  |                |
| Personal Wellness solutions                       | Integration of digital tools into product development   | 1              |
| Corporate Governance System                       | Integrity and rigour in company conduct   | 1              |
| Global leader in Wellness                         | Protection of trademark and intellectual property   | 1              |
| Personal Wellness solutions                       | Innovation in design and product development  | 2              |
| Corporate Governance System                       | Management of business risks and the internal control system                                    | 2              |
| Lifetime Customer Care                            | Customer centricity and experience caring   | 2              |
| Personal Wellness solutions                       | Medico-scientific approach to projects for research and development into products and solutions | 2              |
| Creation of economic and financial value          | Protecting operational profitability  | 2              |
| Employee wellbeing                                | Promotion of Wellness within the organisation   | 2              |
| Lifetime Customer Care                            | Support in developing customers with customised solutions                                       | 2              |
| Employee wellbeing                                | Protection of workers and respect for workers' rights   | 2              |
| Lifetime Customer Care                            | Responsible management of personal data   | 2              |

Based on these considerations, this document summarises all the topics that were found to be relevant. All the topics covered by the Decree have been included, in any case. Finally, the building of economic and financial value has been mentioned briefly in this document, and is dealt with in more detail in the Management Report.





03

CORPORATE  
GOVERNANCE  
SYSTEM

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# 3. CORPORATE GOVERNANCE SYSTEM

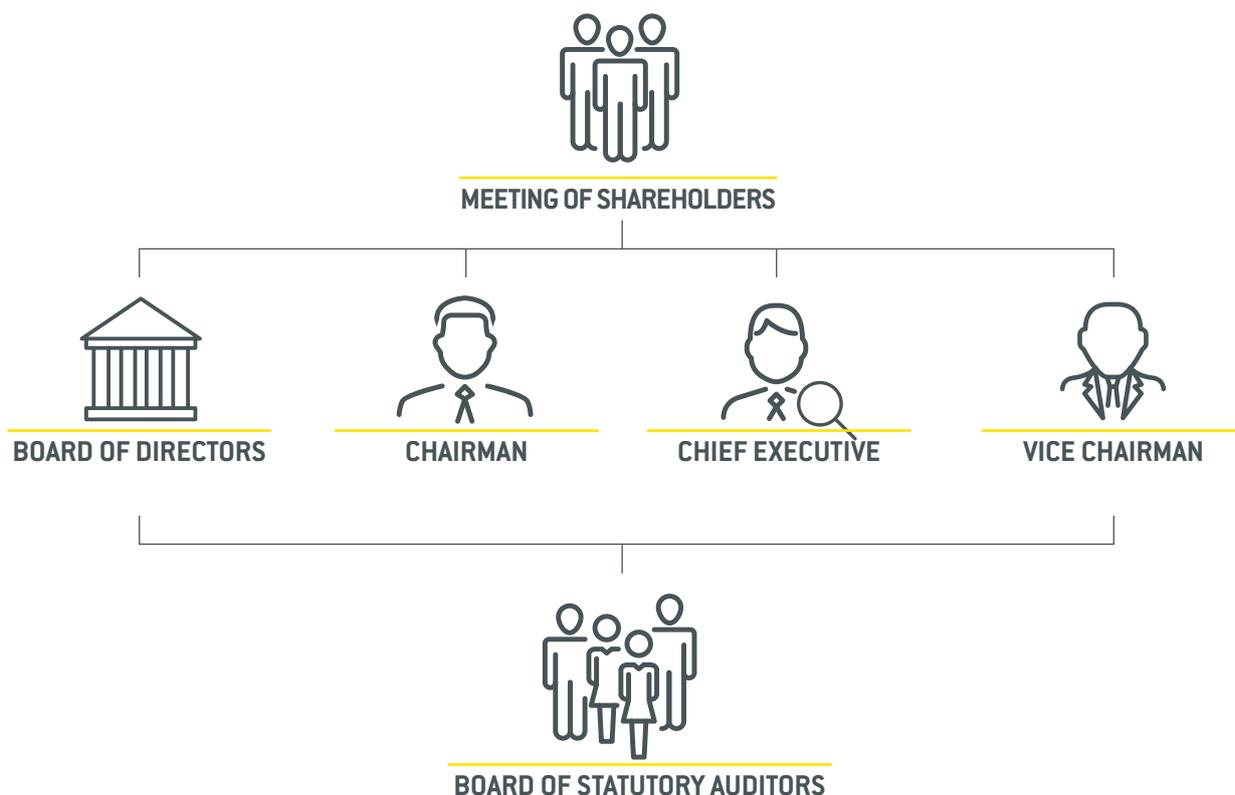
[MATERIAL TOPIC: CORPORATE GOVERNANCE SYSTEM]

## 3.1 GOVERNANCE BODIES

Technogym's Corporate Governance system conforms to the Code of Self-Governance for Listed Companies published by Borsa Italiana S.p.A., and to national and international best practices.

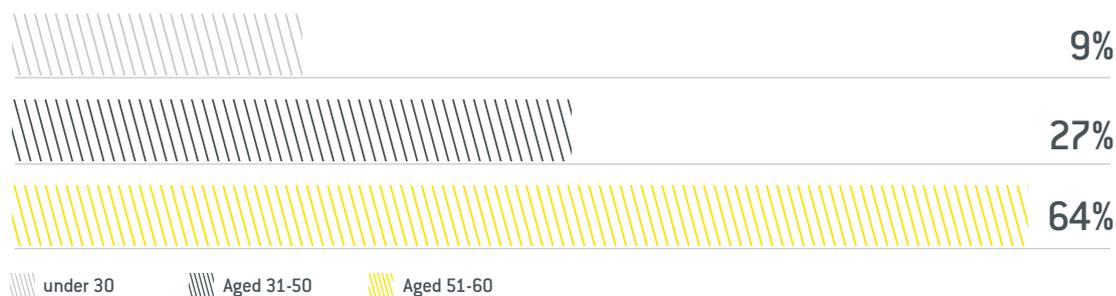
Technogym's governance model as provided for in its bylaws, is the traditional form of administration and control consisting of the following bodies:

- Meeting of Shareholders;
- the Board of Directors, from which a Chairman and Chief Executive are appointed, and a Vice Chairman;
- the Board of Statutory Auditors.



The Company's Board of Directors has 11 members, 4 of whom are women and the others men, as follows: Nerio Alessandri as Chairman and Chief Executive, Pierluigi Alessandri as Vice Chairman, Erica Alessandri, Francesca Bellettini, Carlo Capelli (Director with specific responsibilities), Maurizio Cereda, Chiara Dorigotti, Vincenzo Giannelli, Maria Cecilia La Manna, Riccardo Pinza and Andrea Giuseppe Zocchi. [102-18; 102-22; 102-23; 405-1]

**Board of Directors – composition by age**



The Board is supported by three internal committees: the Risks and Control Committee, the Appointments and Remuneration Committee and the Related Parties Committee. These Committees play an advisory role in their own fields. [102-18]

For more details about the corporate governance system, refer to the corporate governance and ownership report, which is also available on the website (<http://corporate.technogym.com/it/governance/sistema-di-corporate-governance>).

**THE CODE OF ETHICS** [ART. 3 (1A) LEGISLATIVE DECREE 254/16 – BUSINESS MODEL]

[102-16]

“Technogym conducts its business lawfully, but also fairly, independently of the law.”

The **Code of Ethics** is the **primary reference** for our approach to business ethics. It sets out the principles of the Technogym corporate culture. Its guiding values and rules are intended to guide the company’s actions towards its main stakeholders, and towards society as a whole. These values reflect the body of internal regulations aimed at preventing inappropriate conduct that does not comply with the Company’s directives.

**The Code applies to the whole perimeter of Technogym S.p.A.**

Technogym also requires that the Company’s stakeholders act in accordance with the general principles of the Code. To achieve this, specific clauses are included in the model contracts used in the Group’s relations with third parties, who are required to respect the provisions of the Code in their own activities and organisation.

The Code is a fundamental, integral part of the **Organisation, Management and Control Model** (the “Model”), adopted by Technogym as required by Legislative Decree 231/2001.

The issue of the Model required an assessment of our pre-existing organisational model, to identify the activities that could give rise to the offences defined in the Decree, and to establish controls on sensitive activities in order to bring the Model into line with the control principles of Legislative Decree 231/2001 and therefore prevent the committing of offences.

The 231 Model contains all the principles and operating procedures intended to prevent the committing of offences and to promote responsible conduct by everyone operating on the Group's behalf, in accordance with the principles of legitimacy, fairness and transparency.

The company's processes are also periodically audited by our Internal Audit function in order to verify the level of risk related to the committing of 231 Law offences, and the efficiency of the controls put in place to limit this risk. Controls were conducted in 2018 to identify any risks connected to the main corporate processes and areas identified as sensitive, in the 231 Model. The results of this process are presented to the Supervisory Body, which is tasked with monitoring compliance and the effective application of the 231 Model and the Code of Ethics.

The Supervisory Body has three members:

- Andrea Ciani (Chairman and Independent Member);
- Emanuele Scorsonetto (a member of Wellness Holding);
- Giuliano Boccanegra (Internal Audit Manager of Technogym S.p.A.).

To assist the supervisory body in its monitoring activity, private reporting channels have been set up (a dedicated email address: [odv@technogym.com](mailto:odv@technogym.com) or ordinary post), which people can use to send reports of actual or suspected breaches. The Supervisory Body will analyse and investigate these reports, and is also responsible for periodically checking that the Code of Ethics and its contents are applied and respected in order to highlight the need for adaptation, as the law evolves.

In 2016, the Code of Ethics was revised to bring it into line with changes in the company (primarily, the Stock Exchange listing), and to make it more accessible and efficient, in terms of its circulation within the Group. The revised Code was approved by the Board of Directors at the proposal of the Chief Executive.

The Group has launched **training programmes** for its staff and for the whole of Technogym S.p.A., to promote awareness of the principles and content of the code of ethics, the organisational model and the related implementing procedures. The level of training is diversified depending on the role held by each member of staff.

In 2018, 437 people were trained on the new Code of Ethics. In 2019 new training measures will be implemented, involving all staff on anti-corruption and Code of Ethics topics.

Communication and training on the principles and content of the Model and the Code of Ethics is provided by the departmental managers, who identify the best way to access the training experience, as directed by the Supervisory Body.

## THE FIGHT AGAINST CORRUPTION

[Art. 3 para. 2 f, Legislative decree 254/16 – Anti-corruption]

“Representing Technogym with dignity and transparency at all times” [DMA 205]

Technogym’s commitment to integrity and discipline in its actions also translates into a concrete commitment to preventing the risk of active and passive corruption, which is recognised as behaviours that can undermine confidence and distort fair competition among market operators.

### CONTROL TOOLS

- ☐ Code of Ethics
- ☐ 231 Model
- ☐ Technogym Vision Book
- ☐ Code of conduct
- ☐ Day by Day in Technogym

The Group’s commitment to fighting corruption is based on the adoption and effective implementation of the organisational model at national level and, at global level, on promoting the principles of anti-bribery and anti-corruption; the consolidation of a structured, comprehensive system of procedures and controls limits the risk of active or passive offences being committed.

Within the context of the Model, sensitive activities have been identified. These include: negotiations, stipulating and agreeing contracts for the sale of goods and services to private individuals; selecting sales agents and managing relations with agents; the selection, negotiation and stipulation of partner agreements (traders, distributors and developers); the procurement of goods, services or consultancy services; dealing with gifts and donations, sponsorships; managing the bonus system. [Art. 3 (1 c) Legislative Decree 254/16 – Risks]

Relations with the Public Administration are the subject of specific attention, in the form of a general system of controls, with additional checks on activities identified as sensitive, such as agreeing contracts for the sale of goods and services with public entities in Italy or abroad, and negotiating contracts involving public and/or private tenders and negotiations.

The Code of Ethics also deals with the topic of “Donations, benefits and other utilities” and specifies in a clear, unequivocal way the limits beyond which gifts are not considered acceptable.

The training programme on ethics and fairness includes a specific module on the fight against corruption. This illustrates the legal requirements, and describes Technogym’s policies in this area.

There were no verified episodes of corruption in 2018. [205-3]

## RESPECT FOR MARKET RULES

“Technogym recognises that competition is fundamental to local socio-economic development and progress” [DMA 206]

### CONTROL TOOLS

- ☐ Code of Ethics
- ☐ 231 Model

The Group acts in accordance with national anti-trust laws and does not withhold, deny or delay any information required by the competition authorities during their inspections, and actively collaborates with any investigatory procedures.

The Group takes care to ensure that general conditions on freedom of enterprise are respected. When conducting its business, Technogym allows economic operators to access the market and to compete. At the same time, customers are protected by improvements in service quality and by maintaining a fair ratio between pricing, and the level of the product or service we offer.

To promote respect for the rules of fair competition, the Code of Ethics expressly clarifies the behaviour expected from people in the Group. All employees are required to respect the laws on fair competition, and anti-trust laws.

If any employees or collaborators become aware of practices that impede fair market competition, they must report the matter to their line managers, who in turn must report any anti-competitive conduct to the Supervisory Body.

This would include the formation of relations with competitors of Technogym S.p.A. with the aim of colluding on pricing, quantities or other contractual terms, or entering in to written or unwritten agreements or understandings with Group competitors, or reaching agreements to take part in tender procedures, or to share out markets or suppliers.

Finally, Technogym sells its products and services based on their merits and benefits, without unfairly disparaging the products and services of the competition.



## 3.2 INTEGRATED RISK MANAGEMENT

The aim of risk management is to preserve the efficiency and profitability of the Group's businesses, along the whole of the value chain.

The governance body that oversees the Group's approach to risk management is the Control and Risks Committee, whose members meet the independence requirements set out in the code of self-governance, which supports the board of directors regarding its assessments and decisions about the system of internal controls and risk management, and decisions on the approval of the periodic financial reports.

In accordance with the Code of Self-Governance, the Committee performs the following functions: it provides opinions on specific aspects of identifying major risks; it examines the periodic reports on the internal controls and risk management assessment, as well as the particularly important reports of the Internal Audit department; it reports to the Board of Directors at least once every six months on its work, and also on the adequacy of the system of internal controls and risk management.



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For more details about the corporate governance system, refer to the corporate governance and ownership report, which is also available on the website (<http://corporate.technogym.com/it/governance/sistema-di-corporate-governance>).

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To strengthen the Group's ability to control impacts and risks in all company processes, in 2017 Technogym launched a project to implement an **Enterprise Risk Management (ERM)** system, which introduces a structured, integrated approach to identifying, measuring and managing risks in line with current best practices.

The initial analysis of the Corporate Risk Profile identified the main risks to which the Company is exposed, and activities to mitigate these risks.

These preliminary activities were used to define the **Technogym Risk Model (TRM)**, which is a model for classifying risks into categories, grouped into three main areas:

- **"Strategic Risk"**, risks deriving from changes in the business context or from inaccurate business decisions, the inadequate implementation of decisions and a poor response to changes in the environment;
- **"Operational Business Support Risk"**, risks linked to shortcomings or malfunctioning in the business support processes;
- **"Operational Core Business Risk"**, risks linked to inadequacies or malfunctions in the core business processes.

Categorising risks in this way makes it easier to identify and analyse key risks, while establishing a common language for risk management across the whole organisation, which can be coordinated with the various corporate management systems we use.

By using the TRM, Technogym can provide a dynamic, structured response to the specific corporate activities and processes, which evolve according to the nature and type of the identified risk events, and the evolution of the company's business and/or organisational structure.

Implementing the ERM project will:

- **promptly identify and anticipate the main risks** that prevent the fulfilment of business, strategic and operational targets;
- **enable "informed" decision-making processes;**
- **convert threats into opportunities** and competitive advantages.

In 2018, in view of planning requirements that call for particular attention from the Group, the ERM was launched but has not yet been fully implemented. Technogym has conducted a preliminary mapping of processes and risks. The implementation of the Integrated Management System will enable a structured approach to identifying and managing risks across the organisation, also in the characteristic areas of sustainability (environmental, social and governance).

With specific reference to environmental, social, personnel management, human rights and anti-corruption issues (Decree 254/16), Technogym has launched a process to integrate ESG (Environmental, Social and Governance) risks within the management systems used to control these areas<sup>4</sup>. The ESG risks are covered in the sections on relevant topics. Below is a table summarising the sources used in relation to risk management in the various areas. The review of the Integrated Policy, as described in the following paragraph, has strengthened the control of risks relating to Health, Safety, the Environment and Energy.

<sup>(4)</sup> No significant risks were detected, with regard to the Group's production operations.

|   | DECREE AREA                   | PRINCIPAL POTENTIAL RISKS   | CONTROL SYSTEMS AND TOOLS   |
|---|-------------------------------|---|---|
|    | ENVIRONMENTAL ASPECTS         | <ul style="list-style-type: none"> <li>● Inadequate management of waste, of temporary deposits on the production site, and transfer of waste to third parties for transport/disposal/recycling</li> <li>● High generation and inadequate containment of greenhouse gas emissions and polluting atmospheric emissions caused by production operations throughout the supply chain</li> <li>● Land, sub soil and water contamination caused by production operations throughout the supply chain</li> </ul>   | <ul style="list-style-type: none"> <li>● Code of Ethics</li> <li>● Integrated Policy of Management Systems ISO 9001, ISO 14001, OHSAS 45001 and ISO 50001</li> <li>● ISO 14001 Environmental Management System</li> <li>● 231 Management Model</li> </ul>   |
|    | SOCIAL ASPECTS                | <ul style="list-style-type: none"> <li>● Accidents, including major accidents, which may occur on the production sites</li> <li>● Malfunctioning, construction defects or non-conformities with product technical and contractual specifications</li> <li>● Malfunction of equipment due to inadequate installation and/or maintenance service</li> <li>● Failure to respond to requests/needs/expectations of customers and the potential market</li> <li>● Lack of transparency in customer communications (marketing, labelling)</li> <li>● Inadequate management of information systems and information security</li> <li>● Inadequate collection, storage and processing of personal data</li> <li>● Failure to respond to changes in customer preferences and failure to appreciate new trends</li> </ul> | <ul style="list-style-type: none"> <li>● Code of Ethics</li> <li>● Integrated Policy of Management Systems ISO 9001, ISO 14001, OHSAS 45001 and ISO 50001</li> <li>● ISO 9001 Quality Management System</li> <li>● Workplace Health and Safety Management System ISO 45001</li> <li>● UNI CEI ISO 13485 Management System</li> <li>● GSP Procedure</li> <li>● User manual and Service manual</li> <li>● Data protection statement for the Technogym website and Mywellness® account</li> <li>● Lead Generation Policy</li> <li>● Global Data Protection Policy Retention and cancellation policy for Mywellness® cloud</li> </ul> |
|  | ASPECTS RELEVANT TO PERSONNEL | <ul style="list-style-type: none"> <li>● Discrimination against employees</li> <li>● Loss of key skills for implementing the strategy</li> </ul>  | <ul style="list-style-type: none"> <li>● Code of Ethics</li> <li>● Global Team Development (GTD) Manual</li> <li>● Quick Reference Guide: Talent Acquisition Process</li> </ul>   |
|  | RESPECT FOR HUMAN RIGHTS      | <ul style="list-style-type: none"> <li>● Inadequate working conditions, for example cases of child labour, salubrity of working environment, discrimination, personal health and safety, freedom of association and collective bargaining</li> </ul>  | <ul style="list-style-type: none"> <li>● Code of Ethics</li> <li>● 231 Management Model</li> <li>● Workplace Health and Safety Management System ISO 45001</li> <li>● Contractual clauses for acknowledgement and acceptance of the Code of Ethics and 231 Management Model</li> <li>● Supplier assessment checklist</li> </ul>   |
|  | ANTI-CORRUPTION               | <ul style="list-style-type: none"> <li>● Inadequate negotiation, stipulation and execution of contracts for the sale of goods and services to private individuals</li> <li>● Inadequate selection, negotiation and stipulation of agreements with partners (traders and distributors) and suppliers</li> <li>● Inadequate management of economic and financial transactions</li> <li>● Inadequate management of relations with directors, employees or third parties involved in legal proceedings</li> </ul>   | <ul style="list-style-type: none"> <li>● Code of Ethics</li> <li>● 231 Management Model</li> <li>● Technogym Vision Book</li> <li>● Day by Day in Technogym</li> <li>● Integrated Management System and related procedures for the rating, qualification and selection of suppliers, management of procurement and suppliers</li> <li>● GSN process</li> </ul>  |

With regard to social aspects, product development is controlled by the GSP process, whereas the standards applicable to process management are ISO 9001 and ISO 13485. Technogym also works with its scientific partners to guarantee the benefits of machines used to support rehabilitation programmes.

As far as environmental issues are concerned, the main areas of potential risk relate to the Group's production operations, as the plant in Cesena only assembles components produced by suppliers. Both plants are controlled by a certified ISO 14001 Environment Management System.

With regard to human rights aspects, there are no significant risks, given the type of company. Regarding the supply chain, 74% of suppliers are based in Italy, and assure compliance with current legislation. As Technogym has adopted a structured supply chain assessment process, on-site audits and checks are carried out<sup>5</sup> to guarantee continuous monitoring.

## OPERATIONAL MANAGEMENT SYSTEMS

[Art. 3 para. 1 a, legislative decree 254/16 – Management Model]

Technogym considers that certified management systems are fundamentally important in supporting the manufacture of outstanding products and services, which are designed to achieve full, unconditional customer satisfaction that fully respect people and the environment, with a view to continuous improvement.

ISO 9001 quality certification was first obtained for the Italian plant in the year 2000. ISO 14001 environmental certification followed in 2003, with OHSAS 18001 health and safety certification in 2006, transitioning to the new ISO 45001 standard in 2018.

Driven by the constant desire to improve efficiency and standardise its processes, the Group launched a project to integrate its management systems in the second half of 2017. This was completed in 2018.

The project has improved the standardisation of processes and of the procedural system that governs these processes, with efficiency gains in terms of economic resources and the commitment of staff who are personally involved in these processes.

In particular, the System includes the following certifications: Quality (ISO 9001:2015), the Environment (ISO 14001:2015); Workplace Health and Safety (ISO 45001:2018); the Design, Production, Installation and Servicing of Rehabilitation Equipment (13485:2016) for Technogym SpA and Technogym Eastern Europe; Energy certification (ISO 50001:2011) was also obtained in 2018 for the Technogym Village and the Slovakian plant.



With the new Integrated Management System, Technogym has reviewed the integrated policy which sets out the guidelines of the Group regarding quality, health and safety, environment and energy. This is a commitment to pursue sustainability by first evaluating all risks, then eliminating them and converting them into opportunities.

[5] See chapter 8 "Supply Chain" for more details.





04

WELLNESS  
AS A SOCIAL  
OPPORTUNITY

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# 4. WELLNESS AS A SOCIAL OPPORTUNITY

[MATERIAL TOPIC: PROMOTING THE WELLNESS LIFESTYLE IN THE COMMUNITY]

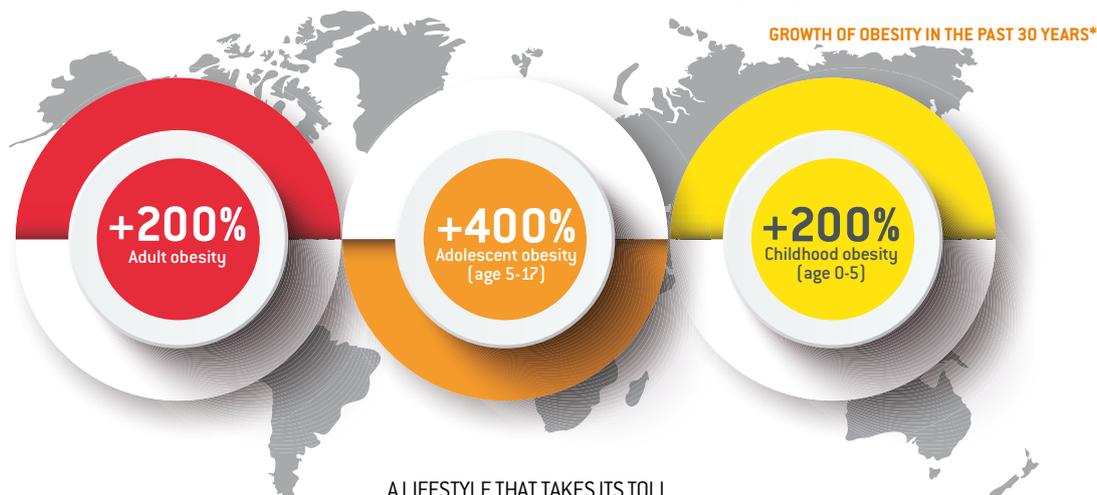
[Art. 3 para. 1, legislative decree 254/16 – Social issues]

## 4.1 SCENARIO DATA

### THE PROBLEM

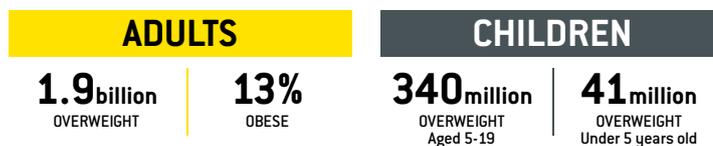
# GLOBAL OBESITY A SOCIAL AND COLLECTIVE ISSUE

Human beings were born to move but ever-evolving technology, albeit full of opportunities, may pose a major threat to the active lifestyle of the world's population, leading to a more sedentary lifestyle than in the past.

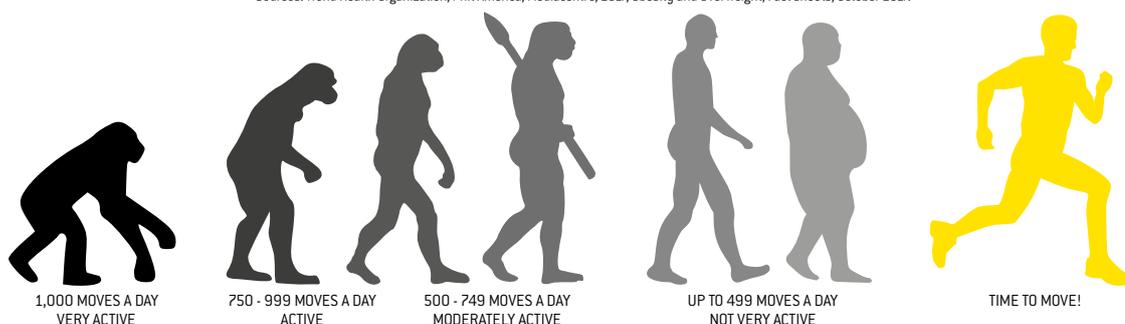


### A LIFESTYLE THAT TAKES ITS TOLL

Obesity is even more dangerous because it gives rise to numerous related issues (hypertension, cardiac disorders, etc.). Its steady rise in developed countries is causing more deaths than malnutrition and is becoming an increasingly social and economic problem.



Sources: World Health Organization, Phit America, Mediacentre, 2017, Obesity and Overweight, Fact sheets, October 2017.



\*Fonte: World Health Organization, Phit America, Science Daily, 2014; Physical Activity Council Research (Sports Marketing Survey); - Centers for Disease Control and Prevention; The Lancet - July 212, Report "Design to Move"; Eurostat - January 2014.

## 4.2 THE BENEFITS OF WELLNESS

In 2006, for the first time in human history the World Health Organisation announced that the number of obese people in the world now exceeds the number of malnourished people.

Numerous international studies on scientific publications have illustrated the effectiveness of regular physical exercise in treating and preventing a number of chronic illnesses, which are now the main cause of death in the world. NCDs (Non communicable diseases), which are caused exclusively by unhealthy lifestyles, sedentary living, smoking, poor diets and alcohol, lead to around 40 million premature deaths annually, according to the latest figures from the World Health Organisation.

Thanks to its commitment to research and development and promoting a culture of wellness through training and information activities, Technogym is contributing to **Goal 3 “Health and Wellbeing”**, with specific reference to Target 3.4: “By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing”.

## 4.3 INNOVATION AND PRODUCTS<sup>6</sup>

The philosophy of Wellness, the aim of which is to diffuse a culture of health and prevention through regular physical exercise, is a consistent feature of all TECHNOGYM’s activities and is a strategic guideline in all product development operations.

All TECHNOGYM EQUIPMENT is designed and built to combine effective exercise with high accessibility and gradual intensity in order to involve the largest possible number of users, from proficient, highly trained sportspeople to beginners or people with specific needs. The TECHNOGYM range also includes specific lines for rehabilitation and models that can meet the needs of users with functional limitations or particular physical conditions.

The TECHNOGYM ECOSYSTEM - a digital ecosystem that includes connected devices, the Mywellness Cloud platform and mobile apps for end users and fitness professionals – also allows exercise programmes to be planned and tailored to suit the needs and levels of each user. The tool allows users to access all TECHNOGYM machines from their own customised programs, so that the equipment will automatically adjust to the exercise level prescribed by the instructor or physician. All training data is then saved on the cloud platform to allow users, trainers and doctors to analyse the exercise, keep track of progress and update the program according to the specific requirements of each person.

## 4.4. PROMOTING THE WELLNESS CULTURE

For many years, Technogym has promoted and supported a number of cultural activities and campaigns to promote Wellness at sector events. These include IHRSA in the USA, FIBO in Europe, and Rimini Wellness in Italy. It also supports international economic events such as the World Economic Forum in Davos, where Chairman Nerio Alessandri was one of the promoters of the working group dedicated to health and quality of life.

A central event in Technogym’s Wellness promotion strategy is the Wellness Congress, an international event that since 1993 has been bringing together fitness experts diet, sports, culture, health and economic professionals, to promote Wellness as a social opportunity.

Since its origins, the Wellness Congress has helped to disseminate the Wellness Lifestyle by promoting the sector and its appeal to institutions, media and public opinion.

(6) See chapter 6 for more details.

This commitment, which was launched by Technogym, has been continued by the Wellness Foundation since 2003. Technogym provides support in its realisation. In 2012, the Wellness Congress was held in Cesena, at the inauguration of the Technogym Village attended by the former Italian President Giorgio Napolitano and the former US President, Bill Clinton.

## 4.5 WELLNESS VALLEY

Technogym is recognised worldwide as “The Wellness Company” and its business model is supported by a strong commitment to corporate social responsibility, which revolves around the promotion of physical exercise as a form of medicine, and of the Wellness Lifestyle as a social opportunity for governments, businesses and members of the public.

The ‘Wellness Valley’ project is promoted by the Wellness Foundation and supported by TECHNOGYM; the aim of the project is to transform the Italian Romagna region into a centre for Wellness and healthy living, while improving people’s quality of life and building on the local economic, intellectual and cultural capital. In support of the initiative, TECHNOGYM has provided its expertise and facilities, organising projects, conventions and themed discussions to facilitate networking among all the local stakeholders.

Wellness Valley is intended to show how it is possible to build a social, cultural and economic ecosystem that encourages people to adopt a healthy lifestyle to prevent chronic illness, improve quality of life and socio-economic conditions.

Thanks to its multi-stakeholder approach, Wellness Valley involves more than 250 public and private organisations from the local area, who are actively committed to the project: public institutions, doctors, schools, universities, businesses, hospitals, gyms, sports clubs, hotels, spas and event organisers.



In May 2018, the second edition of the Wellness Valley Report was presented at the Wellness Valley Stakeholder Meeting at the Technogym Village. The study highlighted the individual and collective benefits of the project in terms of health, economic development and local promotion. Some significant data has emerged from the study:



The third Wellness Week was held across the Emilia Romagna region from 18-27 May 2018. The week is dedicated to exercise and healthy living, and was packed with more than 300 events on the theme of outdoor exercise, sport, nutrition, art, history and culture, with a focus on educating people about the Wellness Lifestyle.

Thanks to these results, in 2016 “Wellness Valley” was the subject of a study by the World Economic Forum in Davos, as a global model for effective, sustainable health systems of the future.

## LOCAL PROJECTS

### “Wellness parks”

To promote active lifestyles among the sedentary population, Technogym and the Wellness Foundation have promoted “Wellness Parks”, a calendar of free physical exercise events held in urban public parks between April and September each year. Trialled in 2011 in Cesena, and supported annually by Technogym with a contribution of €20,000, the “Wellness Parks” project has gradually extended to other parts of Wellness Valley, reaching 18 municipalities in Romagna in 2017 with a total of 20,000 people attending.

In 2015 a number of regions in Italy outside of Wellness Valley asked to import this model, which is proving to be particularly effective in promoting an active lifestyle. In 2017, the popularity of the “Wellness Parks” format enabled the involvement of a further 30 municipalities and 40,000 people in addition to the statistics indicated above.

### “Gioca Wellness”

Gioca Wellness is an initiative organised by the Wellness Foundation, designed to combat the spread of childhood obesity and to educate children to adopt an active lifestyle.

Thanks to the €30,000 of support from Technogym, “Gioca Wellness” involved infant and primary schools from the Cesena area, reaching a total of 17,000 children aged between 3 and 9 as well as 1,000 teachers. All events were free for the schools and families.

The project has an integrated approach aimed at engaging everyone involved in raising healthy children: the children themselves, their parents and their teachers. A variety of tools were used to reach this objective, developed together with lecturers from Bologna University and the Cultural Association of Paediatricians of Romagna. It has transformed “lifestyle” into a subject of everyday study:

- a lifestyle notebook for young students
- a guide to raising healthy children, for parents
- a Wellness Lifestyle teaching toolkit, for teachers
- more than 1,000 hours of physical activity for schools, led by sports science graduates trained in children’s physical education
- meetings between parents and experts in children’s exercise, nutrition and lifestyle.

### Training family physicians on how to use physical exercise as therapy

Since 2009, Technogym has actively participated in prescribing physical exercise to prevent and treat common chronic diseases, supporting scientific findings that emerged decades ago.



Within Wellness Valley, Technogym has created a model, which is still the only one of its kind, to train general practitioners on how to use physical exercise to prevent and treat the most common chronic illnesses such as cardiovascular disease, diabetes, metabolic, musculoskeletal and respiratory disease. Twice a year, local doctors attend the Technogym Village in Cesena for a two-phase training course:

- classroom sessions with physical exercise experts, applied to various illnesses
- gym-based activities to prove the training protocols that the doctors will be prescribing to their patients

Technogym pays all the costs of this training programme, which also includes education on healthy eating with the participants eating meals at the T-Wellness Restaurant at the Technogym Village, which reflects the principles of the Wellness Lifestyle.

At the same time, Technogym's exercise therapy experts attend a working group, set up by the regional government of Emilia Romagna to define specific training protocols for various chronic illnesses that require prescriptions from the regional health service.

### **Alzheimer Marathon and Diabetes Marathon**

By combining the culture of the active lifestyle, promoted by Technogym and the Wellness Foundation with the large number of social partners operating in the Romagna region, an extensive package of initiatives has been developed over the past five years in Wellness Valley, particularly in relation to chronic diseases.

The Alzheimer and Diabetes Marathons are the two main events worth mentioning. Both races have the dual aim of supporting research into cures for the respective diseases, educating people about prevention through lifestyle, and supporting home help for families affected by the disease.

Technogym has provided financial support for these activities by donating €15,000 to the "Amici di Casa Insieme" and "Romagna Diabete Onlus" associations.

### **The Wellness University**

The University of Bologna is one of the key players in the region, in terms of its knowledge about well-being and quality of life, which is the mission of the Wellness Valley project.

This is why in 2017 the University launched its first two-year degree in "Wellness Culture: Health, Sport and Tourism". The international degree course is held entirely in English. The aim is to train professionals who can create and develop Wellness projects and healthy lifestyles for their communities, whether they be private companies or municipal, regional or state authorities. During the two years of study, students attend the Technogym Village in Cesena where they have access to people, skills and experience on a training programme focused on the strategies and technologies that will help to build a Wellness community designed to engage and involve as many people as possible.

The degree course, introduced in the academic year 2017-2018, is part of a programme launched some time ago to bring together, in the Wellness Valley, the University of Bologna's principal degree and Masters courses in various aspects of Wellness such as physical exercise, nutrition, architecture, psychology and biotechnologies.

## 4.6 LET'S MOVE FOR A BETTER WORLD

The fifth edition of the “Let’s Move for a Better World” campaign was held in 2017. Technogym launched the campaign in 2012. It draws on the company’s technology and products to motivate people to be more active more often, and to share their results with the global Technogym community.

The mission of the campaign is to disseminate the awareness of the benefits of regular physical exercise through an exciting, stimulating challenge that brings people together. For three weeks in March, wellness and fitness club members from all over the world are asked to join forces to get moving and promote the Wellness lifestyle in their home towns by taking part in a challenge based on MOVES, a unit of measurement for movement.

Thanks to its connected equipment, Technogym can measure the amount of exercise performed in each fitness club, and allows individuals to donate their training, measured in MOVES – Technogym’s unit of measurement for movement – on MyWellness Cloud. When the pre-defined exercise targets are met, the club can donate a Technogym machine to a charity of its choice, to fight obesity and the problems of sedentary lifestyles.

The more a club is active, the more Moves they collect, and the bigger will be Technogym’s donation to the club’s chosen charity.

The 2018 edition reached 1033 Fitness and Wellness clubs in 29 countries, involving more than 185,000 people. During the three weeks of the campaign, the participants accumulated 628 million Moves corresponding to 263 million calories expended, corresponding to around 38,000 kg lost, overall.

The Let’s Move for a Better World campaign is a concrete initiative that has proved very popular among fitness professionals and gym-goers, in disseminating the wellness philosophy internationally. For more than 30 years, Technogym has been committed to promoting the Wellness Lifestyle as an opportunity for all social players: for governments, whose prevention policies can help them to reduce the costs of public healthcare: for businesses, who find that their staff are more creative and productive if they invest in employee wellness programmes, and for members of the public, who can have a longer, happier life thanks to regular physical exercise.



05

FOCUS ON THE  
CUSTOMER

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## 5. FOCUS ON THE CUSTOMER

[MATERIAL TOPIC: LIFETIME CUSTOMER CARE]

### 5.1 TECHNOGYM VILLAGE

In line with its underlying philosophy, Wellness, and its offer of customised solutions to give end users a true Wellness experience, Technogym inaugurated the Technogym Village in 2012. It is the world's first Wellness Centre as well as the company headquarters and is also home to a research and innovation centre, the production sites, and a large wellness centre dedicated to physical activity, interior design and the culture of Wellness.

The Technogym Village is a key part of the company's strategy in disseminating the Wellness culture as a social opportunity and also in training and developing professionals across the industry. Each year, the Village welcomes more than 30,000 people from all over the world from the sectors of fitness, wellness, sport, architecture, medicine and communications, who come to attend educational and training programmes<sup>7</sup>.

The Technogym Village reflects the vision of Technogym's founder Nerio Alessandri, who together with architect Antonio Citterio has created a place that combines lifestyle, quality, design and productivity.

The complex covers an area of 150,000 m<sup>2</sup>, with 60,000 m<sup>2</sup> indoors. It was designed by Antonio Citterio Patricia Viel & Partners, one of the world's best-known Italian architecture firms. The site is the world's first Wellness Campus: a cultural centre, innovation lab and production site that gives staff, customers, suppliers and guests from all over the world an experience inspired by Wellness. Technogym Village is home to the production site, the company's headquarters and the Wellness centre with a state-of-the-art gym, convention centre, library and a restaurant serving locally-sourced produce.

On the Campus, the T-Wellness Store & Showroom is where people can experience the latest machines for themselves, visit the factory, and see a prototype store to try out the **Total Wellness Solution**, an integrated made-to-measure solution for fitness operators and end users, which includes:

- Equipment for fitness, Wellness and sport;
- Cloud platform and digital products;
- Services (After Sales, Training, Interior Design, Marketing Support and Asset Infrastructure).

### 5.2 SUSTAINABLE CUSTOMER CARE

[Art. 3 para. 2c, legislative decree 254/16 – Health and safety]

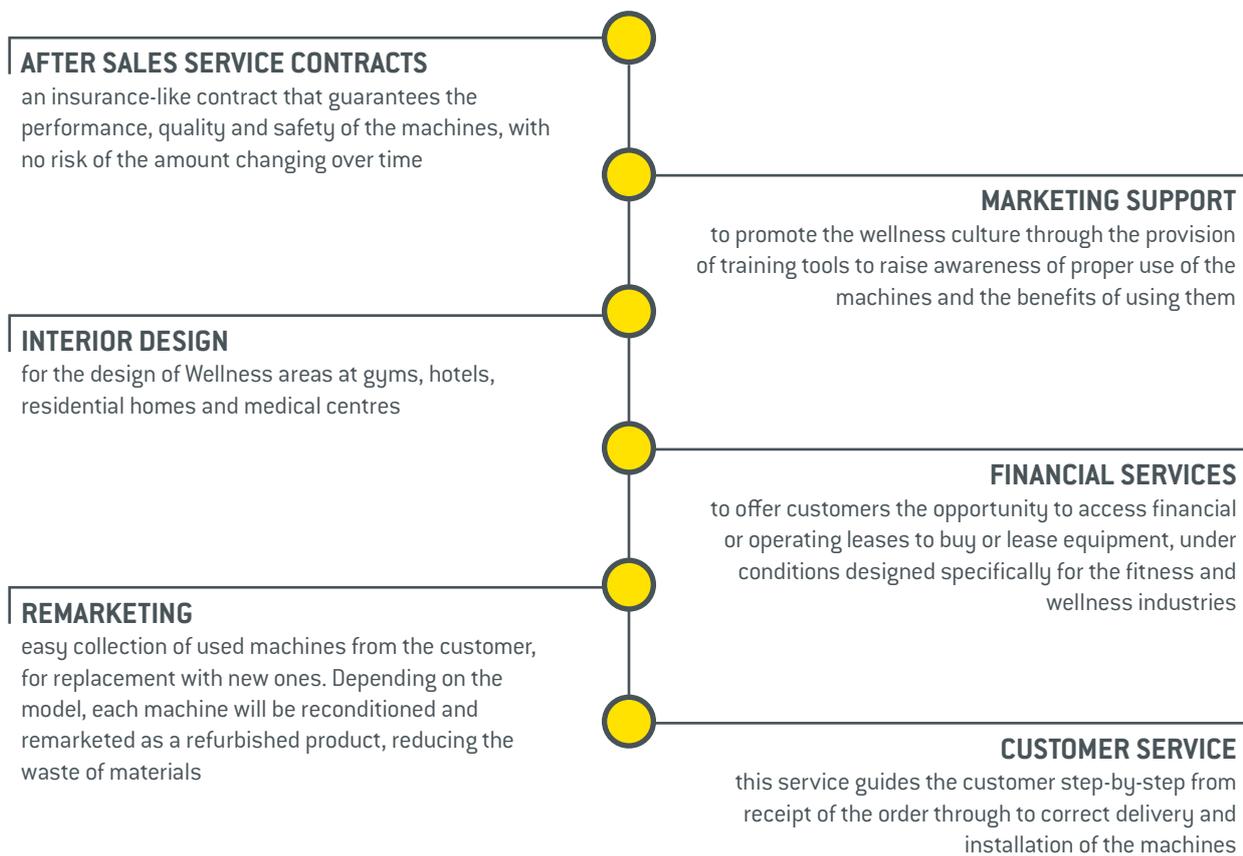
Effective, safe use of the machines does not just depend on their quality and condition when they leave the Technogym plant. The machines need to remain in perfect working order over time, which is why Technogym provides long-term customer care.

(7) The project is fully integrated into the "Romagna-Wellness Valley" project promoted by Nerio Alessandri which aims to make Emilia Romagna Europe's primary wellness district. It is an experiential laboratory designed to improve people's quality of life, using wellness as an opportunity for economic growth in the region.

## CUSTOMER SERVICES

The Total Wellness Solution is a series of services and programs aimed at providing industry operators with a full set of tools. We work with them to expand and retain their customer base, while helping them grow their businesses.

In particular, the Group offers:



Our ecosystem of services incorporates a multitude of commercial and financial tools that allow Technogym to support businesses with customised solutions, helping them to grow and sustain their business. With such an extensive range of products and services, Technogym can offer its customers a combination of hardware, software and services as a one-stop shop.



## INFORMATION AND TRAINING ON HOW TO USE THE MACHINES CORRECTLY

[Art. 3 para. 1, legislative decree 254/16 – Social issues; Art. 3 (2 c) Legislative Decree 254/16 – Health and safety]

Technogym's focus on producing the communications that accompany the sale and use of its machines is to facilitate effective, safe utilisation.

### CONTROL TOOLS

#### ☐ GSP Procedure

The Scientific Research and Innovation Department - as provided for in the product development procedure that involves every company department according to its area of expertise - helps to write the content transmitted with the machines in the use and instruction manuals. It works with the Marketing department in defining the messages in the advertising campaigns and content, to ensure that all information is accurate, rigorous and scientifically correct.

Technogym is directly involved in training, to ensure that the machines are used properly and give users the benefits for which they were designed. Training is offered to:

- **Supply chains and distributors**, with the events organised in 2018, 212 people from different countries were involved in training programmes at the Technogym Village, attending a total of 2,664 training hours. Training content is also available in an online repository, which the whole of the commercial network can access remotely.
- **Trainers**, who are guided on how to best use the machines in order to create the best possible experience for end users in terms of efficiency and safety. In 2018, more than 25,000 certifications were issued globally, taking the total number of certified trainers to more than 50,000. The increase compared to 2017 is thanks to the provision of distance training on products, as well as courses run either at the company's offices or in tailor-made format at the customers' premises, by a network of 500 Master Trainers (contracted to Technogym) based at all Technogym Subsidiaries.

## HEALTH AND SAFETY OF END- USERS [DMA 416]

### STRUMENTI A PRESIDIO

#### ☐ Manuale utente

#### ☐ Manuale Service

The *After Sales* service, which is managed by Subsidiaries Operations&Services, is based on service contracts aimed at ensuring the safe, efficient functioning of all machines throughout the duration of the contract.

Maintenance services come in three forms:

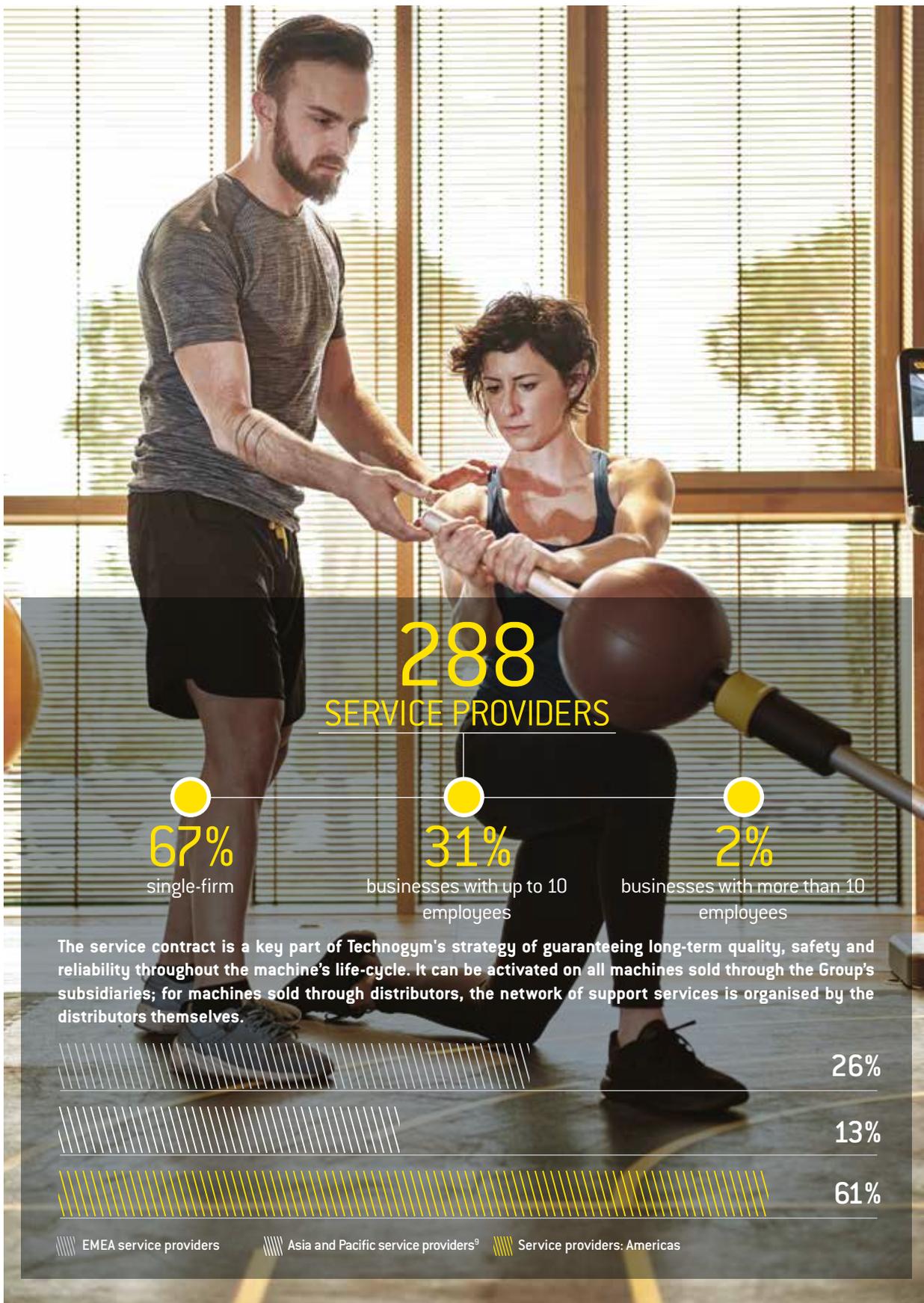
- Preventive maintenance visits, carried out once or twice a year;
- Ordinary maintenance which is done as necessary;
- Extraordinary maintenance in the form of campaigns to prevent malfunctioning.

The Group provides maintenance through its authorised service providers, who are contracted and managed by the local Technogym subsidiaries, some of whom have in-house technicians.

In 2018 there were 288 service providers, 67% of whom were single-client, 31% were companies with a workforce of up to 10 staff, and 2% were businesses with more than 10 employees. The service providers are located all over the world: 61% in the EMEA region, 26% in the Americas and 13% in Asia-Pacific<sup>8</sup>.

The service contract is a key part of Technogym's strategy of guaranteeing long-term quality, safety and reliability throughout the machine's life-cycle. It can be activated on all machines sold through the Group's subsidiaries; for machines sold through distributors, the network of support services is organised by the distributors themselves.

[8] Compared to the 2017 non-financial report, this data has been reviewed in terms of geographical area and dimension. In this report, the figures have been adjusted for all years, and can be considered as the baseline for future revisions.



Technogym provides training opportunities for service providers, to equip them with the basic concepts and operational tools they need to ensure the constant compliance and safety of all products. In 2018 Technogym delivered more than 9,107 training hours.

**Total number of training hours delivered, per service provider, per geographical area**

| 2018         |       |  | 2017         | 2016  |
|--------------|-------|--|--------------|-------|
| Americas     | 1,748 |  | Americas     | 4,232 |
| Asia-Pacific | 1,932 |  | Asia-Pacific | 623   |
| EMEA         | 5,427 |  | EMEA         | 2,754 |

**MANAGEMENT OF DATA**

The use of Technogym equipment and services including the open platform “mywellness” gives the end user permanent access to their data, allowing them to log on from different devices or stations. The data can also be shared with fitness professionals, giving customers an on the go wellness lifestyle.

**CONTROL TOOLS**

- ❑ Data protection statement for the Technogym website and Mywellness® account
- ❑ Data Processing Agreement (template for the Mywellness platform and for the management of Technogym suppliers)
- ❑ Updated information for employees
- ❑ Policy on the “Use of email, Internet, company digital tools and remote computer controls”
- ❑ Lead Generation Policy
- ❑ Global Data Protection Policy Retention and cancellation policy for Mywellness® cloud
- ❑ Launch of portability and cancellation system on the Mywellness® cloud platform

Regarding consumer data protection, in 2018 following the entry into force of the GDPR in May [Regulation EU 2016/679], the Group took note of the new requirements and started an internal process to check the level of compliance, and decide on actions needed to fully comply with the law.

In addition to appointing a Data Protection Officer (DPO), the Group reviewed its data protection policy and organisational tools, which include the use of email, the process used to collect data processing consent, and the data processing agreement which manages responsibilities for data processing between Technogym - *as the data processor* – and the business customer, as the data controller. In the Marketing area, the Lead Generation Policy was defined. This procedure sets out the conditions for managing the personal data of customers and “leads” (people who have demonstrated an interest in our products and services) at events or conventions, using digital or non-digital touch points provided by the company for the collection and processing of marketing data (this is data that passes through the corporate website, digital applications and is then channelled into the CRM system). This policy is formulated in line with the Global Data Privacy Policy and the Group Privacy Policy, both of which were updated in 2018.

Regarding the access and use of data on the Mywellness® cloud platform, the requirements have been identified that need to be implemented on the platform to allow the exercise of new rights available to the data subjects as imposed by the GDPR. New functionalities were included in the computer systems, to ensure better data protection and management.

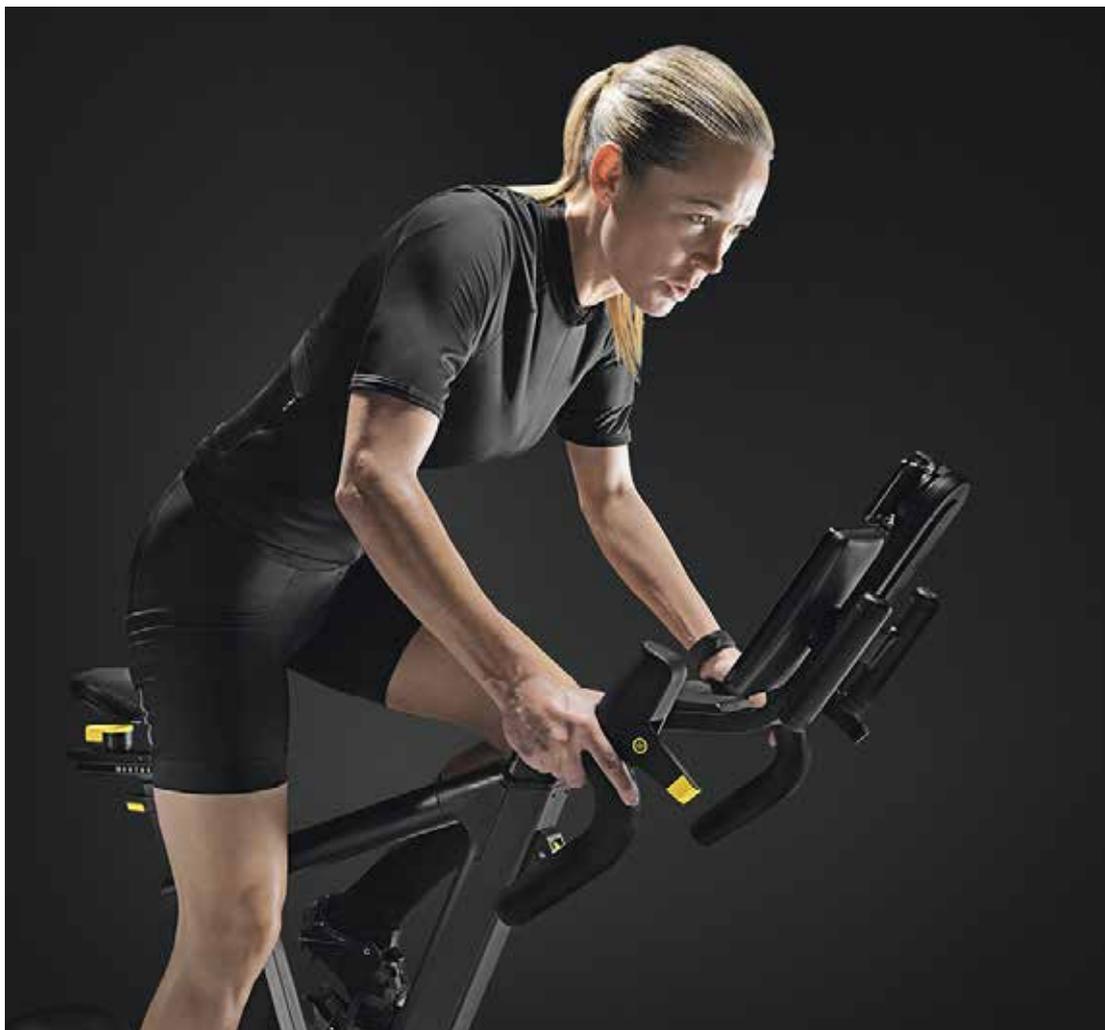
Apart from the Group's internal procedures, protection of personal data is also guaranteed by the main suppliers of operating systems, which operate in accordance with the GDPR. [DMA 418]

Alongside the review of standards and procedures, the second half of 2018 saw the launch of an e-learning programme on privacy, for suppliers and distributors. This will continue in 2019. Specifically, vertical training will be provided for the whole of the workforce, with the aim of strengthening the culture of data protection and management across the whole Group. This will be tailored to the specific requirements of each department.

A Security Manager was hired in 2018, who will also be responsible for information security. Another measure taken in this area, based on the principle of participatory security, was the signing of a memorandum of understanding in December, with the Postal & Communications Unit of the State Police. The aim is to combat crime that may affect the company's computer systems. Other internal initiatives are in the pipeline and will be developed during 2019.

For the Mywellness Cloud only, ISO 27001 certification will be adopted in 2019. This is an international standard that sets out the requirements for an information security management system that is also recognised outside the EU. It will apply to the whole spectrum of business information, not only to personal data which is already covered by GDPR compliance.

There were no losses of customer data caused by leaked information, theft or loss by the organisation. [418-1]



# 06

## PRODUCTS

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A close-up, low-angle shot of a black Technogym exercise machine. The machine features a prominent yellow stripe along its side and a textured, ribbed surface on top. The Technogym logo is embossed on the side of the machine.

**TECHNOGYM®**

## 6. PRODUCTS

[MATERIAL TOPIC: PERSONAL WELLNESS SOLUTIONS]

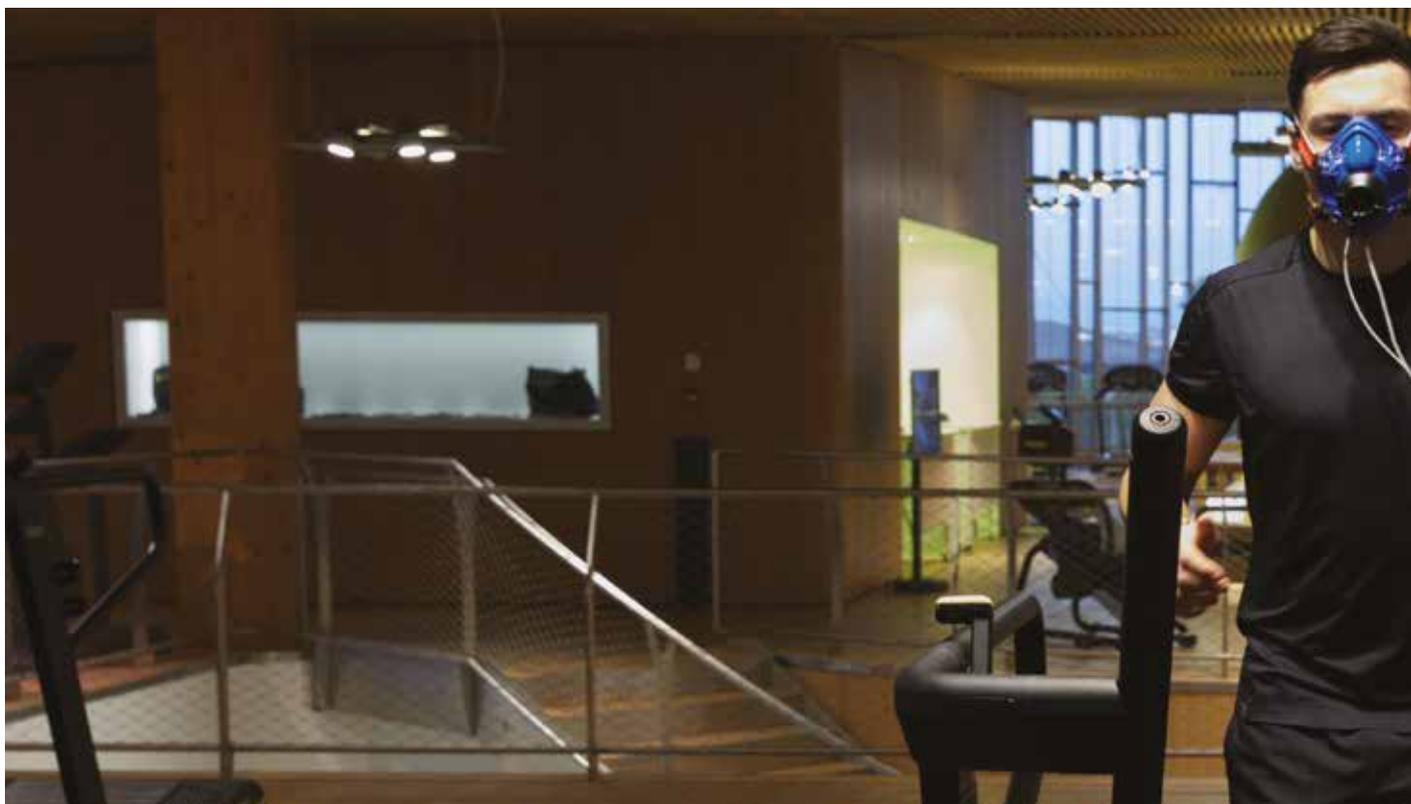
### 6.1 INNOVATION

[Art. 3 para. 1, legislative decree 254/16 – Social issues; Art. 3 (2 c) Legislative Decree 254/16 – Health and safety]

Technogym's offer is based on a wide range of products and services (in 2018, there were 265 different machine models on sale). The machines are designed to meet highly diversified needs ranging from training for professional athletes through to fitness activities for the general public and rehabilitation to treat specific diseases.

All these solutions share the same development process, which is designed to manufacture products that offer efficient, safe exercise, with an attractive design that engages users not only from a functional point of view, but also by offering a positive emotional experience. Increasingly, the machines are accompanied by interactive content and a training method aimed at informing and motivating the user.

The product development process, which is governed by a specific procedure, is conducted synergically by the Research and Development, Scientific Research and Innovation and Product Marketing departments.



## Open innovation

The first step in developing a new product is to identify the emerging needs and requirements. This is why Technogym constantly conducts market analysis and research on trends and tendencies in related and non-related sectors. It maintains regular, structured relations with qualified stakeholders, particularly with the scientific and academic communities.

Contributions and ideas for the development of new products may either come from within the company, through the Research and Development and Scientific Research and Innovation departments, or from outside. The company uses a strategic network of top level professionals operating in various areas of the company's business (Health, Fitness & Sport). These consultants are periodically contacted to source ideas, trends and needs from the various business sectors.

Technogym is also open to spontaneous ideas from the public, which can be submitted by anyone on the relevant area of the company website. If the ideas are of interest, the Scientific Research and Innovation department will contact the person who made the suggestion. The product development process defines the procedure used to evaluate external ideas. By using this approach, Technogym can seize opportunities for innovation, while offering full legal protection to the owner of the idea;

There is also a **Feed Back Report** process, which consists of periodic reports sent in by the subsidiaries operating in different countries, aimed at sharing data about market trends and specific requirements emerging at local level.



## Scientific approach [DMA 416]

Ideas about radical innovations are investigated by Italian and international universities, which have been accredited as centres of excellence for research in the various fields in which innovation can be found. The universities are asked to conduct independent studies to check that the approach is truly innovative – in other words it has never appeared on the market before – and also to check that it will actually produce the proposed benefits. This ensures that the innovation of Technogym products is declared not only by the company itself but also by authoritative external sources.

Of particular note are the Company's relationships with the University of Greenwich (UK), where a member of TECHNOGYM's scientific committee is on the teaching staff, and with IOWA University (USA) for scientific publications.

In 2018, Technogym signed agreements with the University of South Florida and the American College of Sports Medicine (ACSM). Italian academic partners include the Universities of Padua, Udine and Foro Italico (Rome). With the San Raffaele Pisana Institute of Rome, the Group works on developing training programs, with hospital patients afflicted by certain illnesses using Technogym solutions. Various members of Technogym's scientific committee regularly publish articles in well-known international scientific journals (29 articles were published between 2010 and 2017, with further publications expected in 2019)<sup>9</sup>. In 2018, Technogym's scientific committee attended various events, presenting 2 scientific posters at 2 of them.

Technogym has engaged with more than 30 universities and research centres over the years, to evaluate proposed innovations. In 2018, 6 programmes were continued with scientific institutions regarding product development processes. In some cases these investigations have been long and complex, due to the need to acquire external patents.

Over the years, Technogym has produced more than 265 patents and 148 designs, and has registered 366 national and international trademarks including 31 patents, 14 designs and 21 trademarks deposited in 2017.

## Functionality and safety controls [DMA 416]

The development process consists of a series of phases that require periodic verification of the functional, biomechanical and physiological value of the machines, their effects on the end users, and on their structural and functional reliability.

Each development process is managed by a "platform", which is an interdisciplinary team that manages the various steps of each procedure. Quality Assurance participates in these platforms through the **Product Quality Managers (PQM)**, who provides not only methodology support but also help to prepare the Quality Profile & Risk Assessment Report. These preliminary tools are preventive, and are essential to highlight the sensitive aspects of the product in terms of its safety and functionality: all with the aim of achieving unconditional customer satisfaction.

Technogym also carries out user experience tests to make sure that the machines meet the user's expectations and to ensure that exercises can be done safely, comfortably and enjoyably. The prevention of injury and the avoidance of risks to health, which may result from inappropriate posture or incorrect movements, are fundamental aspects in the design of the machines. [416-1]

Specific attention is paid to machines that can be used in rehabilitation programmes; Technogym has obtained "**UNI CEI EN ISO 14385 certification** for the design, production, installation and servicing of functional rehabilitation equipment." On this basis, it controls the processes used to develop the machines which will also require the involvement of scientific partners to ensure that the machine actually produces the benefits that support the rehabilitation programme.

(9) The publications include: Zanuso S, Sigal RJ., Assessment of the MyWellness Key accelerometer in people with type 2 diabetes. *Appl Physiol Nutr Metab.* 2015, 10:1-6; and Zanuso S, Bergamin M, Jimenez A, Pugliese G, D'Errico V, Nicolucci A, Ermolao A, Balducci S., Determination of metabolic equivalents during low- and high-intensity resistance exercise in healthy young subjects and patients with type 2 diabetes. *Biol Sport.* 2016 Mar, 33(1):77-82.

When selecting its materials, Technogym always complies with Italian and European regulations, to avoid the use of substances that may be hazardous to health. Full compliance with all regulations is guaranteed by means of a conformity check carried out using the procurement information system. This will highlight any non-compliance situations before the machine is actually distributed.

The focus on the impact on the end user's health and safety continues throughout the production process; functional tests are carried out on each machine at the end of the process to make sure they are working correctly<sup>10</sup>. [416-1]

## TECHNOGYM UNIVERSITY

Training has always been a priority in the package that Technogym offers to all its customers worldwide. The facilities at the Technogym Village and at the Group's international subsidiaries host congresses, seminars and workshops for fitness operators and professionals, organised by Technogym University, the educational arm of Technogym.

In particular, the Technogym University promotes the Wellness Lifestyle by sharing ideas and projects to benefit the scientific community and experts from the fitness sector. By organising these training courses, conferences and presenting publications, the Group helps to develop a Wellness culture.

Training is also supported by a wide range of online and on-site courses, as well as specialist seminars held by acclaimed university lecturers with proven experience.

The Technogym University thus contributes to the continuous scientific discussion and exchange of ideas and projects and industry operators, physicians and researchers.

These opportunities not only enhance and disseminate the culture of Wellness – they also foster a multidisciplinary approach in testing innovative solutions, in order to anticipate people's needs.

The dissemination of the Wellness culture also extends beyond the Technogym Village: in 2018 the Scientific Research and Innovation Division attended 36 international events as guest speaker, in the company's three areas of interest (Health, Fitness and Sport), with the aim of discussing key issues with the scientific community and trainers.

[10] In 2018 there were no episodes of nonconformity regarding the impact on health and safety of products and services.



07

HUMAN  
RESOURCES

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## 7. HUMAN RESOURCES

[MATERIAL TOPIC: STAFF WELLNESS]

[Art. 3 para. 1d, legislative decree 254/16 – Aspects relevant to personnel management; Art. 3 (1) Legislative Decree 254/16, para. e – Human rights]

“Technogym is actively involved in building a positive, efficient environment within the Company by engaging and motivating internal and external personnel, promoting collaboration and teamwork, facilitating the exchange of information and the transfer of know-how”.

Human resources are the foundation from which Technogym pursues its objectives.

In all the contexts it operates in, Technogym complies fully with national regulations and international conventions on employee rights, rejecting any form of child labour or forced labour, and guaranteeing freedom of association for all employees. Technogym makes sure that all its staff sign a contract that corresponds to all the applicable local regulations, and meets the conditions of the national labour agreement regarding working hours, in Italy<sup>11</sup>. [DMA 407, 408]

The Group has also put in place a series of internal rules and regulations, to govern Technogym’s relationship with its employees. The aim of this is to promote, stimulate and guarantee employee well-being. The profile of our company, and the way it conducts its business, do not pose any risks to employees’ human rights. Relations between the company and its staff, including the values applied in the workplace, are dealt with in more detail in the Code of Ethics. [DMA 412]

The **Code of Ethics of Technogym S.p.A.** outlines the Company’s commitments to its staff, both generally and with specific reference to recruitment, equal opportunities and the working environment. It also identifies the standards of behaviour that employees are expected to meet, in order to achieve the working environment defined in the Code.

The Code of Ethics of Technogym S.p.A. requires all Managers to be involved in its application. “Managers” are the people responsible for one or more departments or areas within Technogym S.p.A. or its subsidiaries; a commitment to respecting these obligations extends to all Management holding roles of responsibility within the Group. Likewise, the principles of the Code of Ethics are the subject of periodic training courses for all staff. A series of training sessions has been planned for 2019.

Our internal human resources management procedure clearly expresses the principles to be respected by anyone required to supervise the work and career pathways of their team. Anyone working as a manager is involved in specific training, to better understand their role within Technogym. In 2019 the “My Responsibility” project, mentioned in section 7.2, will continue, and will also be extended.

(11) Internationally, Belgium, Brazil and France have regional collective agreements, while there is a company collective agreement for the Netherlands. In all other cases, contracts with individual employees include compliance with all the national regulations applicable in the reference country.

To build a stimulating, gratifying and inclusive working environment, Technogym is committed to sharing its corporate vision with all staff. This involves a number of training activities, manuals and an intranet site, which is available to all collaborators.



## 7.1 HUMAN CAPITAL

The Group aims to encourage permanent employment, which strengthens the employees' sense of belonging to the organisation.

In 2018 the Group's workforce numbered 2,133 employees; 96% of staff at Technogym S.p.A. were on permanent contracts, and 71% at Technogym EE (affected by the need to cover seasonal peaks in production), with 95% on permanent contracts in the rest of the world. [102-8]

In 2018, the stable level of employment was confirmed by the increase in permanent contracts at Headquarters. In the subsidiaries, the employment rate is substantially the same as the previous year. In Slovakia there was a percentage increase in fixed-term contracts due to seasonal peaks in production.

### EMPLOYEES BY CONTRACT TYPE AND GENDER

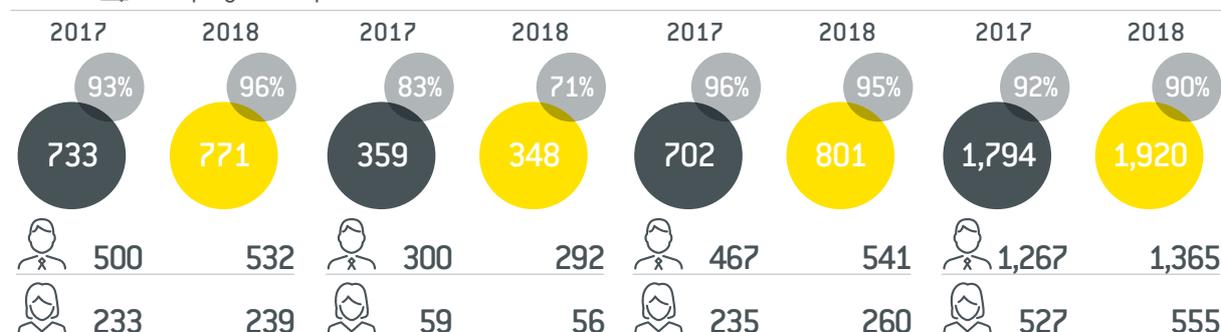


Total headcount

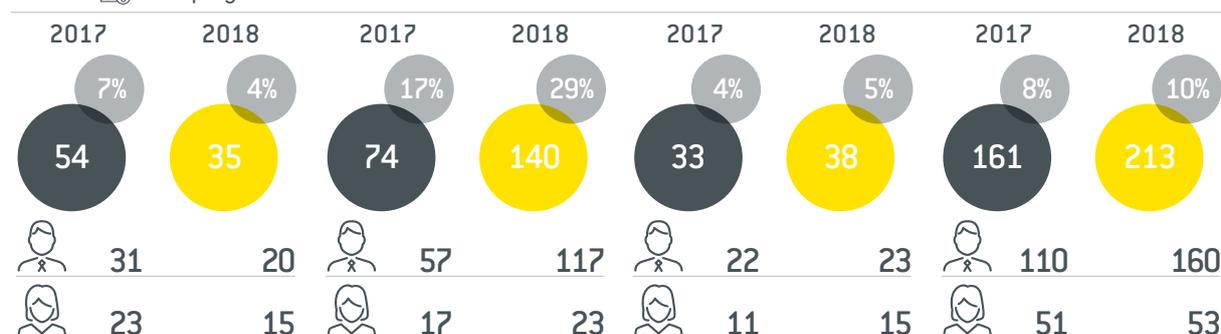
● 2017 ● 2018



Employees on permanent contracts



Employees on fixed term contracts



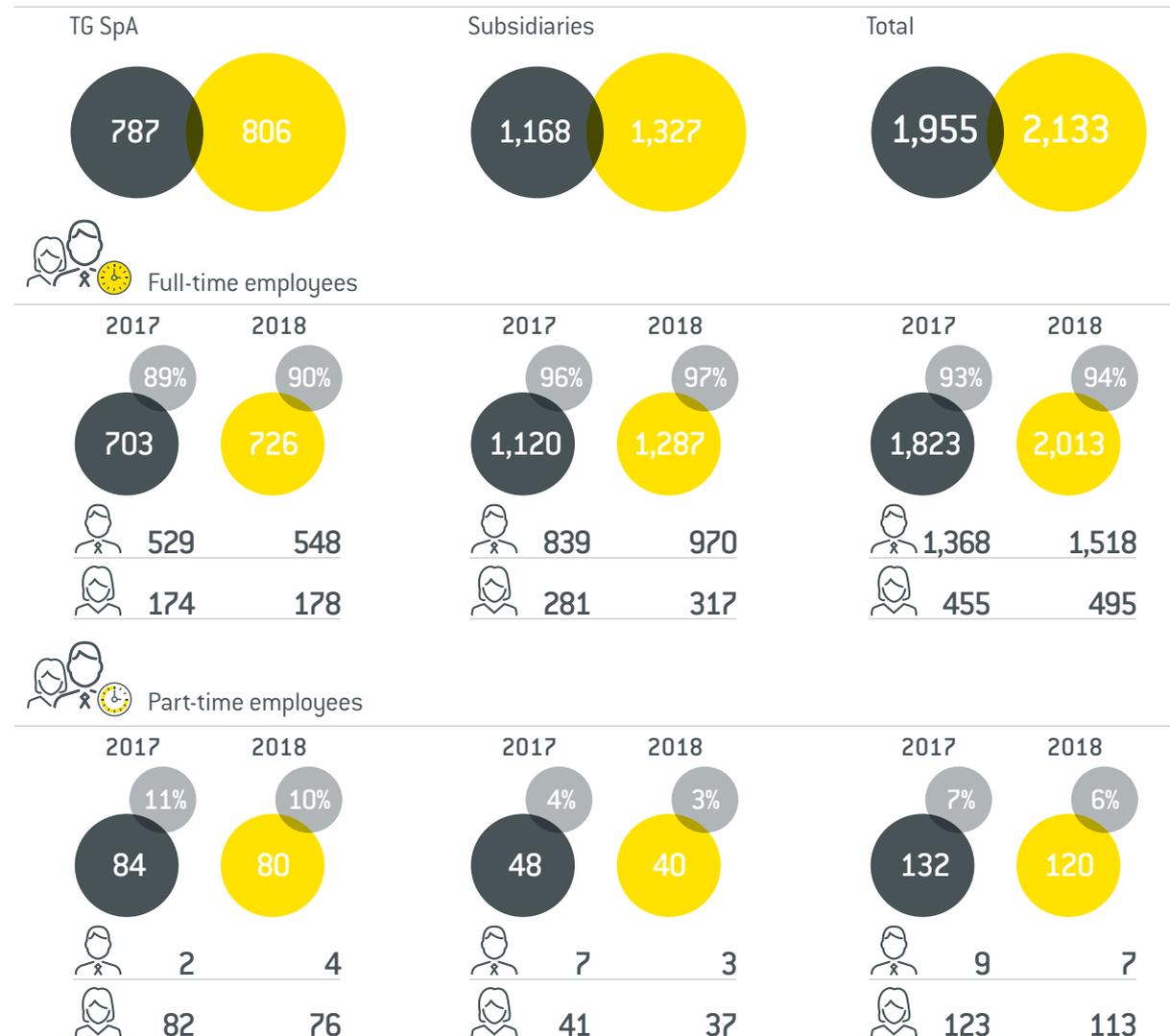
[12] The Technogym S.p.A. perimeter includes data for the Italian headquarters, the factory and branch in Italy.

## FULL-TIME AND PART-TIME EMPLOYEES, BY GENDER



Total headcount

● 2017 ● 2018



With reference to salary levels, at the offices and Italian production site of Technogym SpA, 12% of personnel have a managerial role, 54% are clerical workers and 35% are manual workers. With regard to the rest of the world (sales branches and the Slovakian production site), 8% have a managerial role, 60% of workers while 32% are manual workers.

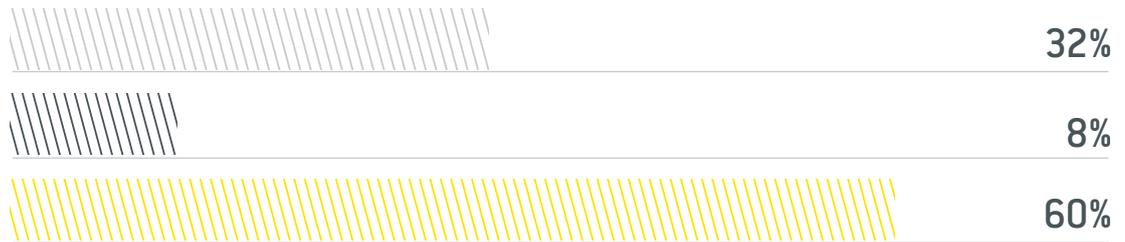
Overall, 525 people joined the Group in 2018, while 355 left it. The trend varied depending on geographical area<sup>13</sup>. [401-1].

[13] The personnel turnover rate varies between offices and production sites. As sales are seasonal, flexible workforce management is necessary at the production site.

TG SpA



Rest of the World



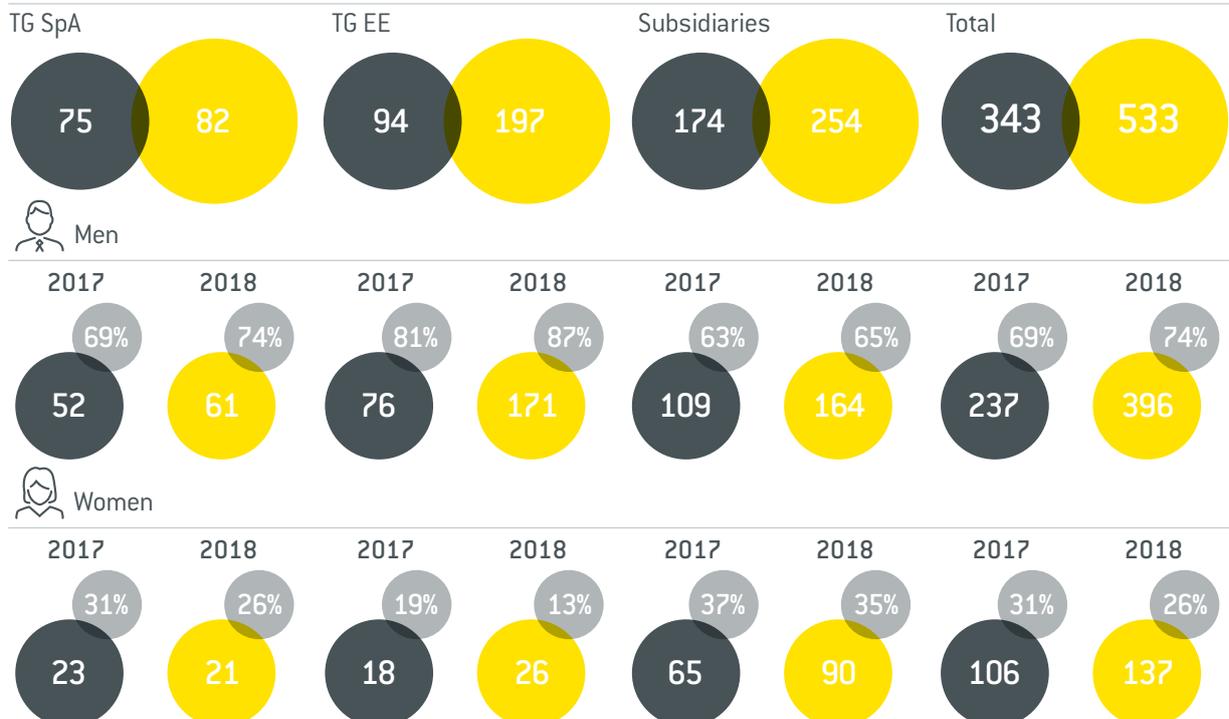
Blue-collar Works Committee White-collar

EMPLOYEES JOINING AND LEAVING THE ORGANISATION, BY GENDER



Total number of employees hired during the year

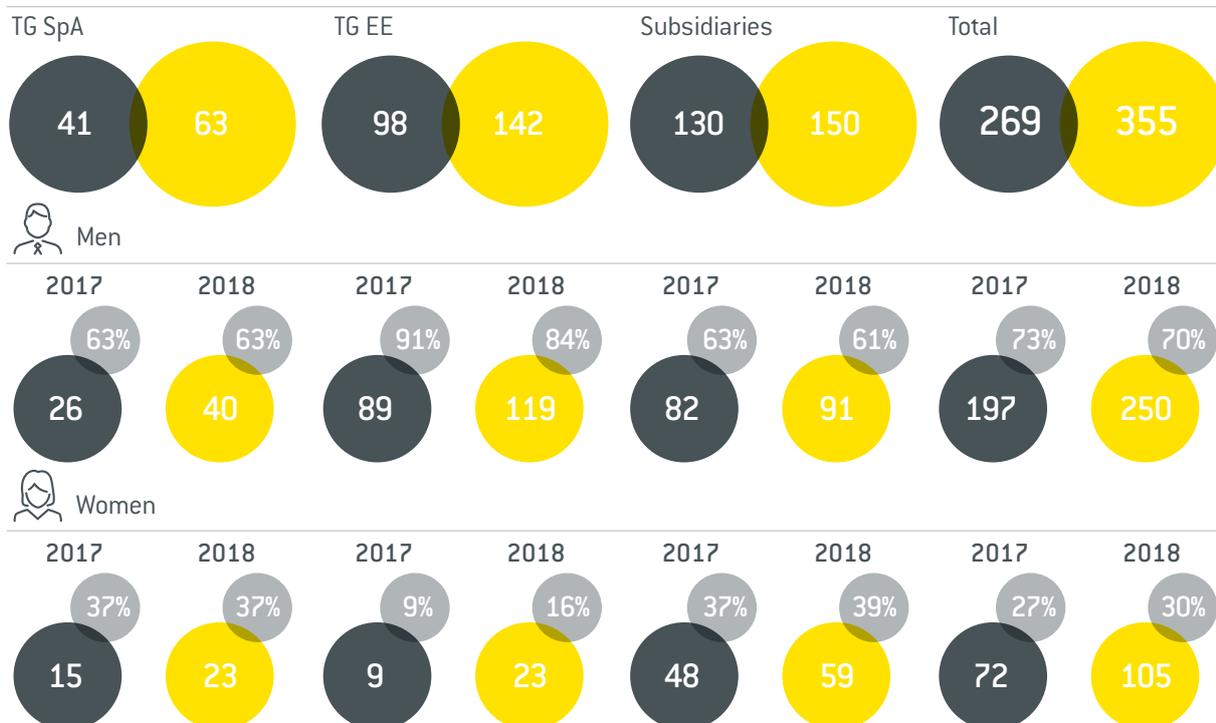
2017 2018





Total number of employees hired during the year

● 2017 ● 2018



## EMPLOYEES JOINING AND LEAVING THE COMPANY, BY AGE GROUP



Total number of employees hired during the year

● 2017 ● 2018



### UNDER 30

| No. | %   |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 40  | 53% | 41  | 50% | 56  | 60% | 109 | 55% | 59  | 34% | 82  | 32% | 155 | 45% | 232 | 44% |

### AGED 30 TO 50

| No. | %   |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 33  | 44% | 37  | 45% | 35  | 37% | 83  | 42% | 105 | 60% | 150 | 59% | 173 | 50% | 270 | 51% |

### OVER 50

| No. | %  |
|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|-----|----|
| 2   | 3% | 4   | 5% | 3   | 3% | 5   | 3% | 10  | 6% | 22  | 9% | 15  | 4% | 31  | 6% |



Employees leaving the company during the year

● 2017 ● 2018



### UNDER 30

| No. | %   |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 10  | 24% | 12  | 19% | 61  | 62% | 64  | 45% | 28  | 22% | 30  | 20% | 99  | 37% | 106 | 30% |

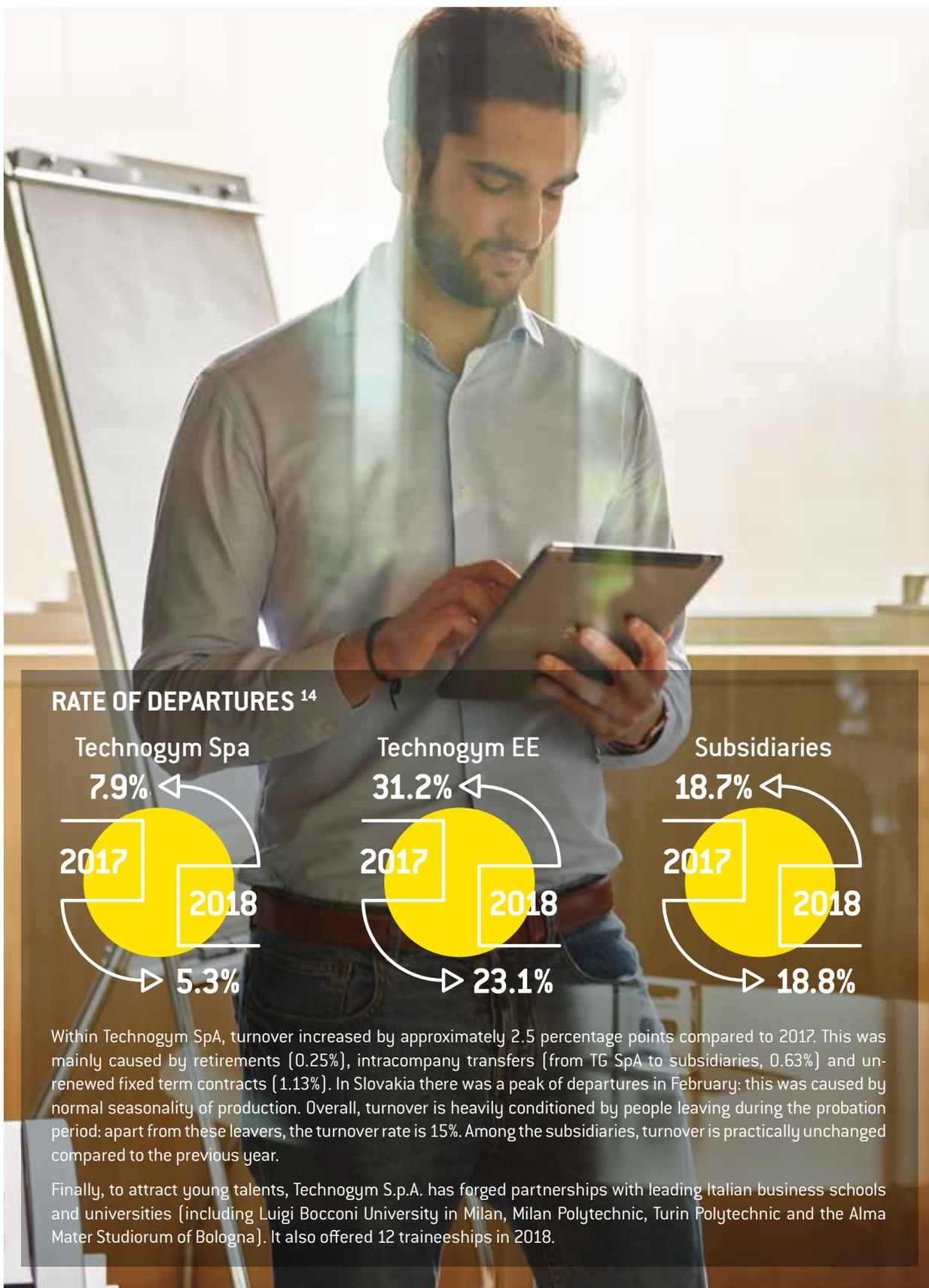
### AGED 30 TO 50

| No. | %   |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 23  | 56% | 46  | 73% | 32  | 33% | 69  | 49% | 89  | 68% | 102 | 68% | 144 | 54% | 217 | 61% |

### OVER 50

| No. | %   | No. | %  | No. | %  | No. | %  | No. | %   | No. | %   | No. | %   | No. | %  |
|-----|-----|-----|----|-----|----|-----|----|-----|-----|-----|-----|-----|-----|-----|----|
| 8   | 20% | 5   | 8% | 5   | 5% | 9   | 6% | 13  | 10% | 18  | 12% | 26  | 10% | 32  | 9% |

The turnover figures for 2018 reflect the different types of activity performed at the different Subsidiaries. The negative turnover rate for Slovakia is mainly driven by specific dynamics in that environment, and by the peaks in production that require a large workforce at certain times of the year. However, in general, the Group is committed to favouring a stable working environment.



[14] The rate of departures comes from the number of people leaving the organisation during the year, in relation to the average number of staff in service calculated on a monthly basis.

## 7.2. PROFESSIONAL GROWTH AND DEVELOPMENT

“Training and Development at Technogym are aimed at promoting individual skills, improving performance and corporate organisation, in order to achieve the business objectives.”

To ensure that present and future results are achieved, investments need to be made in human resources by considering the capacities and potential of all employees. For Technogym, training and development are strategic levers in improving staff performance.

Training and development programmes represent a body of experiences that generate learning through an exchange of expertise (knowing), abilities (knowing how to do) and attitude (knowing how to be). An important purpose of training and development is to prepare the leaders of Technogym, who will hold strategic roles in the medium and long term. [DMA 404]

### TRAINING

Training is an important way to develop and consolidate personal skills, while diffusing the Group’s values and strategy. This is why the company organises training programmes tailored to the role and salary level, staff events to promote the Technogym culture, and cross-cutting training programmes based on developing soft skills.

Technogym offers an annual training plan. At the start of each year, the HR Division, in collaboration with Top Management, will define the training priorities for the year in line with the strategic objectives, the Technogym Vision, and the company Skills Model. The annual training plan implements the training requirements emerging during the appraisal process.

Training is delivered in various forms: *on-the-job training*, so that employees can learn through projects and new, challenging activities; *continuous feedback*, coaching and mentoring to support staff through the growth process, and *e-learning* to ensure regular updating in self-training mode. Training is also provided at classes and seminars.

Training is categorised as follows:

- **Technical and Managerial Training:** aimed at developing expertise for specific roles, including positions with a high managerial content and/or supervisory roles in order to develop relational, communicative and behavioural capabilities at all levels in the organisation;
- **Commercial Training:** for Sales and Marketing roles,
- **Health and Safety Training:** mandatory health and safety training for the company’s health and safety officers.

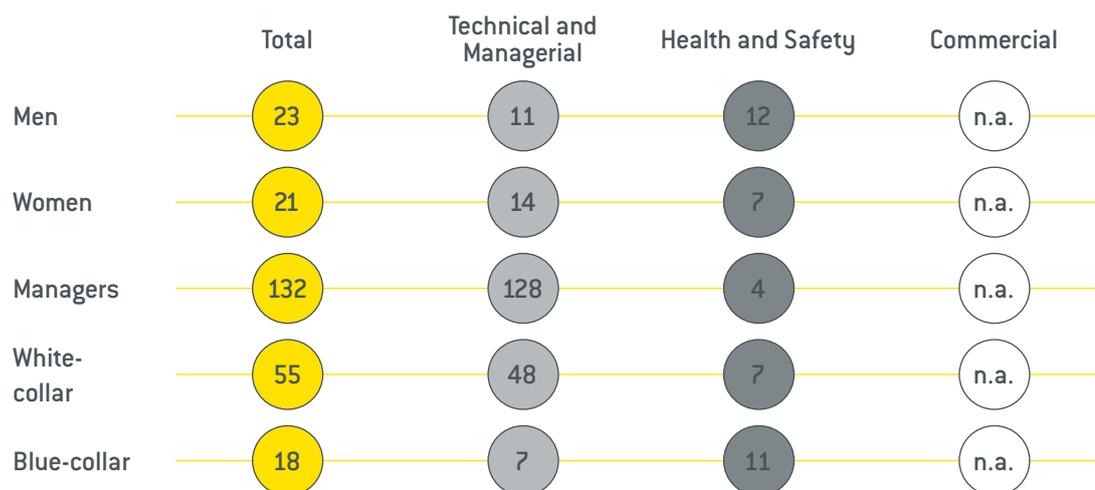
At Technogym S.p.A., in 2018 employees were offered 9,378 training hours, equivalent to 11.6 hours per capita over the medium term. [404-1]



### TRAINING HOURS 2018, PER JOB CATEGORY AND GENDER, AT TECHNOGYM SPA



### AVERAGE TRAINING HOURS IN 2018, PER JOB CATEGORY AND GENDER, AT TECHNOGYM EE<sup>15</sup>



[15] In Slovakia, considering that operations are directly linked to production, there are no sales training programmes.

**AVERAGE TRAINING HOURS IN 2018, PER JOB CATEGORY AND GENDER, AT THE SUBSIDIARIES<sup>16</sup>**

|              | Total | Technical and Managerial | Health and Safety | Commercial |
|--------------|-------|--------------------------|-------------------|------------|
| Men          | 9.69  | 3.90                     | 0.32              | 5.47       |
| Women        | 11.15 | 2.38                     | 0.52              | 8.25       |
| Managers     | 11.67 | 7.5                      | 0.2               | 4.0        |
| White-collar | 10.1  | 3.3                      | 0.4               | 6.4        |
| Blue-collar  | n.a.  | n.a.                     | n.a.              | n.a.       |

In 2018, the “Building our Future” campaign was launched with a view to developing our future leaders. It is a technical, managerial course aimed at a selected group of employees worldwide.

In line with the company’s values, and with the aim of promoting a leadership culture at all levels, the managerial front line is involved in “My Responsibility”, a team coaching and individual coaching programme.



[16] As the workers are manual workers, there are no training hours because there are no employees at the subsidiaries in this occupational category.

## DEVELOPMENT

Technogym's annual performance appraisal process enables the identification and implementation of training and development activities in order to improve performances, behaviours, and technical expertise.

Performance appraisal is a strategic process used by the Group to measure and assess the fulfilment of individual targets and behaviours in each role.

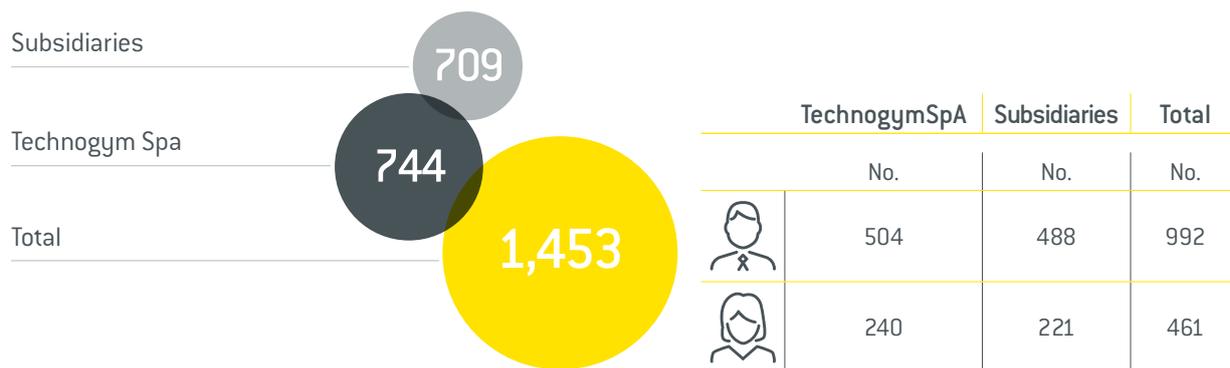
100% of the workforce is eligible for appraisal, after being with the company for at least six months. In Slovakia, the production operatives are appraised according to a local appraisal system built on criteria that meet the specific needs of the industrial operation.

In 2017, a total of 983 employees were assessed, of whom 676 men and 307 women [404-3]. For 2018, the only figures available were for the eligible employees, as the appraisal process ends in April 2019.

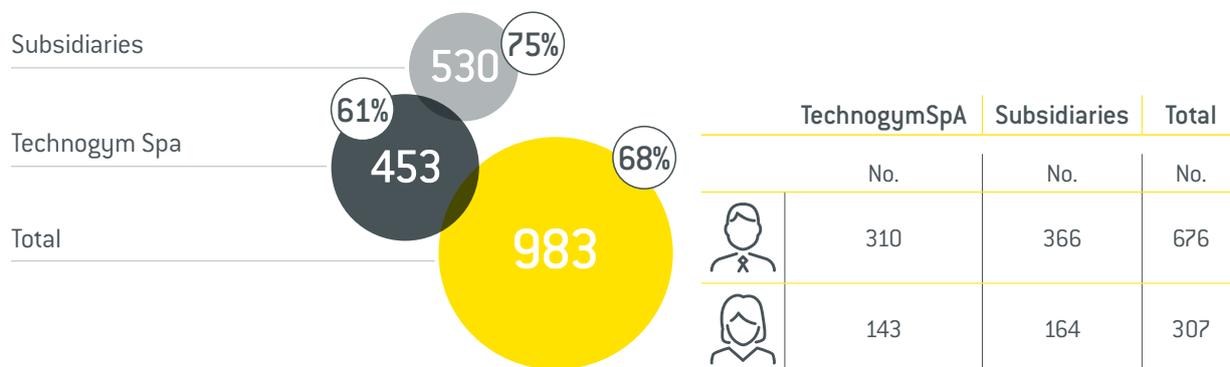
### EMPLOYEES RECEIVING PERFORMANCE APPRAISALS DURING THE YEAR, BY GENDER AND JOB CATEGORY, IN 2017<sup>17</sup>



Total number of eligible employees



Total number of assessed employees



[17A] The perimeter does not include the Russian subsidiary.

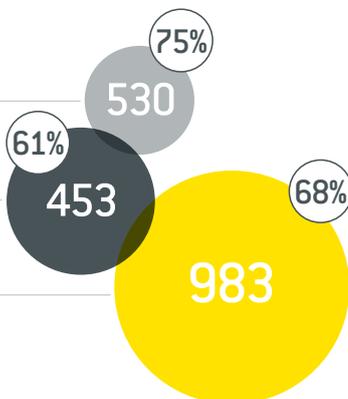


Total number of eligible employees

Subsidiaries

Technogym Spa

Total



|  | TechnogymSpA | Subsidiaries | Total |
|--|--------------|--------------|-------|
|  | No.          | No.          | No.   |
|  | 24           | 7            | 31    |
|  | 368          | 523          | 891   |
|  | 61           | 0            | 61    |

### EMPLOYEES ELIGIBLE FOR 2018

|                 | Technogym SpA | Subsidiaries | Total |
|-----------------|---------------|--------------|-------|
| Total headcount | 771           | 747          | 1,518 |
| Men             | 530           | 511          | 1,041 |
| Women           | 241           | 236          | 477   |

To ensure the sustainability of the organisation and to cover key roles, succession plans have been drawn up. Based on these plans, individual development pathways are then designed.

## PAY AND T-WELFARE

Through its remuneration policy, Technogym looks to attract, retain and motivate people with the personal and professional qualities that are essential in achieving the business results, developing quality products, and delivering services correctly to customers. The fixed pay component is recompense for the responsibility, experience and distinctive skills of the individual employee. It must be aligned with the best market practice, to ensure an adequate level of attention.

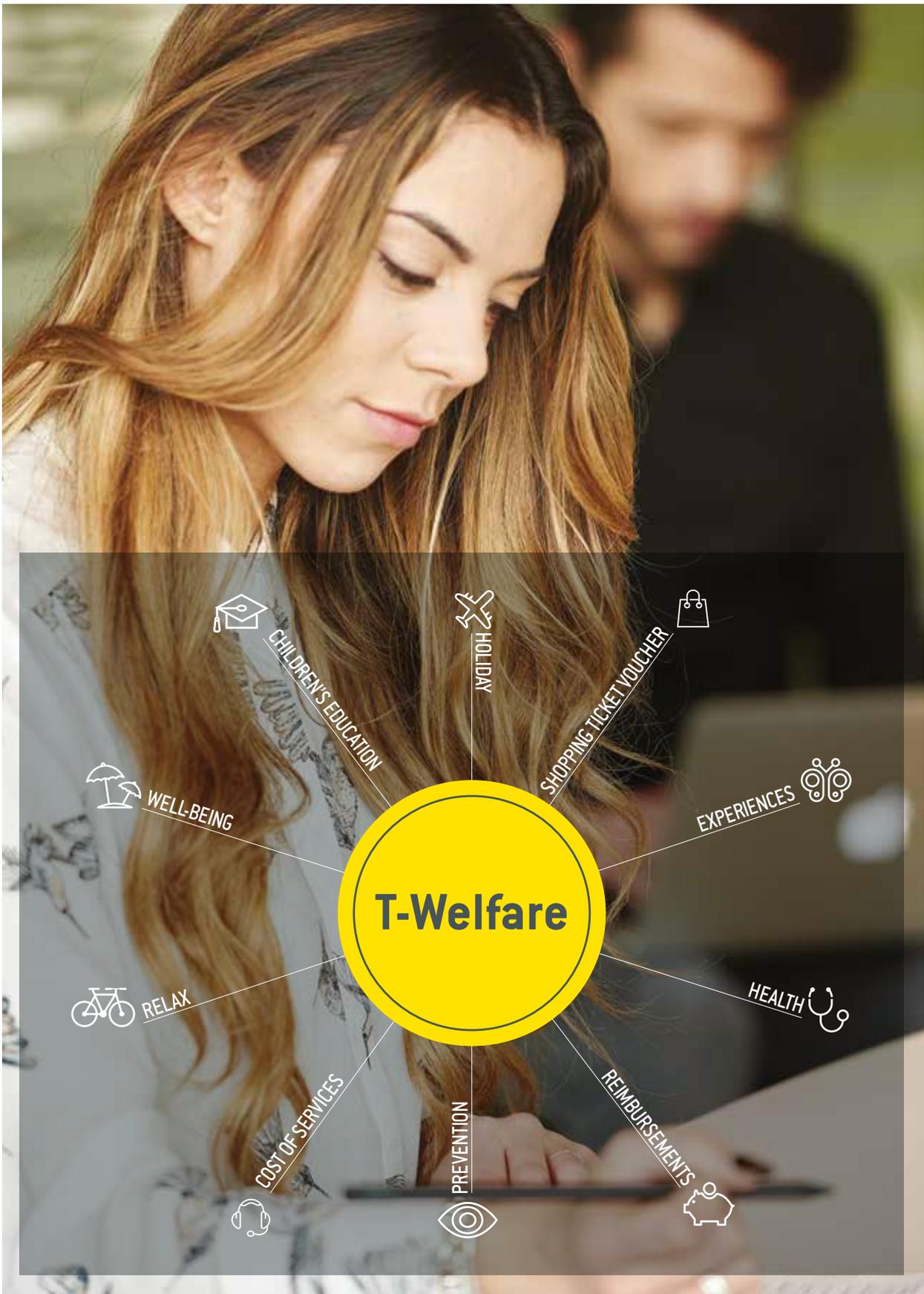
For this reason, in 2018 salary plans were drawn up, based on the market surveys provided by a leading industry HR consultancy firm. These market surveys, together with the current weighting of roles, resulted in a mapping of guidelines in terms of salary policies, consistent with the company's business objectives and talent retention.

The bonus component is intended to reward the fulfilment of challenging targets and extraordinary results aligned with the company's strategy. The bonus system is meritocratic and designed to represent a direct link between pay and company and individual performance.

Technogym also offers company benefits in the form of non-monetary perks in addition to the other pay components. The T-Welfare project was also launched in 2017 with the aim of improving the quality of life of all staff and their families. The dedicated online platform offers a series of opportunities including shopping ticket vouchers, holidays, relaxation and well-being experiences, health, welfare and reimbursements of the cost of services and children's education. During 2018 the range of services on the website was expanded to include an area for the reimbursement of family healthcare expenses.

Following the signing of a new company agreement in July 2018, a series of measures have been introduced to reconcile the work-life balance, by introducing extra forms of leave for employees and their families (medical checkups for employees and their children, induction days at kindergarten and infant school, hospital admission of family members). To support maternity, a salary increase has also been introduced in certain cases of optional leave.

Leave of absence has also been extended for anyone benefiting from Law 104 for medical or specialist care for themselves, or for their children.



## RESPECT FOR DIVERSITY AND EQUAL OPPORTUNITIES

The **Code of Ethics** sets out the commitment of Technogym S.p.A. to guaranteeing a workplace that is free from racial, cultural, ideological, sexual, physical, moral, religious or other forms of discrimination, and one that offers equal opportunities under equal conditions. [DMA 405; 406]

### CONTROL TOOLS

- ▣ Code of Ethics
- ▣ GTD Manual

At every stage of the employment relationship, the Group constantly focuses on respect for diversity and equal opportunities, and on preventing any form of discrimination<sup>18</sup>.

The Code of Ethics also specifies that company property, in particular IT equipment or online resources, must never be used for the committing of offences, for inducement to commit offences or for racial hatred, inciting violence or the violation of human rights.

## EMPLOYEES BY JOB CATEGORY AND AGE



Percentage of Operations Committee members

● 2017 ● 2018



Percentage of clerical workers



Percentage of blue-collar and equivalents



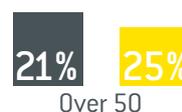
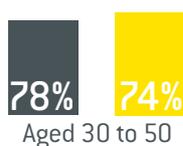
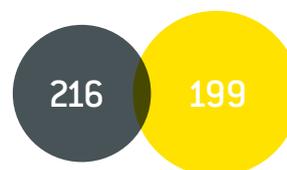
[18] In 2016 and 2017 there were no episodes linked to discriminatory practices. [406-1]

## EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE

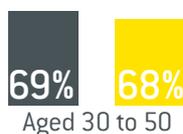
● 2017 ● 2018



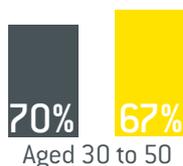
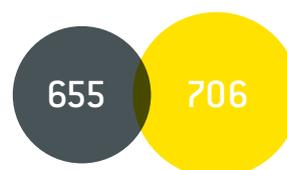
Total number of Operations Committee members



Total number of employees



Total manual blue-collar and equivalents



Finally, Technogym S.p.A. complies with the legal obligations applicable to the recruitment of people with disabilities, who are hired under direct agreements with local authorities and social cooperatives. We actively work with the provincial governments<sup>19</sup> to ensure that people with disabilities can be employed within the organisation, focusing on skills and aptitudes at the recruitment stage to give people with disabilities the opportunity to grow professionally.

[19] Technogym SpA has entered into an agreement with the provincial government for 2017-2019.

● 2017 ● 2018

|   |  |          |
|---|--|----------|
| Number of employees with disabilities   |  | 24<br>25 |
| Number of people provided for in the Provincial agreement (Art. 11)           |   | 8<br>7   |
| Number of people employed under agreements with social cooperatives (Art. 22) |   | 4<br>4   |
| Number of employees hired, classified as disabled                             |   | 1<br>3   |
| Exemption quota recognised by the Provincial authority                        |   | 10<br>10 |
| Total shortfall   |  | 0<br>0   |

## DIALOGUE WITH SOCIAL PARTNERS<sup>20</sup>

“Technogym recognises the right of its staff to belong to trade unions, and protects their freedom of association and the opportunity to appoint their own representatives as defined in the Italian Constitution, the Workers’ Charter, the current national collective agreement and other agreements”

The Group protects freedom of association and allows workers to elect their own representatives democratically, ensuring that they are never discriminated against in terms of pay, organisation or training. [DMA 402; 407]

To allow communications by trade unions, spaces are allocated on company noticeboards.

In 2018, company collective bargaining led to the signing of a new supplementary agreement. It provides not only for the payment of a success bonus if certain productivity, quality, efficiency and accident reduction targets are met, but also gives the option of an hours bank that can be used to vary the working week depending on market requirements. It had introduced a series of benefits aimed at reconciling work-life balance and the possibility of converting the success bonus into various forms of welfare, chosen by the employee, thus expanding the access to T-welfare.

[20] The section on dialogue with social partners is intended to give an overview of how the Group manages this issue, and provides specific details for Technogym S.p.A.



## 7.3. WORKING 4 WELLNESS

In line with its guiding philosophy, Wellness, Technogym has always focused its actions and strategies on its people, their health, professional development and motivation.

Some time ago, Technogym also launched 'W4W' (Working 4 Wellness), a complete range of activities and services for employees, which focuses on individual health and well-being thanks to the Corporate Wellness project. A wide range of special offers and rates are also available to Technogym staff and their families, for external healthcare, cultural and leisure services.

The Corporate Wellness programme is certainly a key element of our Human Resources policy. It has benefits for all the stakeholders involved: for employees, in terms of their well-being, personal health and engagement, for Technogym in terms of increased productivity, and for clients and end users thanks to greater expertise and experience with the product and target sector.

The Corporate Wellness project, which aims to make the Wellness concept a reality by educating people to take regular exercise, eat a balanced diet and adopt a positive mental approach, now has a team of Wellness Ambassadors.



The team consists of Technogym people from all over the world who are willing to promote and engage the co-workers in transmitting the values and culture that form the principles for our Corporate Wellness.

Our team of ambassadors is constantly involved in all the main internal communications relating to Corporate Wellness, including training on specific products, solutions and company formats.

The Technogym restaurant serves a menu studied in collaboration with a nutritional expert. It serves up well-balanced dishes prepared with seasonal, high quality ingredients with a low salt and saturated fat content. Fresh seasonal fruit and vegetables are always available.

Each year, in collaboration with leading medical centres, the company organises health check-ups for all staff, to allow them to monitor their health over the years, and receive medical opinions and useful advice on how to stay well and prevent disease.

The Corporate Wellness project also includes educational activities on topics such as: positive mental attitude, healthy eating and team building, to provide people with the tools and experience they need to improve their own lifestyle.



## 7.4. HEALTH AND SAFETY AT WORK

“A welcoming, clean, tidy and safe workplace encourages people to work to their best ability”. [DMA 403]

For Technogym, regularly checking the health and safety of its staff and workplaces is not just a way to comply with laws and regulations and reduce operational risks – it is one of the levers through which the company implements its corporate mission of health and safety combined with wellness in its organisation.

Despite the presence of several high-risk operations (staff working at altitude, electricians, workers using lifting equipment and workers in high-shelf warehouses<sup>21</sup>), the Group has not seen any serious accidents occurring, and this is evidenced by the trend in the number of days lost due to accidents over the years. [403-3]

The careful planning of all workspaces, process analysis, the study and selection of equipment, is all designed to ensure maximum compliance with current health and safety regulations as they involve, guided by our commitment to promoting the well-being of all Group employees above and beyond the legal requirements, as an element of sustainability.

In 2018, Technogym committed to the introduction of a health and safety management system certified to OHSAS 45001 standards, in the very short term. Based on the Integrated Management System policy, it periodically defines the objectives and areas for improvement in order to increase the effectiveness of its actions in order to prevent accidents, incidents and occupational diseases.

Our organisation is committed to improving its ability to govern its system of health and safety controls at all times. We therefore frequently update the indicators used to monitor health and safety, identifying factors that emphasise the proactivity of the people who work for us. One of the core elements of the system is the promotion of a common culture of safety in the workplace, and health and safety knowledge, by means of training initiatives and regular awareness-raising. Training is carried out across all areas, with a particular focus on manual workers as they have more exposure to the risk of accidents in the workplace.

In 2018, more than 1,644 training hours were delivered in Italy, on health and safety issues for manual workers<sup>21</sup>. The number of hours in Slovakia was 6,460.5.

All employees, primarily those operating at the factory, are trained and encouraged to report any risks they may notice, following structured procedures. All reports are addressed, and specific action will be taken if actual risks are found.

For staff working in the production departments, there is a bonus system (in 2003 this was included in the company supplementary agreement). This is used to incentivise a proactive approach by measuring reports of risks. A 10% production bonus is related to these aspects. The supplementary agreement made in July 2018 makes strong reference to the ISO 45001 standard and requires the formation of teams for continuous improvement. [403-4]

### CONTROL TOOLS

- ☐ Code of Ethics
- ☐ Health and Safety Management Policy
- ☐ ISO 45001 Health and Safety Management System

[20] For Technogym EE, since 2018, the duties of workers in the painting, cleaning and upholstery departments have been considered high risk activities.

[21] This figure includes the training hours delivered to full-time equivalent personnel.

In 2017, 162 reports of potential areas for improvement were received at the Italian plant. In 2018, 145 reports were recorded. In Slovakia, 243 reports were made in 2016, 112 in 2017 and 118 in 2018, with an increase in the number of machines produced, compared to the previous year.

Thanks to the participation of various areas of the company, the organisation can take a proactive approach, and progress towards continuous improvement.

At TG SpA, workers are represented by the Workers' Safety Representatives, who are part of the company's Workers' Council. The three representatives are allowed 210 hours to carry out health and safety activities. They are part of an advisory and continuous improvement group that meets once a month. An additional time bank is available for these meetings, in addition to the 210 hours referred to above. [403-1]

In general there was a slight increase in incidents between 2017 and 2018 caused by peaks in the work rate which saw the inclusion of a large number of new personnel in the production areas.

Technogym audits the working conditions at its sites. If requested by a customer, these can be carried out by an external company. The assessment carried out in 2018 received the highest possible score for all areas, demonstrating Technogym's commitment to the health and safety of its employees.

|   | Technogym SpA <sup>22</sup> |           |            | Technogym EE |          |           |
|---|-----------------------------|-----------|------------|--------------|----------|-----------|
|   | 2016                        | 2017      | 2018       | 2016         | 2017     | 2018      |
| <b>Total number of accidents</b>  | <b>6</b>                    | <b>4</b>  | <b>7</b>   | <b>2</b>     | <b>0</b> | <b>1</b>  |
|  Total number of accidents  | 4                           | 2         | 4          | 2            | 0        | 1         |
|  Total number of accidents | 2                           | 2         | 3          | 0            | 0        | 0         |
| Accident frequency indicator (total) <sup>23</sup>  | 4.76                        | 3.02      | 5.40       | 3            | 0        | 1.6       |
| Gravity indicator   | Na                          | Na        | 0.11       | Na           | Na       | 0.04      |
| <b>Number of occupational illnesses (total)<sup>24</sup></b>  | <b>1</b>                    | <b>0</b>  | <b>0</b>   | <b>0</b>     | <b>0</b> | <b>1</b>  |
| <b>Work-related deaths (total)</b>  | <b>0</b>                    | <b>0</b>  | <b>0</b>   | <b>0</b>     | <b>0</b> | <b>0</b>  |
| <b>Working days lost (total)</b>  | <b>179</b>                  | <b>38</b> | <b>141</b> | <b>33</b>    | <b>0</b> | <b>27</b> |
|  Working days lost         | 88                          | 9         | 84         | 33           | 0        | 27        |
|  Working days lost         | 91                          | 29        | 57         | 0            | 0        | 0         |

[22] At TG SpA there were another two incidents to temporary personnel.

[23] Frequency indicator for Italy calculated according to UNI 7249:2007: Total no. of accidents x 1,000,000 / No. of hours worked.

[24] These are recognised occupational illnesses.



08

THE SUPPLY  
CHAIN

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## 8. THE SUPPLY CHAIN

[MATERIAL TOPIC: SUSTAINABLE SUPPLY CHAIN MANAGEMENT]

### 8.1 SNAPSHOT OF THE SUPPLY CHAIN

“To guarantee constant improvement and steady growth of its supplier relations, Technogym has defined its reference values and specific policies for developing its supplier base”.

[102-9]

The Group has always been committed to developing innovative, high-performance quality solutions. To continue this commitment, a close collaboration needs to be maintained with suppliers, particularly those who produce materials and technologies suitable for use in the fitness industry, even if they primarily operate in other sectors.

The fitness industry does not have its own production chain and frequently uses suppliers who mainly manufacture goods for other sectors. This means that materials and technologies need to be adapted to the needs of fitness products.

In this context, Technogym has adopted an approach to supply chain management that favours continuous, two-way learning in order to regularly fulfil the new market demands. This means that long-term relations need to be forged, particularly with suppliers of high-tech components, who make up a supply chain that is, largely, stable.

*The following information relates to all purchases of supplies for Technogym S.p.A. (Headquarters and Italian plant) and Technogym EE S.r.o. (Slovakian plant), consisting entirely of raw materials and functional product components.*

Technogym's supply chain is divided into suppliers who provide “bill of materials” supplies, some of which are particularly strategic to Technogym's success, including those that contribute directly to product creation, and “indirect” suppliers who provide other services or materials, as well as the equipment used in production.

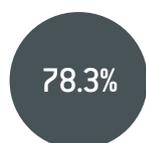
Technogym S.p.A. and Technogym EE S.r.o used a total of 937<sup>25</sup> suppliers in 2017, and 893 in 2018. The supplier base is stable. The slight changes in numbers over the years are of no particular interest as the changes relate to non-strategic supply units.

The number of suppliers based in Italy fell from 78% in 2017 to 74% in 2018. The remaining purchases in 2018 were distributed across Europe (11%) with 15% in the rest of the world.

[25] The figure refers to suppliers achieving sales with Technogym of at least €10,000 during the reference year. The top 100 suppliers account for around 80% of the total purchases.

● 2017 ● 2018

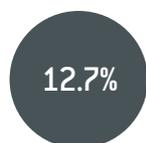
Purchases from Italy



Purchases from Europe (excluding Italy)



Purchases from Rest of World

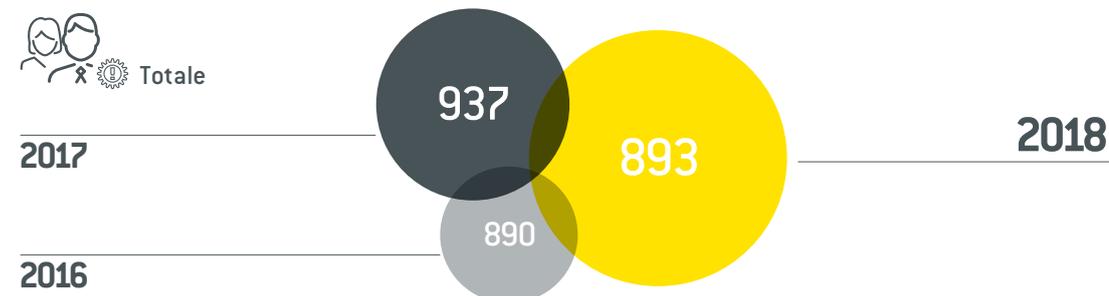


Regarding the suppliers in Italy, Technogym mainly works with SMEs and local businesses<sup>26</sup>; in some cases it does work with multinationals but most of them operate in Italy. This allows us to work with companies operating in a heavily regulated, controlled environment, and to have frequent, direct contact with our suppliers.

|  | 2016           | 2017           | 2018           |
|--|----------------|----------------|----------------|
| Total purchases for production activity (Euro) | 230,027,471.00 | 228,529,753.00 | 249,422,394.04 |

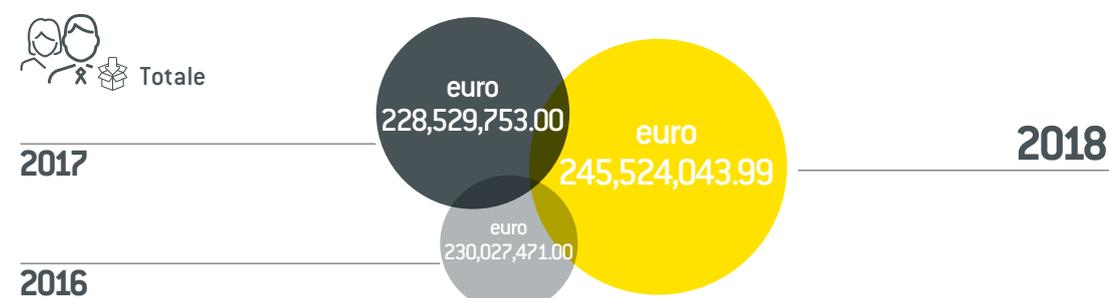
Purchases for production operations only, for 2018, amounted to €249,422,394.04 compared to €228,529,753 in 2017. The overall increase in purchasing turnover over the three-year period is a direct result of the increased sales in the same period.

[26] The term "local" refers to the presence of companies in Italy.

SUPPLIERS BY CATEGORY<sup>27</sup>

|  | 2016 | 2017 | 2018 |
|--|------|------|------|
| Total suppliers in category 1 (Metal structures)   | 54   | 52   | 53   |
| Total suppliers in category 2 (Machining)          | 67   | 64   | 77   |
| Total suppliers in category 3 (Upholstery)         | 30   | 30   | 31   |
| Total suppliers in category 4 (Custom electronics) | 50   | 50   | 49   |
| Total suppliers in category 5 (Injection plastics) | 62   | 61   | 70   |
| Total suppliers in category 6 (Resin adhesives)    | 9    | 9    | 9    |
| Total suppliers in category 7 (Powder coating)     | 5    | 5    | 5    |
| Total suppliers in category 8 (Other)              | 613  | 666  | 599  |

## PURCHASES, BY CATEGORY



|   | 2016          | 2017          | 2018          |
|---|---------------|---------------|---------------|
| Purchases for category 1 (Metal structures)   | 68,685,391.00 | 61,545,953.00 | 75,913,793.25 |
| Purchases for category 2 (Machining)          | 15,386,709.00 | 18,137,626.00 | 21,666,424.42 |
| Purchases for category 3 (Other)              | 10,602,528.00 | 10,890,062.00 | 12,397,249.55 |
| Purchases for category 4 (Custom electronics) | 46,732,278.00 | 48,140,525.00 | 43,882,886.05 |
| Purchases for category 5 (Injection plastics) | 29,159,202.00 | 27,312,533.00 | 31,267,469.66 |
| Purchases for category 6 (Resin adhesives)    | 1,701,379.00  | 1,845,534.00  | 2,268,187.21  |
| Purchases for category 7 (Powder coatings)    | 2,861,136.00  | 3,053,749.00  | 2,922,208.43  |
| Purchases for category 8 (Other)              | 54,898,848.00 | 57,603,771.00 | 55,205,825.41 |

There are no labour-intensive operations in the Technogym supply chain. Technological advances over the years, and the forging of long-term relations, have also enabled suppliers to make investments designed to automate potentially important processes (for example, automated welding instead of manual welding).

Suppliers with a volume of more than €10,000

## 8.2 CONTROL OF THE SUPPLY CHAIN

Supplier relations is a strategic element. For this reason, Technogym controls its supply chain by using selection and monitoring tools that not only enable the assessment of supplier performance but also ensure compliance with current environmental and social regulations. [DMA 204; 412]

### SUPPLIER SELECTION AND KEY CONTENT OF CONTRACTUAL TERMS

Technogym's supplier selection and outsourcing process takes into account the company's directives and the public procedures that apply, under current legislation.

The selection of a supplier who will be involved in manufacturing a new product is a key process for the Group in reaching its objectives of excellence. It requires time, and significant resources. The process starts with the technical and functional requirements, which are decided at the product development stage by the relevant departments.

The process of selecting a new supplier, which is regulated by the "Supplier Assessment and Qualification" Procedure, includes a two-phase supply chain quality assessment.

The first step, taken after a non-disclosure agreement (NDA) has been signed, is to analyse the supplier's technical capability and quality. This analysis covers issues such as financial stability, the type of products supplied, available technologies, and the characteristics of the in-house R&D department, responsible for designing specific components.

If the first phase is successful, the procedure then requires an on-site assessment, based on a checklist. This primarily covers quality aspects, but will also include an assessment of environmental impact, safety in the workplace, and human rights compliance, in accordance with current national legislation. The assessment also includes the supplier's management systems.

Once the assessment has been successfully completed, approved suppliers will then be asked to sign a Quality Agreement and Terms and Conditions of Purchase. This will define the content of their contract and will cover environmental and social issues such as compliance with current environmental and social laws, and with the specific requirements of Technogym.

All suppliers are also asked to accept the Reach and Rohs standards.

#### CONTROL TOOLS

- ☐ Code of Ethics
- ☐ 231 Model
- ☐ "Supply chain management" procedure
- ☐ Procedure "Management of obligations connected to tenders, works contracts and temporary mobile work sites"
- ☐ "Supplier assessment and qualification" procedure
- ☐ "Qualification of manufacturing and production approval processes"

## MONITORING OF SUPPLIER RELATIONS

The management of supplier relations requires constant monitoring of performance.

The tool we use to support this process is the online GSC portal, which contains and manages all vendor rating data.

The portal keeps an up-to-date record of every company in the supplier base (for example, details of their financial performance), and details of the relationship between each company and Technogym (delivery times, supply quality etc.). This data allows the system to give a brief assessment of each supplier, and to monitor their performance.

Suppliers themselves can access the portal, and can see their own ratings so that they have constant feedback on the perceived quality and services they offer. [DMA 308; 414]

### CONTROL TOOLS

- ☐ Code of Ethics control tools
- ☐ 231 Model
- ☐ "Supplier Qualification and Rating" Procedure

Technogym also deploys a system of periodic site audits to monitor supplier performance. These audits will cover:

- Monitoring of suppliers' operations;
- Checking on the continued existence of specific operational requirements;
- Reporting any actual or potential discrepancies compared to environmental and social regulations, and the specific requirements imposed by the organisation;
- Defining corrective actions to prevent any actual or potential discrepancies from re-occurring;
- Tracking all supplier performance monitoring activities.

By carrying out site assessments, Technogym can specifically evaluate:

- social aspects relating to working conditions, any instances of child labour, salubrity of the workplace (lighting, cleanliness etc.), freedom of association, the right to collective bargaining, discrimination, individual health and safety;
- environmental aspects: protecting the environment in relation to atmospheric emissions, waste water, contamination of soil, waste management.

The Group also audits the suppliers' management systems such as ISO 9001, ISO 14001, ISO 45001, AITF 16949 (ex ISO/TS 16949), and SA 8000.

Technogym does not require the certifications as mandatory, but their presence is an integral part of the global supplier assessment (part of the vendor operating system). In this way the Group can raise suppliers' awareness of focusing at all times on socio-economic issues, while supporting them on their pathway of continuous improvement.

In terms of the environmental and social impact, as the overwhelming majority of purchases come from companies based in Italy or Europe, our suppliers operate in a context that is heavily regulated and requires specific administration in managing these aspects.

Among other things, suppliers need to comply with the regulations in force in their own countries with regard to minimum pay, hours of work, payment of overtime, freedom of association and anti-discrimination policies.

During this process 100% of new suppliers (4 in 2016, 3 in 2017 and 5 in 2018) were assessed on their environmental and social impact. They represent all the new product suppliers. The findings of our audits have never highlighted any adverse environmental or social impacts. [308-1; 308-2; 414-1; 414-2]

In 2018, 3 of the 5 new suppliers were given performance improvement plans following audits. The suppliers have already implemented these plans. The new suppliers for 2018 belong to the Custom Electronics (3 firms), machining (1) and upholstery categories (1).

In 2018, 5 audits were also conducted on long-standing Technogym suppliers (3 in the “Plastics” category, 1 in Frames and 1 in Electronics). The environmental and social aspects are also rated for these suppliers, no critical issues were identified. The high scores meant that four of the companies were renewed, as Technogym suppliers. Only in one case was the rating below the acceptability level, as defined by the Group and the supplier was thus discontinued.

For 2019 the supplier monitoring plan will include 12 audits of 8 new suppliers and 4 long-standing suppliers of Technogym.





09

ENVIRONMENT

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## 9. ENVIRONMENT

[MATERIAL TOPIC: WELLNESS FOR THE ENVIRONMENT]<sup>28</sup>

“The well-being of the population and the planet go hand in hand. In line with its mission of bringing Wellness to the world, Technogym prioritises the health of our planet by selecting systems and behaviours that protect the environment and its natural resources”.

Technogym is committed at all times to reducing its environmental impact in line with its vision and business practices.

The Group primarily impacts the environment through its production operations. The plant in Cesena assembles components produced by suppliers, while the site at Malý Krtíš (Slovakia) produces most of the machine components in-house and also has its own welding and coating departments. The Group's other sites perform services and commercial activities.

There is also a significant impact of transporting components from the suppliers to the company, particularly the finished machines from the plants to customers all over the world. Technogym uses major players for all its inbound and outbound logistics operations. Goods are transported by land, by sea or by air for intercontinental deliveries.

The 231 Model identifies “sensitive” activities for the purposes of environmental regulatory compliance. These activities include waste production and disposal procedures, the management of systems that generate atmospheric emissions and waste water, the management of chemicals and fuels that could lead to land, subsoil or water contamination.

To manage environmental impact with a view to preventing risks and continuously improving performance, in 2003 Technogym S.p.A. adopted an Environmental Management System certified according to ISO 14001, which covers all the company's activities. Since 2015, Technogym EE has held ISO 14001 certification for its operations in Slovakia<sup>29</sup>.

In 2018 Technogym set up an Integrated Management System, which includes the ISO 9001, ISO 14001, ISO 45001 and ISO 50001 certifications. By defining a formal environmental policy, the system provides a framework for the setting and reaching of targets on quality, health and safety, energy and environmental efficiency. It also represents our concrete commitment to pursuing sustainability by measuring and preventing risk.

[28] For the purposes of the information in this chapter, the perimeter includes Technogym S.p.A. and Technogym EE. For Technogym S.p.A. this refers only to the consumption for the Technogym Village, which includes the Italian head office and the Cesena production site. Consumption by all the subsidiaries (including the Italian branch) has not been included for the first reporting year, considering the commercial nature of their activities.

[29] The UK subsidiary also has ISO 9001, ISO14001 and OHSAS 18001 certifications.



## ENERGY CONSUMPTION AND CO2 EMISSIONS [DMA 302; 305]

Most of the energy consumed by Technogym S.p.A. is from heating, air conditioning, lighting and the running of electronic equipment. Although not classified as an energy-intensive company, Technogym S.p.A., has always been committed to energy saving initiatives. In 2015 it prepared an energy diagnosis. The procedure preliminary to the adoption of ISO 50001 was completed in 2018.

Technogym EE, because of its production operations and following the energy diagnosis carried out in 2015, is classified as an energy-intensive company.

As testimony to the Group's commitment to protecting the environment, the Technogym Village was built in 2012. Based on the principles of bio architecture, the aim is to achieve a good energy saving performance. In return for this, Technogym S.p.A. received Energy Efficiency Certificates (EECs). The plant is north-facing, which means we can exploit the natural thermal exchange ensuring that the environment is warmer in winter and cooler in the summer months. This reduces emissions caused by fuel consumption used in heating and cooling systems.

The construction materials we choose provide a high level of thermal insulation, and the system of opening large windows in cooler hours reduces energy consumption.

The whole site is managed by a Building Energy Management System, which controls all the energy consumption points in order to continuously improve the energy performance of the Technogym Village. As the system is fully automated, it can provide instant and historic data. The constant analysis of the consumption data supports efficient policies the purchasing of energy and the reduction of consumption.

### CONTROL TOOLS

- ☐ Code of Ethics
- ☐ Integrated Environmental, Quality and Management Systems Policy ISO 9001, ISO 14001, ISO 45001 and ISO 50001
- ☐ 231 Model



**ENERGY INTENSITY FOR TECHNOGYM S.P.A. [302-3]**



|                       | Unit of measurement | 2016         | 2017          | 2018                    |
|-----------------------|---------------------|--------------|---------------|-------------------------|
| Total energy consumed | kWh                 | 9,247,435.19 | 10,154,275.54 | 11,246,013.13           |
| Total workable hours  | No.                 | 1,261,422.00 | 1,324,950     | 1,537,309 <sup>30</sup> |

**ENERGY INTENSITY FOR TECHNOGYM EE**



|                       | Unit of measurement | 2016          | 2017          | 2018       |
|-----------------------|---------------------|---------------|---------------|------------|
| Total energy consumed | kWh                 | 12,309,410.67 | 12,832,284.53 | 13,342,972 |
| Total workable hours  | No.                 | 794,004.00    | 698,254       | 714,769    |

[30] This figure also includes an estimated 40 external consultants who work for the company all year round.



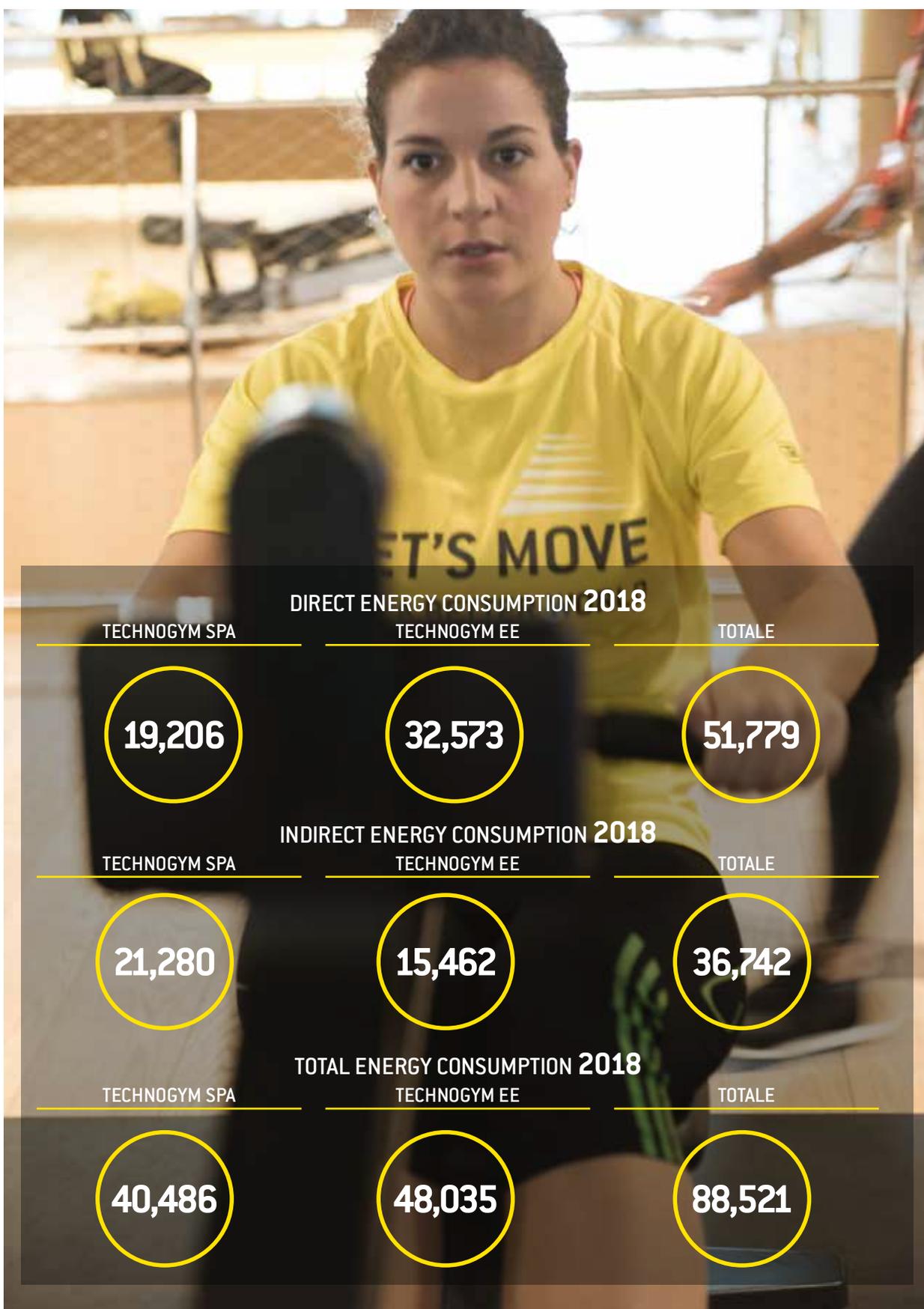
The Group's strong growth is requiring greater efficiency in its processes and consumption. This is why the company regularly controls and monitors consumption, by implementing analysis and reduction projects. In 2018, UNI EN 50001 certification was obtained for Technogym S.p.A., concluding the process that began in 2017.

## DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ) <sup>[302-1]</sup><sup>31</sup>

|                                    | TG S.p.A.     |               |               | TG EE         |               |               | Total         |               |               |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                    | 2016          | 2017          | 2018          | 2016          | 2017          | 2018          | 2016          | 2017          | 2018          |
| <b>Direct energy consumption</b>   | <b>14,018</b> | <b>16,665</b> | <b>19,206</b> | <b>27,297</b> | <b>30,426</b> | <b>32,573</b> | <b>41,315</b> | <b>47,091</b> | <b>51,779</b> |
| From non-renewable sources         |               |               |               |               |               |               |               |               |               |
| Natural gas                        | 7,482         | 10,740        | 12,503        | 26,599        | 29,896        | 32,042        | 34,081        | 40,636        | 44,545        |
| Diesel                             | 6,530         | 5,917         | 6,506         | 698           | 530           | 531           | 7,227         | 6,447         | 7,037         |
| Petrol                             | 6             | 8             | 15            | 0             | 0             | 0             | 6             | 8             | 15            |
| Natural gas <sup>32</sup>          | 0             | 0             | 182           | 0             | 0             | 0             | 0             | 0             | 182           |
| <b>Indirect energy consumption</b> | <b>19,273</b> | <b>19,890</b> | <b>21,280</b> | <b>17,017</b> | <b>15,770</b> | <b>15,462</b> | <b>36,289</b> | <b>35,660</b> | <b>36,742</b> |
| From non-renewable sources         |               |               |               |               |               |               |               |               |               |
| Electricity consumption            | 0             | 0             | 18,581        | 16,729        | 15,374        | 15,079        | 16,729        | 15,374        | 33,660        |
| Energy consumed for cooling        | 0             | 0             | 2,699         | 288           | 396           | 383           | 288           | 396           | 3,082         |
| From renewable sources             |               |               |               |               |               |               |               |               |               |
| Electricity consumption            | 16,982        | 17,371        | 0             | 0             | 0             | 0             | 16,982        | 17,371        | 0             |
| Energy consumed for cooling        | 2,291         | 2,519         | 0             | 0             | 0             | 0             | 2,291         | 2,519         | 0             |
| <b>Total energy consumption</b>    | <b>33,291</b> | <b>36,555</b> | <b>40,486</b> | <b>44,314</b> | <b>46,196</b> | <b>48,035</b> | <b>77,605</b> | <b>82,752</b> | <b>88,521</b> |

[31] Green certificates were bought for TG S.p.A. in 2016 and 2017.

[32] Data represents estimated consumption.



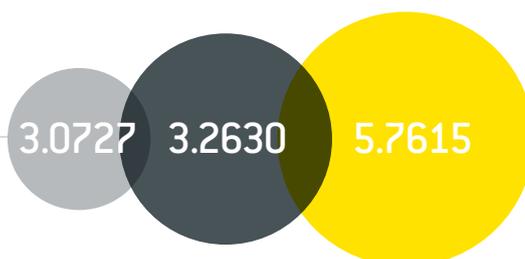
## DIRECT AND INDIRECT CO<sub>2</sub> EMISSIONS (TONNES OF CO<sub>2</sub>)<sup>33</sup> [305-1; 305-2]

|   | Technogym SpA   |                 |                    | Technogym EE      |                   |                  | Total             |                   |                    |
|---|-----------------|-----------------|--------------------|-------------------|-------------------|------------------|-------------------|-------------------|--------------------|
|   | 2016            | 2017            | 2018               | 2016              | 2017              | 2018             | 2016              | 2017              | 2018               |
| <b>Scope 1</b>  |                 |                 |                    |                   |                   |                  |                   |                   |                    |
|  Methane/<br>Natural gas | 358.30542       | 514.33739       | 598.75621          | 1,273.790         | 1,431.653         | 1,534.429        | 1,632.095         | 1,945.990         | 2,133.18538        |
|  Diesel                  | 472.61471       | 428.26245       | 470.77632          | 50.501            | 38.378            | 38.414           | 523.11572         | 466.640           | 509.19049          |
|  Petrol                  | 0.44723         | 0.56457         | 1.01800            | 0                 | 0                 | 0                | 0.44723           | 0.56457           | 1.01800            |
|  Natural gas             | 0               | 0               | 8.70086            | 0                 | 0                 | 0                | 0                 | 0                 | 8.70086            |
| <b>Total direct GHG emissions (Scope 1)</b>   | <b>831.3674</b> | <b>943.1644</b> | <b>1,079.37103</b> | <b>1,324.2910</b> | <b>1,470.0309</b> | <b>1,572.843</b> | <b>2,155.6584</b> | <b>2,413.1953</b> | <b>2,652.21437</b> |

|  | Technogym SpA <sup>34</sup> |                  |                  | Technogym EE   |                |                | Total            |                  |                  |
|--|-----------------------------|------------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|
|  | 2016                        | 2017             | 2018             | 2016           | 2017           | 2018           | 2016             | 2017             | 2018             |
| <b>Scope 2</b>   |                             |                  |                  |                |                |                |                  |                  |                  |
|  <b>Location-based:</b><br>Mains electricity | 1,816.309                   | 1,857.915        | 1,987.380        | 901.499        | 828.496        | 812.591        | 2,717.807        | 2,686.412        | 2,799.971        |
|  <b>Location-based:</b><br>Cooling energy   | 245.012                     | 269.447          | 288.670          | 15.520         | 21.340         | 20.639         | 260.532          | 290.787          | 309.309          |
| <b>Total indirect GHG emissions (Scope 2)</b>  | <b>2,061.321</b>            | <b>2,127.362</b> | <b>2,276.050</b> | <b>917.019</b> | <b>849.836</b> | <b>833.230</b> | <b>2,978.340</b> | <b>2,977.198</b> | <b>3,109.280</b> |
|  <b>Market-based:</b><br>Mains electricity  | 0                           | 0                | 1,987.380        | 901.499        | 828.496        | 812.591        | 2,717.807        | 2,686.412        | 2,799.971        |
|  <b>Market-based:</b><br>Cooling energy     | 0                           | 0                | 288.670          | 15.520         | 21.340         | 20.639         | 260.532          | 290.787          | 309.309          |
| <b>Total indirect GHG emissions (Scope 2)</b>  | <b>0</b>                    | <b>0</b>         | <b>2,276.050</b> | <b>917.019</b> | <b>849.836</b> | <b>833.230</b> | <b>917.019</b>   | <b>849.836</b>   | <b>3,109.280</b> |

Total emissions (Scope 1 and Scope 2) - t CO<sub>2</sub> eq

|                       | 2016   | 2017   | 2018   |
|-----------------------|--------|--------|--------|
| Scope 1 - % emissions | 70.16% | 73.96% | 46.03% |
| Scope 2 - % emissions | 29.84% | 26.04% | 53.97% |



● 2016 ● 2017 ● 2018

[33] For the emissions factors, reference was made to the "GHG Protocol tool for stationary combustion" (Version 4.7, World Resources Institute - WRI, 2015), provided by GHG Protocol. To calculate the GJ of energy consumed from kWh, reference was made to the unit of conversion supplied by the International Energy Agency, while for the conversion of methane gas from sm<sup>3</sup> to GJ Stogit conversion tools were used. To calculate the GJ of energy consumed from 1 L of diesel and petrol, the source was the Higher Institute for Environmental Protection and Research (ISPRA), as elaborated in the ABI Guidelines on the application to banks of GRI Environment Indicators - February 2017. The emissions factors provided in the GHG Protocol have been used as a proxy to calculate the emissions on a market-based method. Therefore the calculation of emissions according to the location-based method is the same as the market-based method.

[34] Green certificates were bought for TG S.p.A. in 2016 and 2017.

Changes in gas consumption at Technogym S.p.A. between 2017 and 2018 relates to water used for sanitary facilities and services, given the increase in the number of personnel. This consumption was offset by the particularly mild year which allowed reduced usage of the heating system at the site, thus saving on heating gas. This result was also made possible thanks to the insulating technologies at the Cesena site, which have further reduced the need for heating.

As far as reducing consumption is concerned, both sites are currently taking measures to reduce energy consumption by installing LED lighting, designed together with the lighting system manufacturers to ensure that the systems have the same functional characteristics as the previous ones. Actions are also planned for the fleet of vehicles, to reduce impacts by favouring less polluting fuels. In 2018, out of a total of 113 company cars, 9 run on natural gas<sup>35</sup>.

In 2017, projects were also implemented at the Slovakian plant to recover heat from the coating operations, to be reused for assembly. Technogym S.p.A. also has a procedure in place for the night-time cooling of the plant during the summer period, to reduce consumption.



[35] Perimeter: Technogym SpA.

## WATER CONSUMPTION [DMA 303]

Because of the type of activity performed at the Technogym Village, its water consumption is not significant. The production process does not require the use of water, for the Italian production operations, as only assembly lines are present and most of the consumption is for civil use.

Water is procured from the public aqueduct and the regional environmental consortium, with regard to the water used to irrigate the gardens in the Technogym Village which accounts for more than 80% of the total.

The Slovakian plant uses water for the coating system, and tests all the water flowing in and out of the site. Under an agreement with the local Slovakian authorities, Technogym returns the wastewater to the local authorities. By carefully managing its water resources, Technogym's waste water contains a low level of emissions and pollutants, which helps the public purification plants to keep within the legal limits.

The changes in consumption for Technogym S.p.A. are mainly due to facilities for employees, use of the gym and showers, and irrigation of the Village. They depend on rainfall levels. In 2017, Technogym EE installed a heat pump, which reuses hot water and has cut the consumption of well water by almost half. [303-1]

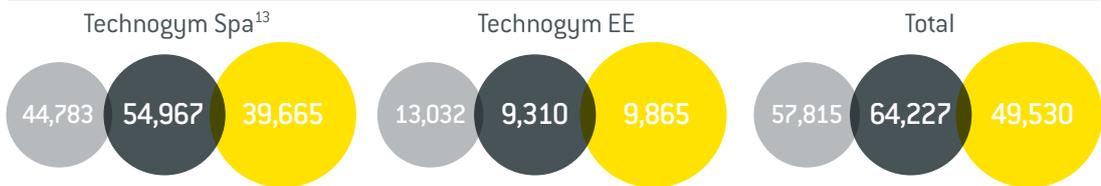
**CONTROL TOOLS**

- ☐ Code of Ethics
- ☐ Integrated Environmental, Quality and Management Systems Policy ISO 9001, ISO 14001, ISO 45001 and ISO 50001
- ☐ 231 Model



Total volume of water used (m<sup>3</sup>)

● 2016 ● 2017 ● 2018



From groundwater (m<sup>3</sup>)



Water procured from public aqueducts or other water management operators (m<sup>3</sup>)



## WASTE MANAGEMENT<sup>36</sup> [DMA 306]

The Group follows national and local directives on the proper disposal of waste.

Most recycled waste consists of paper, cardboard, glass, food waste and WEEE. At the Slovakian plant, the production wastage and hazardous waste mainly consists of grinding and polishing materials, packaging and sludge.

The Group pays particular attention to regular monitoring and constantly improving, in order to reduce waste. The Cesena site manages the collection and disposal of waste using a centralised system that can map the waste produced along the whole assembly line.

Technogym maximises the use of recyclable components in its packaging, by using wood and cardboard where possible.

By installing a pump to recycle water, since 2017 the water used for washing was reduced.

### CONTROL TOOLS

- Code of Ethics
- Integrated Environmental, Quality and Management Systems Policy ISO 9001, ISO 14001, ISO 45001 and ISO 50001
- 231 Model

## TOTAL WEIGHT OF HAZARDOUS WASTE BASED ON DIFFERENT DISPOSAL METHODS (KG) [306-2]

|   | Technogym SpA |       |       | Technogym EE |         |         | Total   |         |         |         |        |         |
|---|---------------|-------|-------|--------------|---------|---------|---------|---------|---------|---------|--------|---------|
|   | 2016          | 2017  | 2018  | 2016         | 2017    | 2018    | 2016    | 2017    | 2018    |         |        |         |
|   | 1,766         | 2,165 | 1,771 | 169,845      | 151,406 | 170,848 | 171,611 | 153,571 | 172,619 |         |        |         |
|   | Technogym SpA |       |       | Technogym EE |         |         | Total   |         |         |         |        |         |
|   | 2016          | 2017  | 2018  | 2016         | 2017    | 2018    | 2016    | 2017    | 2018    |         |        |         |
|  Re-use                                |               |       |       | 0            | 0       | 0       | 1,505   | 1,711   | 2,231   | 1,505   | 1,711  | 2,231   |
|  Recycled                              |               |       |       | 0            | 0       | 0       | 0       | 0       | 0       | 0       | 0      |         |
|  Composting                            |               |       |       | 0            | 0       | 0       | 0       | 0       | 0       | 0       | 0      |         |
|  Recycling, including energy recycling |               |       |       | 1,713        | 1,565   | 1,454   | 2,515   | 2,539   | 3,991   | 4,228   | 4,104  | 5,445   |
|  Incinerator                           |               |       |       | 0            | 0       | 0       | 0       | 0       | 0       | 0       | 0      |         |
|  Landfill                              |               |       |       | 53           | 600     | 317     | 56,120  | 59,911  | 62,486  | 56,173  | 60,511 | 62,803  |
|  On-site storage                       |               |       |       | 0            | 0       | 0       | 0       | 0       | 0       | 0       | 0      |         |
|  Other (Water for washing)             |               |       |       | 0            | 0       | 0       | 109,705 | 87,245  | 102,140 | 109,705 | 87,245 | 102,140 |

[36] The data in the document does not include waste collected and disposed of in common areas as they are managed by municipal operators or by other suppliers and for this reason the GRI indicator does not apply.

## TOTAL WEIGHT OF NON-HAZARDOUS WASTE BASED ON DIFFERENT DISPOSAL METHODS (KG) [306-2]

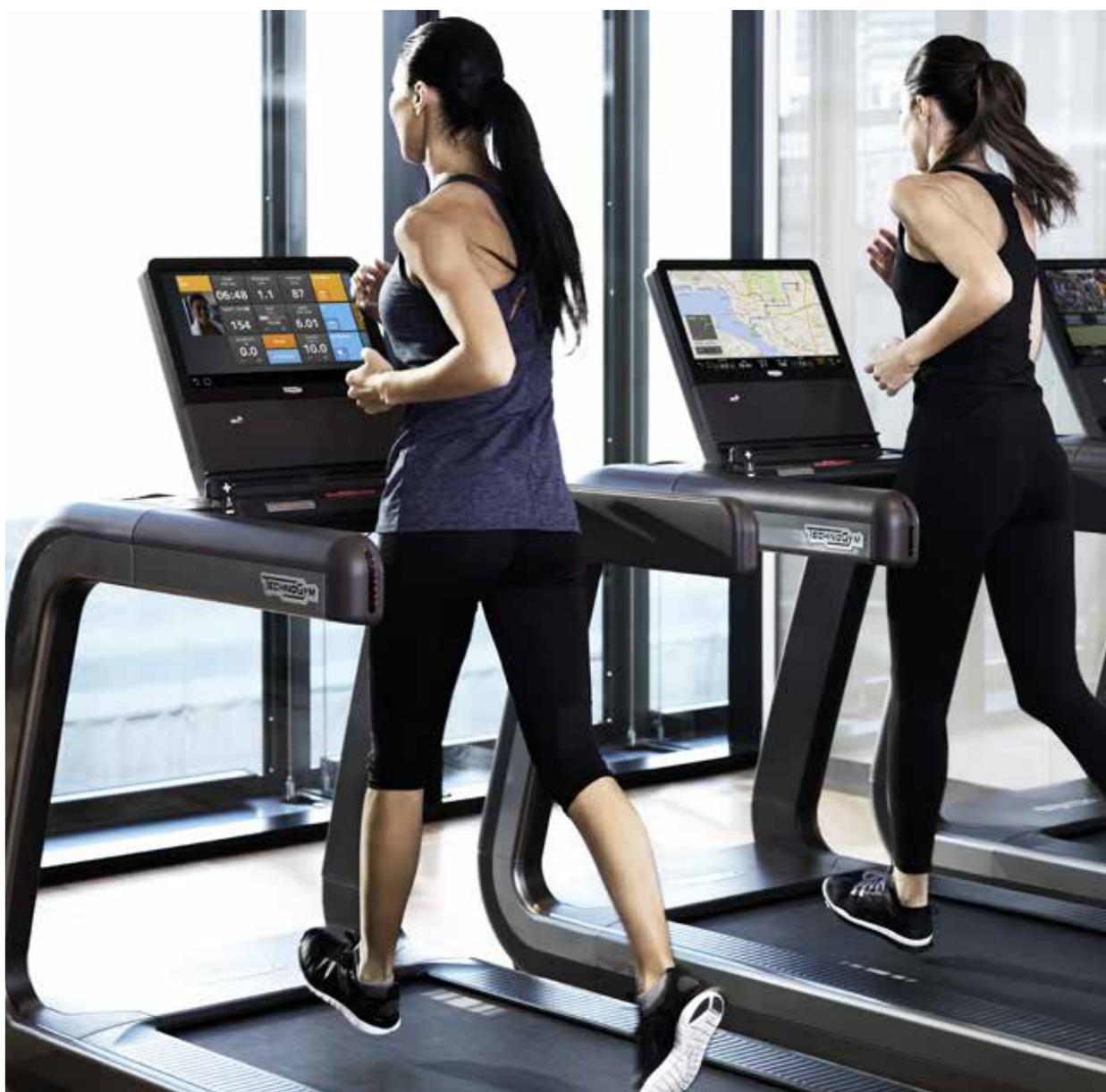
|   | Technogym SpA  |                |                  | Technogym EE   |                |                | Total            |                |                  |
|---|----------------|----------------|------------------|----------------|----------------|----------------|------------------|----------------|------------------|
|   | 2016           | 2017           | 2018             | 2016           | 2017           | 2018           | 2016             | 2017           | 2018             |
|   | <b>749,004</b> | <b>641,394</b> | <b>1,028,588</b> | <b>396,660</b> | <b>343,006</b> | <b>375,455</b> | <b>1,145,664</b> | <b>984,400</b> | <b>1,404,043</b> |
|   | Technogym SpA  |                |                  | Technogym EE   |                |                | Total            |                |                  |
|   | 2016           | 2017           | 2018             | 2016           | 2017           | 2018           | 2016             | 2017           | 2018             |
|  Re-use                                | 0              | 0              | 0                | 0              | 0              | 0              | 0                | 0              | 0                |
|  Recycled                              | 0              | 0              | 0                | 275,422        | 249,039        | 267,690        | 275,422          | 249,039        | 267,690          |
|  Composting <sup>37</sup>              | 0              | 0              | 0                | 3,200          | 2,006          | 2,130          | 3,200            | 2,006          | 2,130            |
|  Recycling, including energy recycling | 742,824        | 635,214        | 976,204          | 40,148         | 11,271         | 8,175          | 782,972          | 646,485        | 984,379          |
|  Incinerator                           | 0              | 0              | 0                | 0              | 0              | 0              | 0                | 0              | 0                |
|  Landfill                            | 6,180          | 6,180          | 52,384           | 77,890         | 80,690         | 97,460         | 84,070           | 86,870         | 149,844          |
|  On-site storage                     | 0              | 0              | 0                | 0              | 0              | 0              | 0                | 0              | 0                |
|  Other                               | 0              | 0              | 0                | 0              | 0              | 0              | 0                | 0              | 0                |

[37] The composting data is 0 in the 2017 NFR. This table reconsiders the calculations for the year 2016 and 2017.

## ENVIRONMENTAL IMPACT OF PRODUCTS

Our focus on the environment also extends to our products. The catalogue contains self powered machines<sup>38</sup> which are not connected to the mains but have a small generator connected to the parts of the machine moved by the user during the exercise. The generator produces current which is used to power the machine, the display and the brake control system.

Technogym has also put in place a process to recover machines at the end of their first cycle of use, so they can be re-marketed (*Still Novo*). Machines not used in the *Still Novo* line, and production wastage, is passed to third parties for transport and recovery in accordance with current legislation. All operations are traceable. This process allows a significant recovery of materials which would otherwise be sent to landfill. It ensures that all materials that cannot be recycled are separated appropriately.



[38] The catalogue includes 8 self-powered machines: Excite Bike, Excite Recline, Excite Step, Excite Synchro, Excite Vario, Excite Top, SkillRow, Group Cycle Connect.

A modern office interior featuring a prominent glass staircase with a curved metal handrail. The walls are a vibrant yellow, and the ceiling has recessed lighting. The overall atmosphere is clean and professional.

# 10

## TABLE

### SUMMARISING

#### THE DECREE

#### AREAS – GRI

#### STANDARDS

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## 10. TABLE SUMMARISING THE DECREE AREAS – GRI STANDARDS

| TOPIC AREA  | DECREE AREA     | NFR CHAPTER                                 | REFERENCE TO OTHER DOCUMENT                           | GRI STANDARDS  | RISKS   | CONTROL TOOLS  |
|---|-----------------|---|---|--|---|--|
| Creation of economic/financial value              |                 | Chapter 1. Technogym                        | See Management Report for more details.               |  |   |  |
| Corporate governance system                       | Anti-corruption | Chapter 3. Corporate Governance System      | See the Corporate Governance Report for more details. | 205 "Anti-corruption"; 206 "Anti-competitive behaviours" | <p>Inadequate negotiation, stipulation and execution of contracts for the sale of goods and services to private individuals;</p> <p>Inadequate selection, negotiation and stipulation of agreements with partners (traders and distributors) and suppliers</p> <p>Inadequate management of economic and financial transactions</p> <p>Inadequate management of relations with directors, employees or third parties involved in legal proceedings</p> | <ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• 231 Model</li> <li>• Technogym Vision Book</li> <li>• Code of Conduct</li> <li>• Day by Day in Technogym</li> </ul> |
| Promoting the Wellness lifestyle in the community | Social aspects  | Chapter 4. Wellness as a social opportunity |   |  | The material subject and related section refer to the promotion of a culture of wellness community. It describes actions taken locally in terms of sponsorship that are unrelated to any sensitive or high risk activities other than those already described in the 231 Model and in section 3.  |  |

| TOPIC AREA                  | DECREE AREA    | NFR CHAPTER               | REFERENCE TO OTHER DOCUMENT | GRI STANDARDS   | RISKS   | CONTROL TOOLS  |
|-----------------------------|----------------|---------------------------|-----------------------------|---|---|--|
| Lifetime Customer Care      | Social aspects | Chapter 5. Customer Focus |                             | 416 "Consumer health and safety";<br>418 "Consumer privacy" | <p>Malfunction of equipment due to inadequate installation and/or maintenance service</p> <p>Malfunctioning, construction defects or non-conformities with technical and contractual specifications</p> <p>Failure to respond to requests/needs/expectations of customers and the potential market</p> <p>Lack of transparency in customer communications (marketing, labelling)</p> <p>Inadequate management of information systems and information security</p> <p>Inadequate collection, storage and processing of personal data</p> <p>Failure to respond to changes in customer preferences and failure to appreciate new trends</p> | <ul style="list-style-type: none"> <li>• GSP Procedure</li> <li>• User manual</li> <li>• Service manual</li> <li>• "Appointment of system administrator" procedure</li> <li>• Information for employees</li> <li>• "Duties of data processor" policy</li> <li>• Policy on "Use of email, Internet, company IT tools and remote IT controls"</li> <li>• Authority profiles</li> </ul> |
| Personal Wellness solutions | Social aspects | Chapter 6. Product        |                             | 416 "Consumer health and safety"                            | <p>Accidents, including major accidents, which may occur on the production sites;</p> <p>Malfunction of equipment due to inadequate installation and/or maintenance service</p> <p>Malfunctioning, construction defects or non-conformities with product technical and contractual specifications</p>   | <ul style="list-style-type: none"> <li>• UNI CEI EN ISO 14385</li> <li>• GSP Procedure</li> </ul>  |

| TOPIC AREA                          | DECREE AREA                             | NFR CHAPTER                 | REFERENCE TO OTHER DOCUMENT | GRI STANDARDS   | RISKS  | CONTROL TOOLS   |
|-------------------------------------|---|-----------------------------|-----------------------------|---|--|---|
| Employee wellbeing                  | Social aspects and personnel management | Chapter 7. Human Resources  |                             | <p>102-8 "Information on employees and other workers";</p> <p>401 "Employment";</p> <p>402 "Labour and industrial relations";</p> <p>403 "Health and safety in the workplace";</p> <p>404 "Training and education";</p> <p>405 "Diversity and equal opportunities";</p> <p>406 "Non discrimination";</p> <p>407 "Freedom of association and collective bargaining";</p> <p>408 "Child labour";</p> <p>412 "Human rights assessment"</p> | <ul style="list-style-type: none"> <li>• Accidents, including major accidents, which may occur on the production sites;</li> <li>• Discrimination against employees</li> <li>• Loss of key skills for implementing strategy</li> </ul>   | <ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• Technogym Vision Book</li> <li>• GTD Manual</li> <li>• Workplace Health and Safety Management Policy</li> <li>• UNI CEI EN ISO 45001 Management System</li> <li>• Quick Reference Guide: Talent Acquisition Process</li> </ul> <p>The quantitative data on the frequency of accidents as given in the text is based the UNI 7249:2007 standard</p>   |
| Sustainable supply chain management | Respect for human rights                | Chapter 8. The supply chain |                             | <p>102-9 "Description of the organisation's supply chain";</p> <p>204 "Supply practices";</p> <p>308 "Supplier environmental assessment";</p> <p>412 "Human rights assessment";</p> <p>414 "Supplier social assessment"</p>   | <p>Inadequate working conditions linked to cases of child labour, discrimination, salubrriousness of the working environment, personnel health and safety</p>  | <ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• 231 Model</li> <li>• Clause included in clauses for acknowledgement and acceptance of the Code of Ethics and 231 Model</li> <li>• "Supply management" procedure</li> <li>• "Management of obligations related to work/services contracts and temporary work sites" procedure</li> <li>• "Supplier rating and qualification" procedure</li> <li>• "Qualification of manufacturing processes, and manufacturing approval" procedure</li> <li>• Application for RoHS certification and compliance with IRAE regulations"</li> </ul> |
| Wellness for the environment        | Environmental aspects                   | Chapter 9. Environment      |                             | <p>302 "Energy";</p> <p>303 "Water";</p> <p>305 "Emissions";</p> <p>306 "Discharge and waste"</p>   | <ul style="list-style-type: none"> <li>• Inadequate management of waste, of temporary deposits on the production site, and transfer of waste to third parties for transport/disposal/recycling;</li> <li>• High generation of atmospheric emissions from production operations;</li> <li>• Contamination of land, subsoil and water, from the use of chemicals and fuels in the production operations</li> </ul> | <ul style="list-style-type: none"> <li>• Integrated Policy of Management Systems ISO 9001, ISO 14001, ISO 50001 and ISO 45001</li> </ul>  |





11

GRI-REFERENCED  
TABLE

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# 11. GRI-REFERENCED TABLE

| GRI STANDARDS                           | DESCRIPTION  | NFR CHAPTER   | DIRECT REFERENCE | REFERENCE TO OTHER DOCUMENT              | NOTES  |
|---|--|---|------------------|--|--|
| GRI 102: General Disclosures 2016       | 102-8 a. "Employees by contract type and gender"   | Chapter 7 "Human Resources"                                       |                  | -  |  |
| GRI 102: General Disclosures 2016       | 102-8 b. "Full or part-time employees"   | Chapter 7 "Human Resources"                                       |                  | -  |  |
| GRI 102: General Disclosures 2016       | 102-9 a. "Description of supply chain including main activities, products and services"                                | Chapter 8 "Supply Chain"  |                  |  | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants. |
| GRI 102: General Disclosures 2016       | 102-16 a. "Description of values, principles, standards and rules of behaviour"  | Chapter 1 "Technogym"; Chapter 3 "System of Corporate Governance" |                  | -  |  |
| GRI 102: General Disclosures 2016       | 102-18 a. "Description of governance structure"  | Chapter 3 "Corporate Governance System"                           |                  | Refer to the Corporate Governance Report | -  |
| GRI 102: General Disclosures 2016       | 102-22 a. v. "Composition of highest governance body including gender"   | Chapter 3 "Corporate Governance System"                           |                  | Refer to the Corporate Governance Report | -  |
| GRI 102: General Disclosures 2016       | 102-23 a. "Indication of whether the Chair of the highest governance body is also the Chief Executive"                 | Chapter 3 "Corporate Governance System"                           |                  |  | -  |
| GRI 204: Procurement Practices 2016     | Managerial approach according to GRI 103 (v. 2016) for Topic 204 "Supply chain practices" (v. 2016)                    | Chapter 8 "Supply Chain"  |                  |  | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants. |
| GRI 205: Anti-corruption 2016           | Managerial approach according to GRI 103 (v. 2016) for Topic 205 "Anti-corruption" (v. 2016)                           | Chapter 3 "Corporate Governance System"                           |                  |  | -  |
| GRI 206: Anti-competitive Behavior 2016 | Managerial approach according to GRI 103 (v. 2016) for Topic 206 "Anti-competitive behaviour" (v. 2016)                | Chapter 3 "Corporate Governance System"                           |                  |  | -  |
| GRI 302: Energy 2016                    | Managerial approach according to GRI 103 (v. 2016) for Topic 302 "Energy" (v. 2016)                                    | Chapter 9 "Environment"   |                  |  | -  |
| GRI 302: Energy 2016                    | 302-3. a. "Indicate the energy intensity ratio for the organisation"   | Chapter 9 "Environment"   |                  |  |  |
| GRI 302: Energy 2016                    | 302-3 b. "State the specific unit of measurement for the organisation (the denominator) chosen to calculate the ratio" | Chapter 9 "Environment"   |                  |  |  |

| GRI STANDARDS           | DESCRIPTION  | NFR CHAPTER             | DIRECT REFERENCE  | REFERENCE TO OTHER DOCUMENT | NOTES   |
|-------------------------|--|-------------------------|---|-----------------------------|---|
| GRI 302: Energy 2016    | 302-3 c. "State the types of energy included in the ratio: fuel, electricity, heating, cooling and steam." | Chapter 9 "Environment" |   |                             |   |
| GRI 302: Energy 2016    | 302-3 d. "Indicate whether the ratio uses energy consumption within the organisation, outside it, or both" | Chapter 9 "Environment" |   |                             |   |
| GRI 303: Water 2016     | Managerial approach according to GRI 103 (v. 2016) for Topic 303 "Water" (v. 2016)                         | Chapter 9 "Environment" |   |                             | The subsidiaries have not been included as it was not possible to obtain data for the whole perimeter as some subsidiaries have a supply system that does not allow reporting according to GRI. |
| GRI 305: Emissions 2016 | Managerial approach according to GRI 103 (v. 2016) for Topic 305 "Emissions" (v. 2016)                     | Chapter 9 "Environment" | The source of emissions factors and global warming potential is the "GHG Protocol tool for stationary combustion" (Version 4.7, World Resources Institute (WRI), 2015), provided by GHG Protocol. |                             | The subsidiaries have not been included as it was not possible to obtain data for the whole perimeter as some subsidiaries have a supply system that does not allow reporting according to GRI. |
| GRI 305: Emissions 2016 | 305-1 a. "Direct greenhouse gas emissions (scope 1) per tonnes of Co2"                                     | Chapter 9 "Environment" | The source of emissions factors and global warming potential is the "GHG Protocol tool for stationary combustion" (Version 4.7, World Resources Institute (WRI), 2015), provided by GHG Protocol. |                             | The subsidiaries have not been included as it was not possible to obtain data for the whole perimeter as some subsidiaries have a supply system that does not allow reporting according to GRI. |
| GRI 305: Emissions 2016 | 305-2 a. "Greenhouse gas emissions from energy consumption (scope 2) per tonnes of Co2"                    | Chapter 9 "Environment" | The source of emissions factors and global warming potential is the "GHG Protocol tool for stationary combustion" (Version 4.7, World Resources Institute (WRI), 2015), provided by GHG Protocol. |                             | The subsidiaries have not been included as it was not possible to obtain data for the whole perimeter as some subsidiaries have a supply system that does not allow reporting according to GRI. |

| GRI STANDARDS                                   | DESCRIPTION   | NFR CHAPTER                 | DIRECT REFERENCE | REFERENCE TO OTHER DOCUMENT | NOTES   |
|---|---|-----------------------------|------------------|-----------------------------|---|
| GRI 306: Affluents and Waste 2016               | Managerial approach according to GRI 103 (v. 2016) for Topic 306 "Waste and discharges" (v. 2016)                 | Chapter 9 "Environment"     |                  |                             | The subsidiaries have not been included as it was not possible to obtain data for the whole perimeter as some subsidiaries have a supply system that does not allow reporting according to GRI. |
| GRI 306: Affluents and Waste 2016               | 306-2 "Total weight of hazardous and non-hazardous waste based on different disposal methods"                     | Chapter 9 "Environment"     |                  |                             | The subsidiaries have not been included as it was not possible to obtain data for the whole perimeter as some subsidiaries have a supply system that does not allow reporting according to GRI. |
| GRI 308: Supplier Environmental Assessment 2016 | Managerial approach according to GRI 103 (v. 2016) for Topic 308 "Supplier environmental assessment" (v. 2016)    | Chapter 8 "Supply Chain"    |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants.                                    |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 a. "Percentage of new suppliers assessed according to environmental criteria"                               | Chapter 8 "Supply Chain"    |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants.                                    |
| GRI 308: Supplier Environmental Assessment 2016 | 308-2 a. "Number of suppliers assessed according to environmental criteria"                                       | Chapter 8 "Supply Chain"    |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants.                                    |
| GRI 308: Supplier Environmental Assessment 2016 | 308-2 b. "Number of suppliers identified as having actual and potential environmental impact on the supply chain" | Chapter 8 "Supply Chain"    |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants.                                    |
| GRI 308: Supplier Environmental Assessment 2016 | 308-2 c. "State the actual and potential adverse major impacts identified in the supply chain"                    | Chapter 8 "Supply Chain"    |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants.                                    |
| GRI 401: Employment 2016                        | Managerial approach according to GRI 103 (v. 2016) for Topic 401 "Employment" (v. 2016)                           | Chapter 7 "Human Resources" |                  |                             |   |
| GRI 401: Employment 2016                        | 401-1 Total number of hirings and turnover rate   | Chapter 7 "Human Resources" |                  |                             | The perimeter does not include Russia   |
| GRI 402: Labour Management Relations 2016       | Managerial approach according to GRI 103 (v. 2016) for Topic 402 "Labour and industrial relations" (v. 2016)      | Chapter 7 "Human Resources" |                  |                             | -   |

| GRI STANDARDS                                | DESCRIPTION   | NFR CHAPTER                 | DIRECT REFERENCE   | REFERENCE TO OTHER DOCUMENT | NOTES  |
|--|---|-----------------------------|--|-----------------------------|--|
| GRI 403: Occupational Health and Safety 2016 | Managerial approach according to GRI 103 (v. 2016) for Topic 403 "Health and safety at work" (v. 2016)  | Chapter 7 "Human Resources" | The quantitative data on the frequency of accidents as given in the text is based the UNI 7249:2007 standard | -                           |  |
| GRI 403: Occupational Health and Safety 2016 | 403-1 b. "Workers represented on workers' councils for health and safety"   | Chapter 7 "Human Resources" |  |                             | The Subsidiary perimeter is not included               |
| GRI 403: Occupational Health and Safety 2016 | 403-2 "State, for all employees and temporary workers in the organisation: Total number of accidents, accident frequency indicator, rate of occupational illness, working days lost, work-related deaths" | Chapter 7 "Human Resources" |  |                             |  |
| GRI 403: Occupational Health and Safety 2016 | 403-2 b "For all workers at the company (excluding employees, temporary workers only), indicate: Total number of accidents, accident frequency indicator, working days lost, work-related deaths"         | Chapter 7 "Human Resources" |  |                             |  |
| GRI 403: Occupational Health and Safety 2016 | 403-2 b "Describe the types of accident most frequently seen for workers at the company (excluding permanent employees).  | Chapter 7 "Human Resources" |  |                             |  |
| GRI 403: Occupational Health and Safety 2016 | 403-2 c "Indicate the system of rules applied to the recording and reporting of accident statistics".   | Chapter 7 "Human Resources" |  |                             |  |
| GRI 403: Occupational Health and Safety 2016 | 403-3 "Description of workers with a high frequency or high risk of work-related accidents"   | Chapter 7 "Human Resources" |  |                             | The Subsidiary perimeter is not included               |
| GRI 403: Occupational Health and Safety 2016 | 403-4 "Health and safety issues included in formal trade union agreements"  | Chapter 9 "Environment"     |  |                             | The subsidiary perimeter is not included for 403-4. b. |
| GRI 404: Training and Education 2016         | Managerial approach according to GRI 103 (v. 2016) for Topic 404 "Training and education" (v. 2016)   | Chapter 7 "Human Resources" |  |                             | -  |
| GRI 404: Training and Education 2016         | 404-1 a. "Average annual training hours per employee, by gender and role"   | Chapter 7 "Human Resources" |  |                             | The Subsidiaries perimeter does not include Hong Kong  |

| GRI STANDARDS  | DESCRIPTION   | NFR CHAPTER   | DIRECT REFERENCE | REFERENCE TO OTHER DOCUMENT | NOTES  |
|--|---|---|------------------|-----------------------------|--|
| GRI 404: Training and Education 2016                           | 404-3 a. "Percentage of employees regularly receiving performance and career appraisals, by gender and role"                  | Chapter 7 "Human Resources"   |                  |                             | The Subsidiaries perimeter does not include Russia. A data collection system is currently being rolled out, which will ensure that data is available for the whole of this perimeter |
| GRI 405: Diversity and Equal Opportunity 2016                  | Managerial approach according to GRI 103 (v. 2016) for Topic 405 "Equality and equal opportunities" (v. 2016)                 | Chapter 7 "Human Resources"   |                  |                             | -  |
| GRI 405: Diversity and Equal Opportunity 2016                  | 405-1 a. "Percentage of individuals on the governance/management bodies by gender and age"                                    | - Chapter 3 "Corporate Governance System"                               |                  |                             |  |
| GRI 405: Diversity and Equal Opportunity 2016                  | 405-1 b. "Percentage of employees by job category, gender and age"  | Chapter 3 "Corporate Governance System";<br>Chapter 7 "Human resources" |                  |                             |  |
| GRI 406: Non discrimination 2016                               | Managerial approach according to GRI 103 (v. 2016) for Topic 406 "Non-discrimination" (v. 2016)                               | Chapter 7 "Human Resources"   |                  |                             | -  |
| GRI 406: Non discrimination 2016                               | 406-1 a. "Total episodes of discriminatory practices and actions taken"   | Chapter 7 "Human Resources"   |                  |                             | -  |
| GRI 407: Freedom of association and Collective Bargaining 2016 | Managerial approach according to GRI 103 (v. 2016) for Topic 407 "Freedom of association and collective bargaining" (v. 2016) | Chapter 7 "Human Resources"   |                  |                             | -  |
| GRI 408: Child Labor 2016                                      | Managerial approach according to GRI 103 (v. 2016) for Topic 408 "Child labour" (v. 2016)                                     | Chapter 7 "Human Resources"   |                  |                             | -  |
| GRI 412: Human Rights assessment 2016                          | Managerial approach according to GRI 103 (v. 2016) for Topic 412 "Human rights assessment" (v. 2016)                          | Chapter 7 "Human Resources"; Chapter 8 "The supply chain"               |                  |                             | -  |
| GRI 414: Supplier social assessment 2016                       | Managerial approach according to GRI 103 (v. 2016) for Topic 414 "Supplier social assessment" (v. 2016)                       | Chapter 8 "Supply Chain"  |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants.                         |
| GRI 414: Supplier social assessment 2016                       | 414-1 "Percentage of new suppliers assessed according to social criteria"   | Chapter 8 "Supply Chain"  |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants.                         |

| GRI STANDARDS                            | DESCRIPTION   | NFR CHAPTER   | DIRECT REFERENCE | REFERENCE TO OTHER DOCUMENT | NOTES  |
|--|---|---|------------------|-----------------------------|--|
| GRI 414: Supplier social assessment 2016 | 414-2 a. "Number of suppliers assessed according to social criteria"  | Chapter 8 "Supply Chain"                            |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants. |
| GRI 414: Supplier social assessment 2016 | 414-2 b. "Number of suppliers identified as having actual and potential social impact on the supply chain"              | Chapter 8 "Supply Chain"                            |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants. |
| GRI 414: Supplier social assessment 2016 | 414-2 c. "State the actual and potential adverse major impacts identified in the supply chain"                          | Chapter 8 "Supply Chain"                            |                  |                             | The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants. |
| GRI 416: Customer Health and Safety 2016 | Managerial approach according to GRI 103 (v. 2016) for Topic 416 "Consumer health and safety" (v. 2016)                 | Chapter 5 "Customer Focus";<br>Chapter 6 "Products" |                  |                             |  |
| GRI 416: Customer Health and Safety 2016 | 416-1 a. "Percentage of products whose impacts on health and safety are periodically assessed throughout period of use" | Chapter 6 "Product"                                 |                  |                             | -  |
| GRI 418: Customer Privacy 2016           | Managerial approach according to GRI 103 (v. 2016) for Topic 418 "Consumer privacy" (v. 2016)                           | Chapter 5 "Customer focus"                          |                  |                             | -  |
| GRI 418: Customer Privacy 2016           | 418-1 c. "If the organisation has not identified any significant breaches, provide a brief statement"                   | Chapter 5 "Customer focus"                          |                  |                             | -  |



12

REPORT OF  
INDEPENDENT  
AUDITING FIRM

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## 12. REPORT OF INDEPENDENT AUDITING FIRM



**TECHNOGYM SPA**

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

**YEAR ENDED 31 DECEMBER 2018**



### **Independent auditor's report on the consolidated non-financial statement**

*pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018*

To the Board of Directors of  
Technogym SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Technogym SpA and its subsidiaries (hereafter the "Group" or "Technogym Group") for the year ended 31 December 2018 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 27 March 2019 (hereafter the "NFS").

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

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 (hereafter the "GRI Standards"), with reference to a selection of GRI Standards, as described in the paragraph "Notes on methodology" of the NFS, identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

#### **PricewaterhouseCoopers SpA**

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.800.000,00 I.v., C.F. e F.IVA e Reg. Imp. Milano 12979880153 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 0713232311 - Bari 70122 Via Alabate Giunna 72 Tel. 08056490211 - Bologna 40126 Via Angelo Finelli 8 Tel. 0516186211 - Brescia 25123 Via Borgo Pietro Wislerer 23 Tel. 0303697501 - Catania 95129 Corso Italia 302 Tel. 0957532311 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Piccopietra 9 Tel. 01029041 - Napoli 80121 Via dei Mille 16 Tel. 08136181 - Padova 35138 Via Vicenza 4 Tel. 049873491 - Palermo 90141 Via Marchese Ugo 60 Tel. 091349737 - Parma 43121 Viale Tanara 20/A Tel. 0521275011 - Pesera 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - Roma 00154 Largo Fochetti 29 Tel. 06570251 - Torino 10122 Corso Palestro 10 Tel. 011356771 - Trento 38122 Viale della Costituzione 33 Tel. 0461237004 - Treviso 31100 Viale Felissent 90 Tel. 0422696911 - Trieste 34123 Via Cesare Battisti 18 Tel. 0403480781 - Udine 33100 Via Poscelle 43 Tel. 043225789 - Varese 21100 Via Albuzzi 43 Tel. 0332285039 - Verona 37135 Via Francia 21/C Tel. 0458263001 - Vicenza 36100 Piazze Fontelandolfo 9 Tel. 0444393311

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### **Auditor's Independence and Quality Control**

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### **Auditor's responsibilities**

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards, with reference to a selection of GRI Standards. We conducted our engagement in accordance with "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("*reasonable assurance engagement*") and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement. The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with that reported in the Group's Consolidated Financial Statements;
4. understanding of the following matters:
  - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



- 5- understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Technogym SpA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.
- Moreover, for material information, considering the activities and characteristics of the Group:
- at Group level
    - a) with reference to the qualitative information included in the NFS, and in particular with reference to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
    - b) with reference to quantitative information, we performed analytical procedures as well as limited tests of details, in order to assess, on a sample basis, the accuracy of the information;
  - for the company Technogym SpA and for the plant located in Cesena (Italy), which were selected on the basis of their activities and contribution to the performance indicators at a consolidated level, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### **Conclusions**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Technogym Group as of 31 December 2018 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards, as described in the paragraph "Notes on methodology" of the NFS.

Bologna, 12 April 2019

PricewaterhouseCoopers SpA

*Signed by*  
Roberto Sollevanti  
(Partner)

*Signed by*  
Paolo Bersani  
(Authorised signatory)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2018 translation.*

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