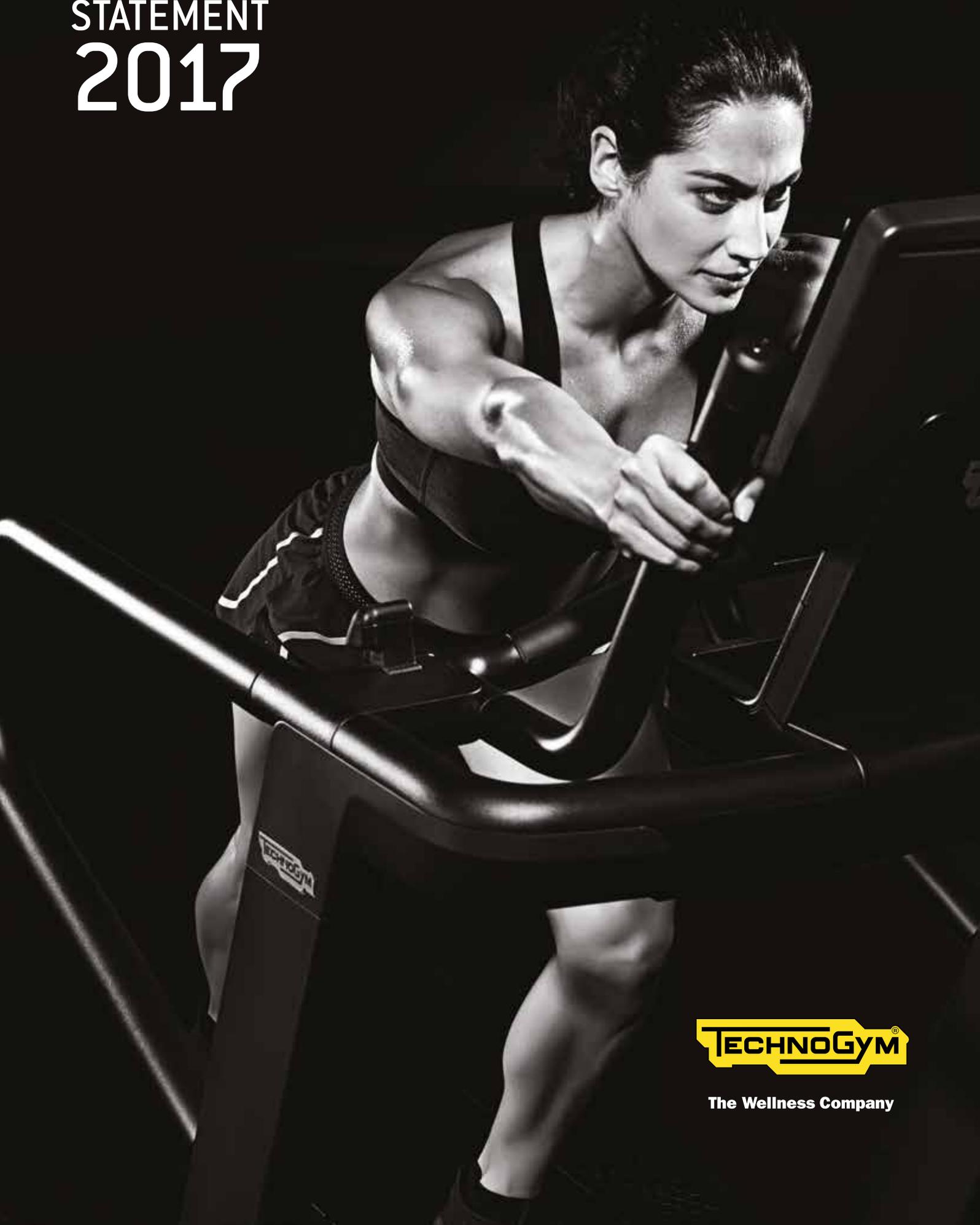


CONSOLIDATED
NON-FINANCIAL INFORMATION
STATEMENT
2017



TECHNOGYM®

The Wellness Company

**CONSOLIDATED
NON-FINANCIAL
INFORMATION
STATEMENT**
DECEMBER 31. 2017



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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.

On account of our past record and our social commitment, which has always been a major part of our business plan, 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.

Based on our culture and our idea of business, we have created this Consolidated non financial report so we can 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.

Today we are taking the first step in reporting and communicating our non financial performance, which will see us constantly committed to increasing the wealth of information about the impact and sustainability of our operations

Let’s Move for a Better World,

Nerio Alessandri

NOTES ON METHODOLOGY

GRI - 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” claim.

The reporting perimeter includes Technogym S.p.A. and all the consolidated entities in the Consolidated Financial Statement. The reporting boundaries are coherent with the mentioned perimeter, excluding information related to the environmental impacts, health and safety issues and supply chain. For these aspects the data given refer only to Technogym S.p.A. and Technogym Eastern Europe as they are the only two production sites, covering 100% of the production and related workforce. This exclusion does not affect the understanding of the company’s development, performance, position and impact of its activity. 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 2017 (annual reporting intervals); where possible, a comparison with 2016 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 document is given a table summarising the scope of the Decree, the material topics and the related GRI Standards, together with a table containing a breakdown of the indicators.

Procedurally, the company’s various departments were involved in defining the priority reporting issues and also in collating the policies, data and information needed for this 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 Report was entrusted to Price WaterhouseCoopers S.p.A. and ended with the issue of the “Independent Auditor’s Report on the Consolidated non-Financial statement pursuant to art. 3, paragraph 10 of legislative decree 254/2016 and to art. 5 of consob regulation 20267”.



WINDGYM



01

TECHNOGYM



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. It was a hack squat machine, designed to enable squat exercises to be performed in a guided and safer way. 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).

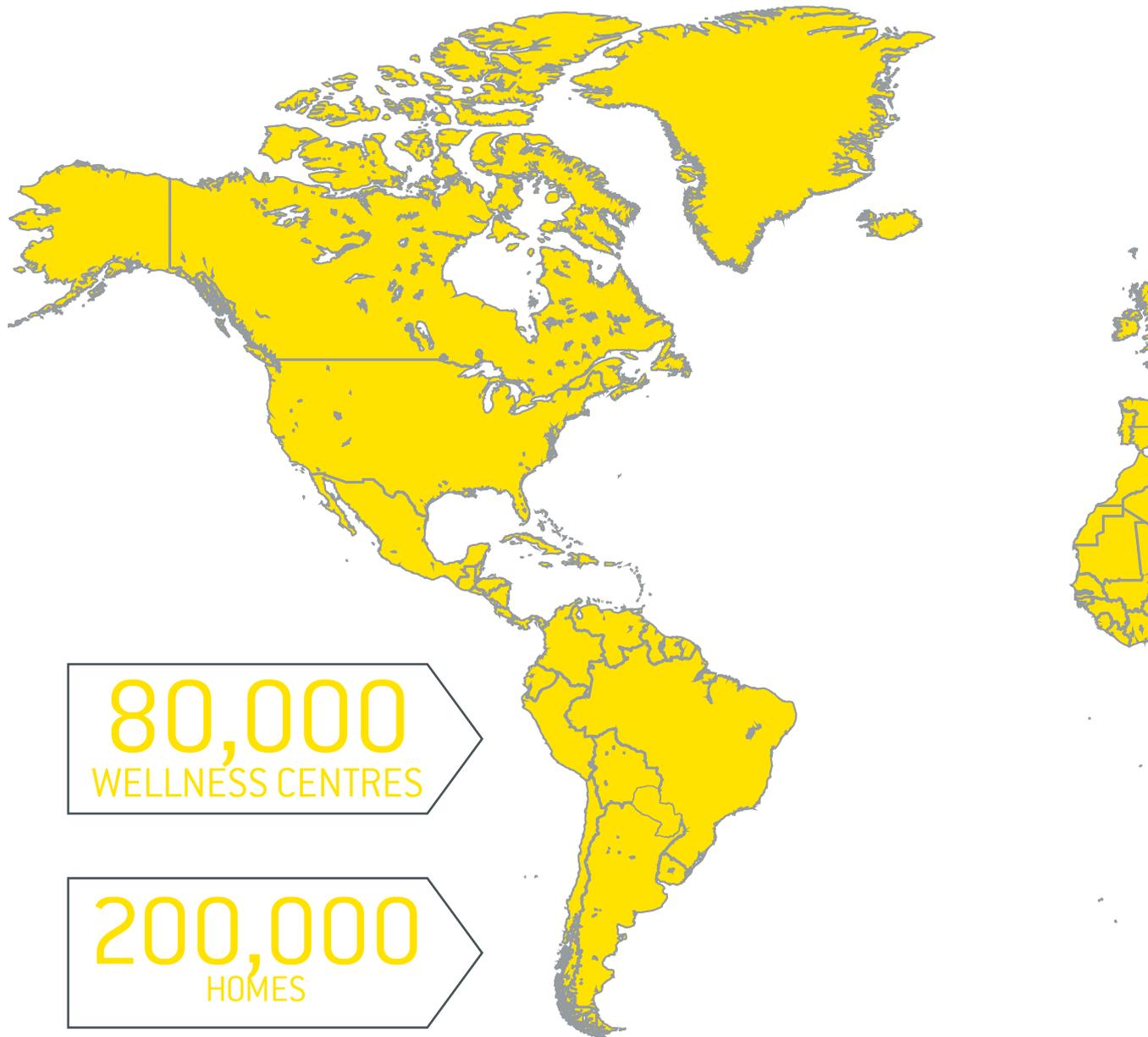
In the early 1980s, Europe's fitness industry was still considered a small niche market. Gyms, often equipped with very rudimentary machines, were mainly the preserve of body-builders. Nerio Alessandri sensed that there was a growing need for technologically and functionally superior physical exercise 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, 30 years on, TECHNOGYM is recognised worldwide as a leader in technologies, services and design for the Fitness and Wellness sector, thanks to its complete range of cardio, strength and functional training equipment, services (aftersales, training and consultancy, interior design, marketing support and finance), plus a digital cloud platform that allows users to connect with their Wellness experience anywhere, using TECHNOGYM products or 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. Worldwide, TECHNOGYM products are now used in 80,000 Wellness centres and more than 200,000 homes.

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

100
COUNTRY IN THE WORLD

TECHNOGYM has been an official supplier of the last six editions of the Olympic Games: Sydney 2000, Athens 2004, Turin 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 TECHNOGYM'S HISTORY

1983

Nerio Alessandri founds TECHNOGYM, combining his passion for technology (TECHNO) and for sports (GYM). Aged 22, he designs and builds his first machine in his garage.



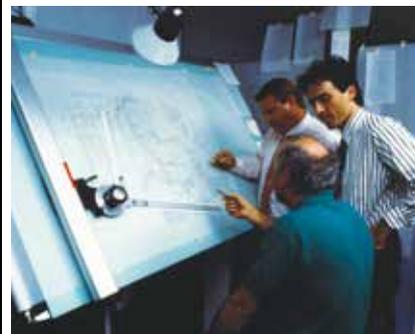
1986

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

TECHNOGYM grows, and just a year later launches Isotonic, the first full line for strength training.



1990

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



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 program and data. The TGS Key can be considered the world's first wearable device, well before the mobile revolution.



End of the '80

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).



1992

TECHNOGYM enters a new market segment, by introducing the first rehabilitation equipment into its product range.



2000

For the first time, TECHNOGYM is chosen as the Official Supplier for athletic training at the Olympics. In Sydney, more than 10,000 athletes train on TECHNOGYM equipment.



2007

Launch of Visioweb, the first piece of web-connected fitness equipment.



2010

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



2002

TECHNOGYM launches the Wellness TV: the first TV screen integrated into a piece of fitness equipment.



Nerio Alessandri creates the Wellness Foundation, a non-profit organisation for researching and promoting 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 wellbeing.



2014

TECHNOGYM launches the first edition of 'Let's Move for a Better World', a social campaign aimed at reducing obesity and sedentary lifestyles. Thanks to the TECHNOGYM Ecosystem, gymgoers from all over the world can donate their movement for a good cause.



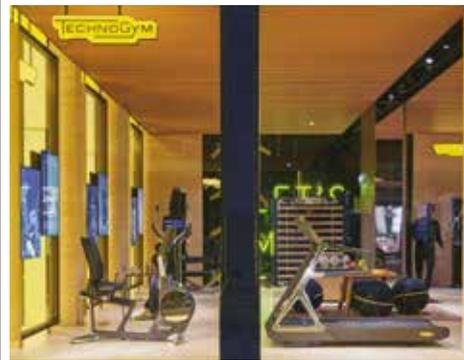
2015

TECHNOGYM headlines at Expo Milano 2015 with 'Let's Move & Donate Food' - a campaign that links exercise equipment to the TECHNOGYM app, allowing visitors to turn movement into meals which are donated to countries affected by malnutrition.



2017

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



2012

Launch of MyWellness Cloud: the first cloud platform in the Fitness and Wellness sector. Users can now access their personal program 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.



In September 29, the TECHNOGYM Village is unveiled in the presence of Italian President Giorgio Napolitano and former US President Bill Clinton. As the world's first Wellness campus, the Village is home to TECHNOGYM's headquarters, a research centre, factory and a wellness centre, and is open to customers, partners and influencers from all over the world.



2016

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



For the sixth time, TECHNOGYM is chosen as the Official Supplier for athletic training at the Olympics, held in Rio.



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 2017, for the ninth 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 leading figures from the industry, including the Minister for Sport of Japan, the country that is organising the Tokyo Olympics in 2020, Nerio Alessandri talked about the role of sport in favouring 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}

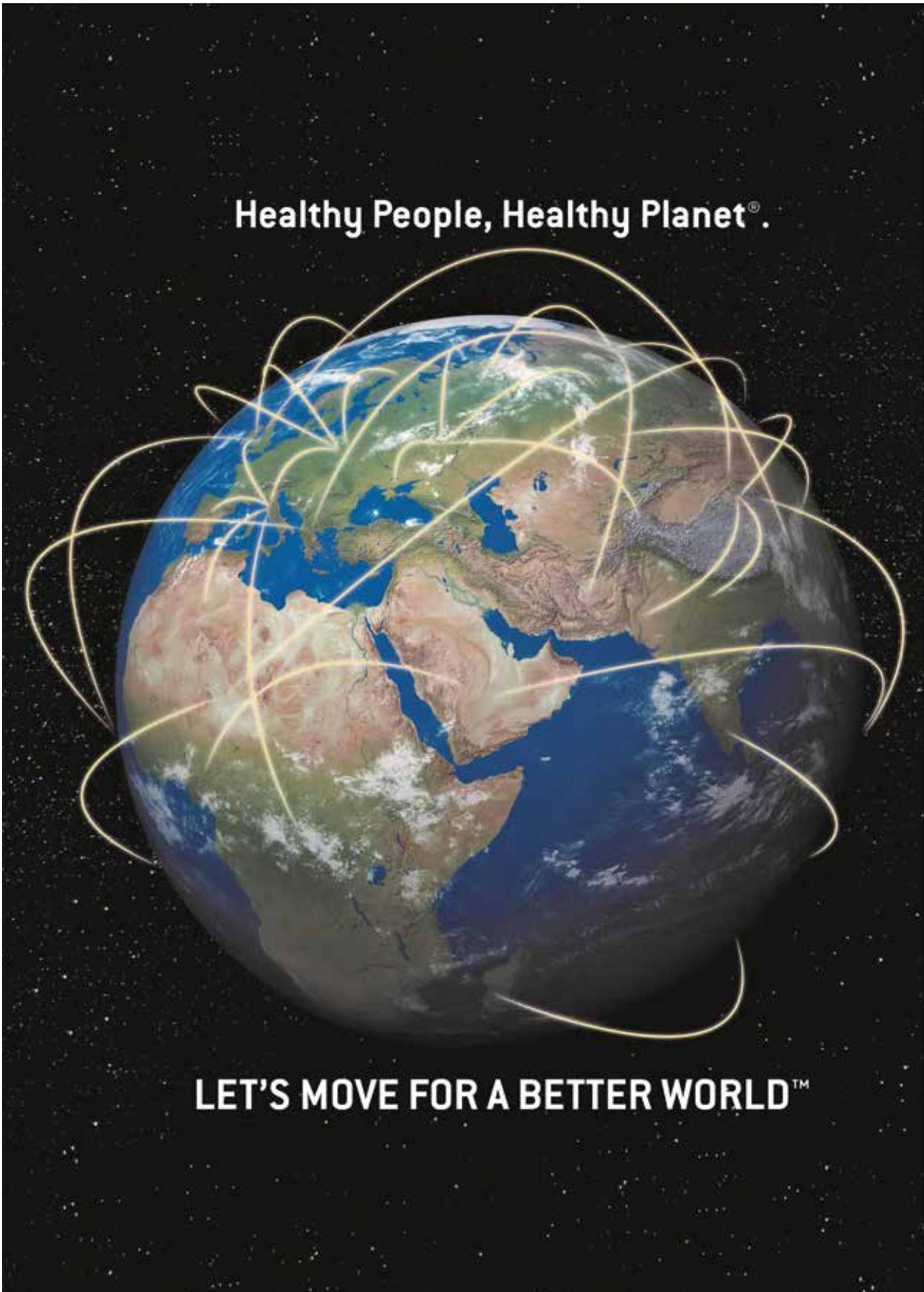
TECHNOGYM's Mission: To spread the Wellness Lifestyle. Wellness as a lifestyle can bring important benefits to society by improving people's quality of life, reducing government expenditure on healthcare, boosting corporate productivity, and respecting the environment. The belief in Wellness as a social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

(Art. 3 (1 a) Legislative Decree 254/16 – Management Model)

TECHNOGYM has a four-phase business model: Product Research and Development; Production; Distribution; and After Sales. The aim of this model is to create and offer a customised total wellness solution, to meet the wellness and health needs of end users.

Starting from this basis, and taking into consideration the scope of Decree 254/2016¹, we focus constantly on social issues [Art. 3 (1) Legislative Decree 254/2016]. Consumer and product safety is at the core of the R&D phase, but is also an element of the subsequent phases 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 and quality user experience.

For this reason, the Group works closely with its key strategic suppliers, forging long-term relations and periodically assessing their performance on environmental and social issues, with the aim of guaranteeing stable supply chain [Art. 3 (1)(b) Art. 3 (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 for the production sites 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] using an Environmental Management System that enables the constant 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-department aspects which are monitored throughout the value chain.



¹ The description below gives a snapshot of our business model, considering the services and activities related to the five main areas of the Decree. For more

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.

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.

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.

200

PROFESSIONALS



engineers



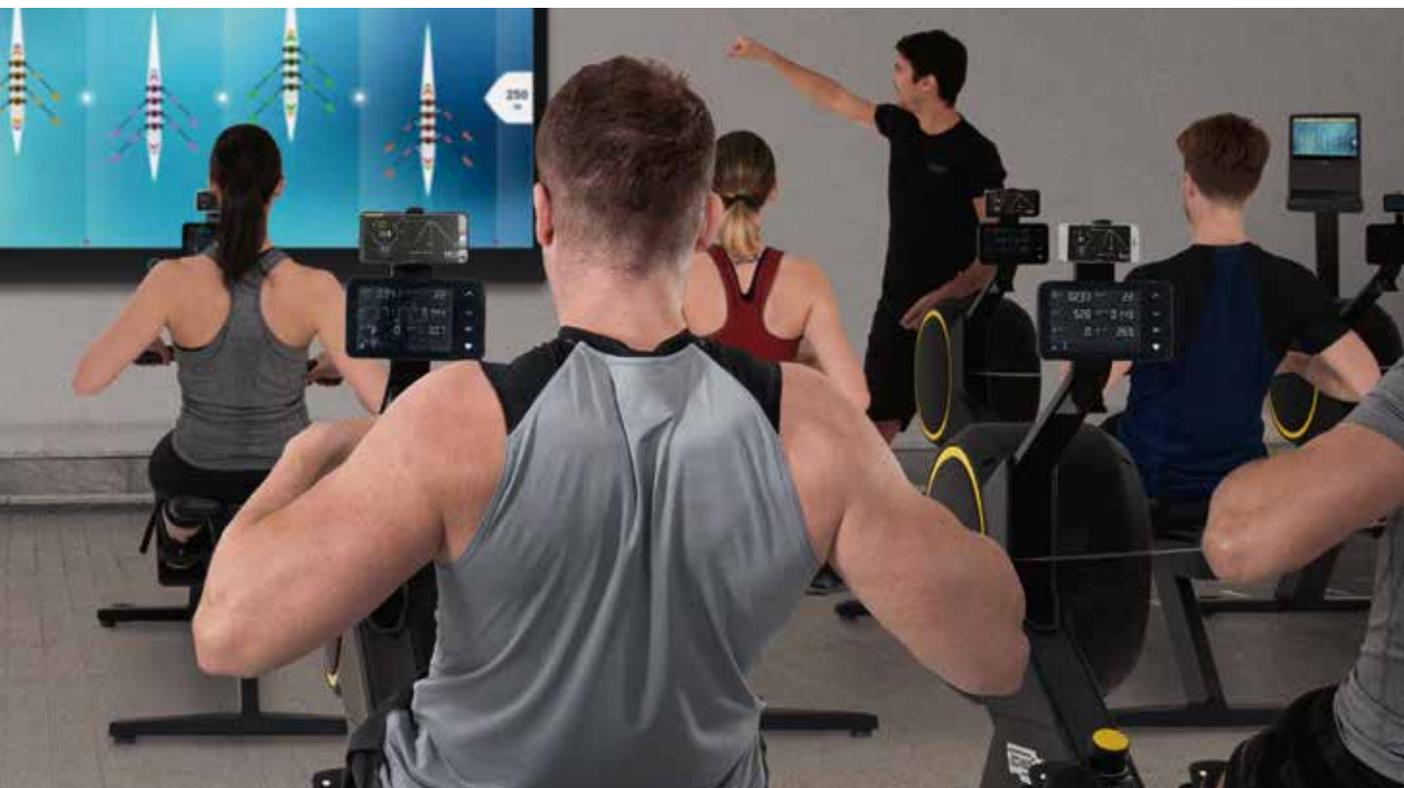
Sport doctors



Designers



Software developers



MEDICAL AND SCIENTIFIC RESEARCH²

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. Studies have also been published in well-known scientific journals, and representatives of our Scientific Department have also spoken at national and international conventions.



[2] See Chapter 6 "Products", for more information about the medical and 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" who interacts with people to offer them personalised training programs based on their personal goals and environmental variables.

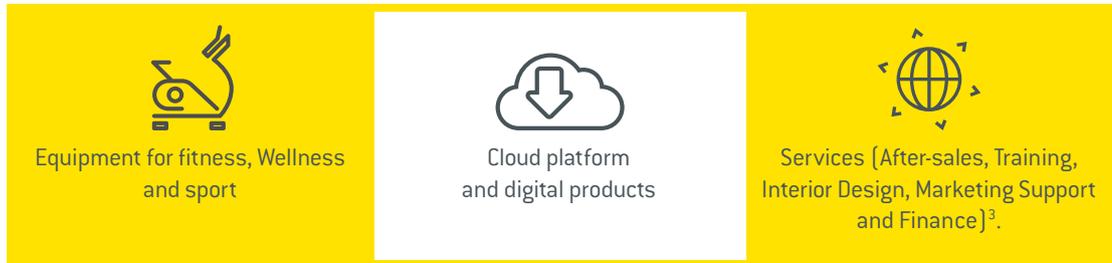
During the keynote speech at the "Apple Worldwide Developers Conference", Apple announced that Technogym's cardio training products would be compatible with the Apple Watch. TECHNOGYM was the first company in the sector to implement this kind of revolutionary interaction, which allows Apple Watch users to track their indoor exercise routines at home or in the gym simply by placing their Apple Watch close to UNITY, Technogym's product interface.

They are then automatically connected to treadmills, elliptical cross trainers, bikes and 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 secure, fast, transparent finance, helping clients to build a personalized, workable repayment plan in collaboration with leading international banks and insurers.

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.

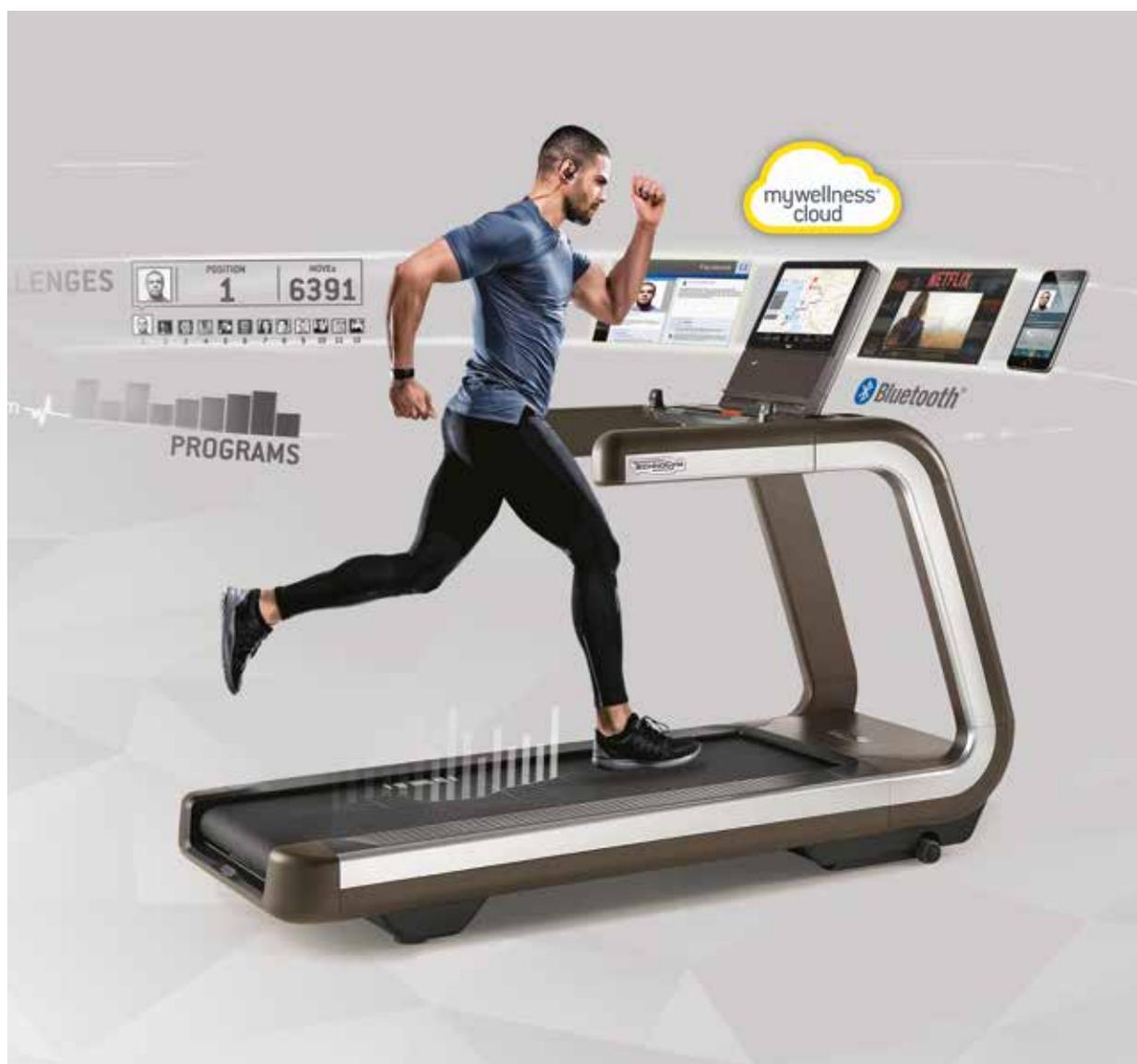
[3] See Chapter 5 for more details.

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 & CONTENT

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 2016, business growth was mainly achieved in the Field Sales channel.

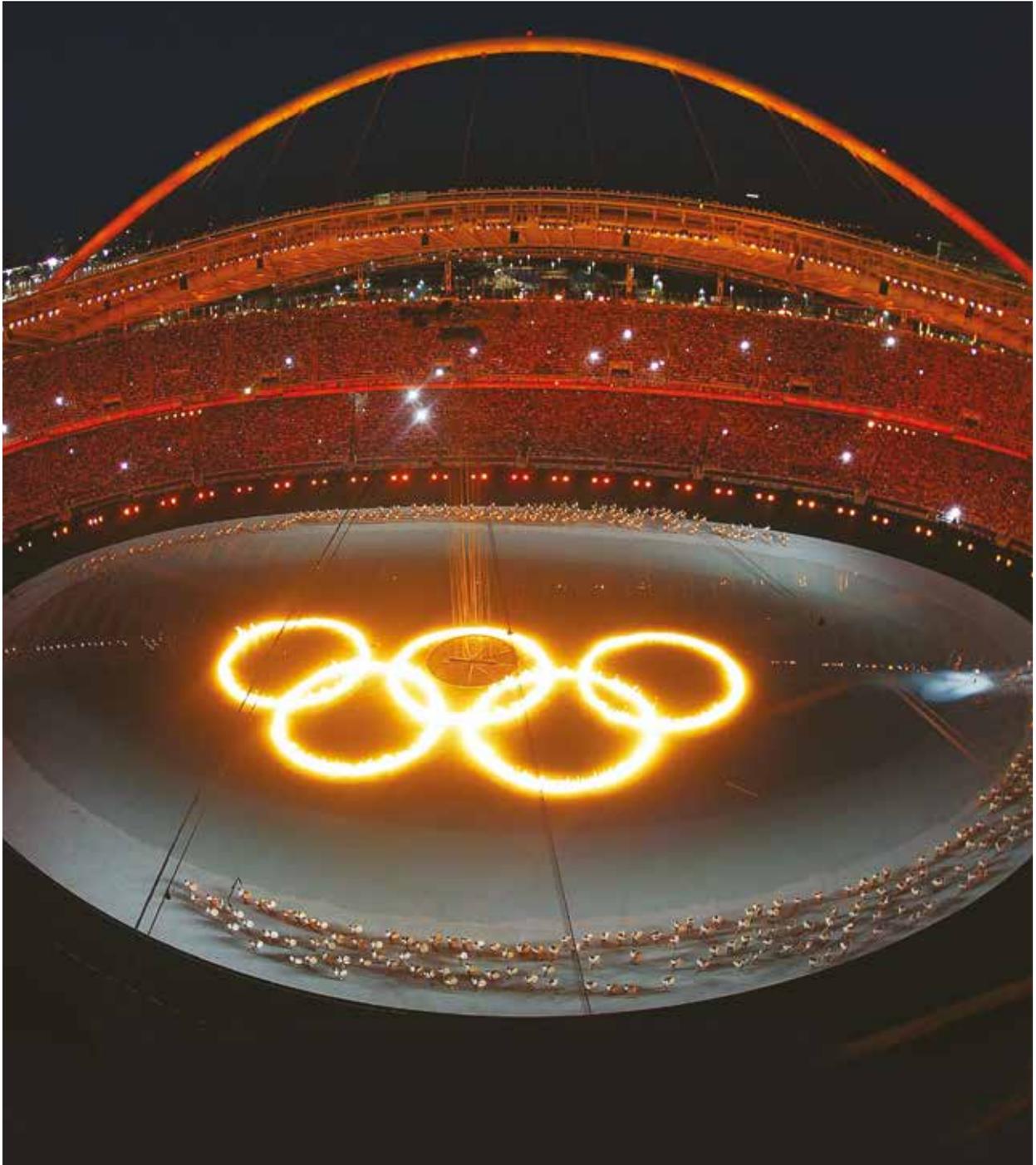
GEOGRAPHIC AREAS

TECHNOGYM is present in all the major global markets. In 2017, 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.



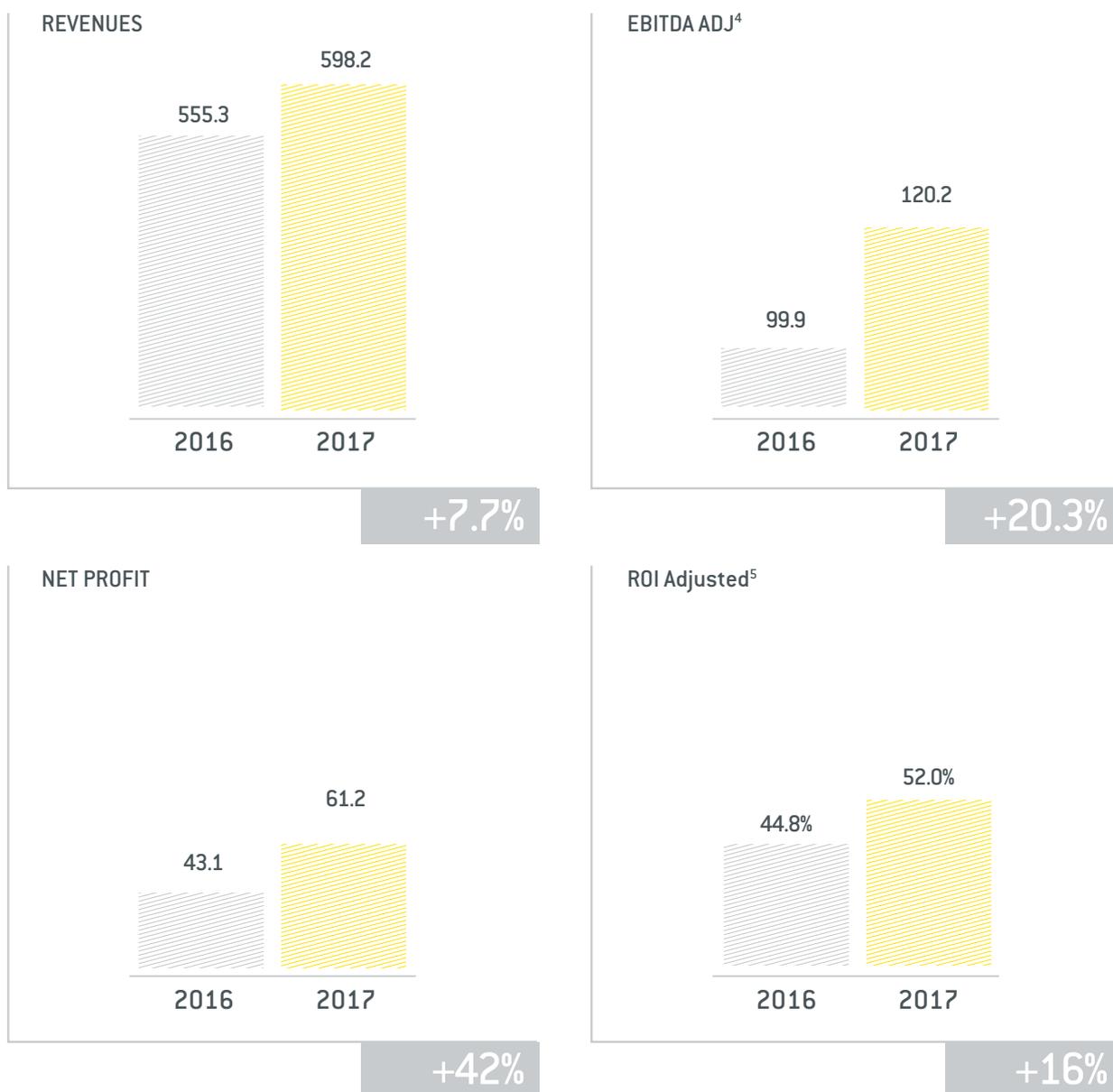
MARKETING AND COMMUNICATIONS

Marketing and communications at every stage of the TECHNOGYM operating model are the pillars of our strategy to develop and consolidate our position in the fitness market and in the Wellness industry as a whole. Over time, this has contributed significantly to making TECHNOGYM a distinctive brand, which is recognized worldwide for its 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 6 Olympic Games.



1.5 KEY FINANCIAL RESULTS

The Group's key financial data for 2017 is summarised below (including a comparison with the previous year):



(In million of Euro and ratios)

For more information, see the 2017 Financial Report, which is also available on the website (<http://corporate.technogym.com/en/investor-relations/results>).

(4) Group definition of Adjusted EBITDA: net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortisation and impairment, and (iii) non-recurring income/(charges); adjusted EBITDA margin as the ratio between adjusted EBITDA and total revenues; EBITDA as net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortization and impairment, and; EBITDA margin as a ratio between EBITDA and total revenues.

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

A photograph of a modern gym interior. The foreground shows a close-up of a treadmill's console and handrails. In the background, several other treadmills are visible, and large windows with a wooden frame let in bright, natural light, creating a warm and airy atmosphere. The overall scene is clean and well-lit.

02

**SUSTAINABILITY
IN TECHNOGYM**



2. TECHNOGYM AND SUSTAINABILITY

Legislative Decree 254/2016. The aims of this section are to represent Technogym's strategic and operational approach, its activities and performance in environmental and social areas, and to clarify the Group's commitment to sustainable development.

Technogym's approach to sustainability is based on its 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 relationship between our strategy and sustainability guides our choices and actions, which respond to the health needs of individuals. 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 TOPICS (102-47)

In order to comply with Legislative Decree 254/16, and in line with the GRI Standards, companies are required to identify key topics based on the importance of the economic, environmental and social impacts generated by their organisations, and their material influence on stakeholders' considerations and decisions.

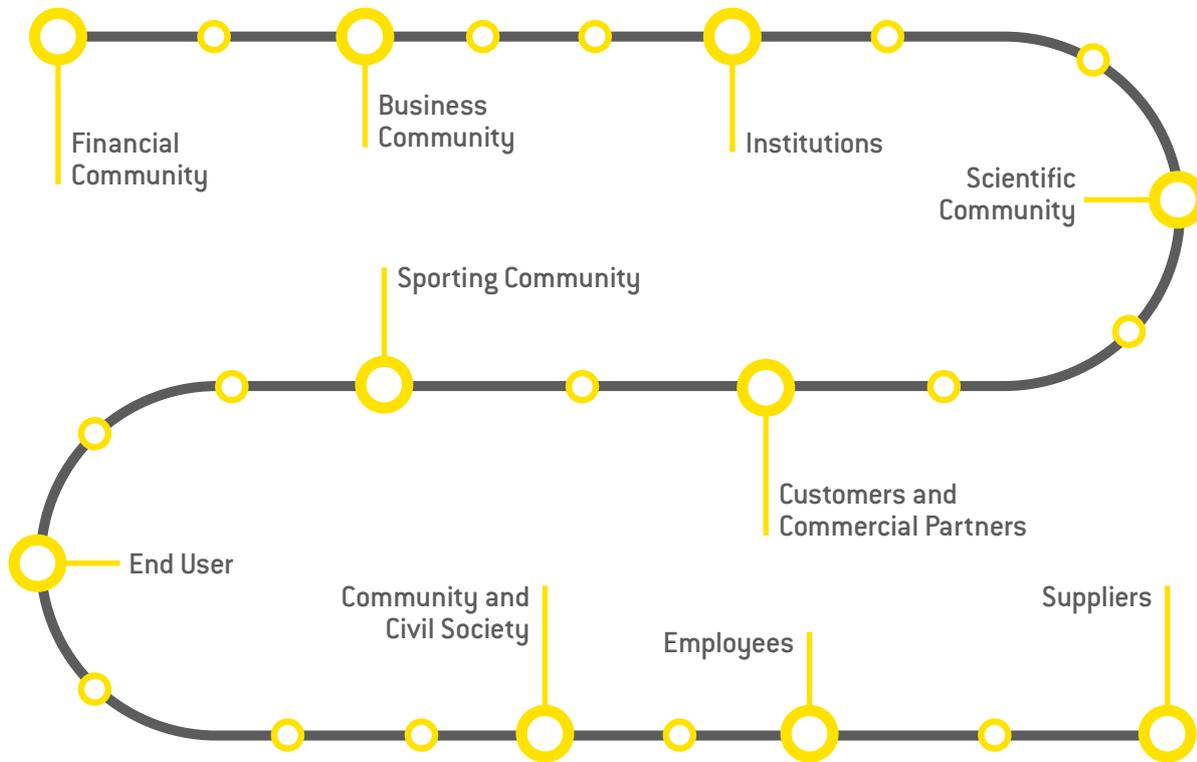
A materiality analysis is thus a strategic tool in defining the most important issues for a company and its stakeholders.

Technogym has launched a materiality analysis process, to identify the material or relevant issues related to the Group's activities, in terms of their economic, social and environmental impacts.

This process initially required an analysis of internal and external documentary sources, to provide an understanding of the business model, the main strategy and risks, and of the key sectorial issues; this resulted in a mapping of the key areas, which were organised into 9 topic areas and 28 specific topics. A series of interviews was conducted with the directors of 12 company departments, to obtain further information and to finalise the map of key topics.

The same group of managers, who had been previously informed about the process and its objectives, was then involved in assessing and prioritising the importance of each issue (internal dimension).

The external dimension was assessed by asking the departments to consider the same topics from one the stakeholder's view point with whom they have active relationships, including those identified in the Group stakeholder map:



The results of the materiality analysis highlighted two main priority areas for the Group:

<p>“Promoting the Wellness lifestyle in the community”, which indicates the alignment between the organisation’s viewpoint and that of its stakeholders, in terms of Technogym’s role as a promoter of a Wellness culture for the whole community;</p>	<p>“Solutions for personal wellness” testifies to the importance to the Group strategy of interpreting and responding to individual needs.</p>
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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”.

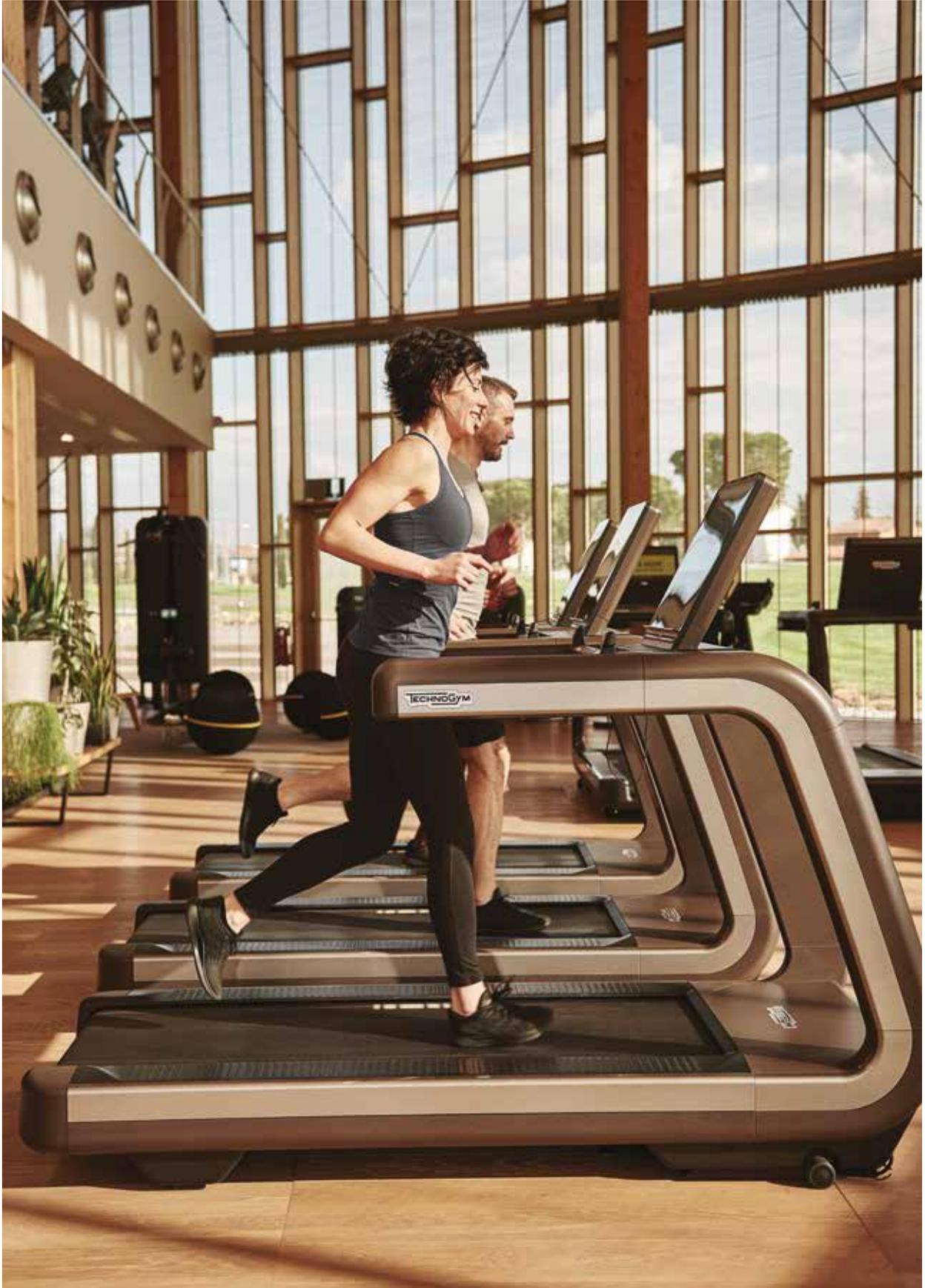
Looking at each topic in terms of importance, the following set of priorities were identified (Priority Level I), together with important topics (Priority Level 2). Among the topics highlighted in Decree 254/16, those of particular importance for Technogym were social issues (product safety, the meeting 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.

Issue Area	Topic	Priority
Solutions for personal wellness	Ability to guarantee safe and high-performance quality products	1
Solutions for personal wellness	Ability to interpret and anticipate needs of individuals and society as a whole	1
Promoting the Wellness lifestyle in the community	Promotion of Wellness culture for the whole community	1
Global leader in Wellness	International growth and strengthening	
Solutions for personal wellness	Integration of digital tools in the product development	1
Corporate Governance system	Integrity and discipline in guiding company's actions	1
Global leader in Wellness	Protection of the brand and intellectual property	1
Solutions for personal wellness	Innovation in the design and product development	2
Corporate Governance system	Risk management and control system	2
Lifetime customer care	Customer centricity and experience caring	2
Solutions for personal wellness	Medical and scientific approach applied to research projects and product development	2
Building financial and economic value	Protection of operating profitability	2
Employee wellbeing	Promotion of corporate Wellness	2
Lifetime customer care	Support in the development personalized customer solutions	2
Employee wellbeing	Protection of employee rights	2
Lifetime customer care	Responsible management of personal data	2

The materiality analysis also enabled:

- a definition of the main topics for non-financial reporting;
- the highlighting of the Group's role in contributing to social and sustainable development in its community;
- guidance for the risks and opportunities analysis, regarding the topics indicated in Article 3 of Legislative Decree 254/2016.

Based on these considerations, this document summarises all the topics that were found to be relevant. In addition, "Environmental wellbeing" and "Responsible supply chain management" have been included as required by the Decree, although not considered material issues. Finally, the "Building of economic and financial value" has been mentioned briefly in this document, and is dealt with in more detail in the Annual Report.





03

CORPORATE GOVERNANCE SYSTEM



3. CORPORATE GOVERNANCE SYSTEM

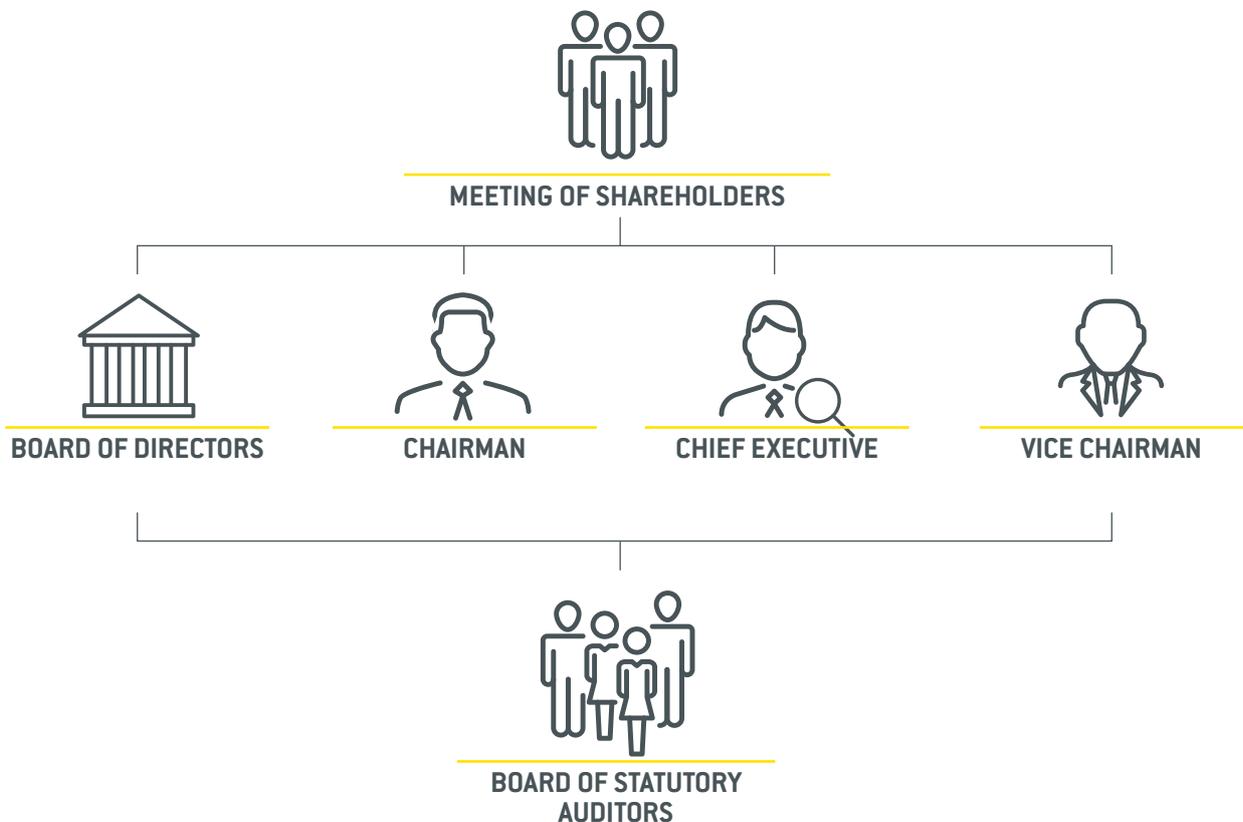
(material topic: CORPORATE GOVERNANCE SYSTEM)

3.1 GOVERNANCE BODIES

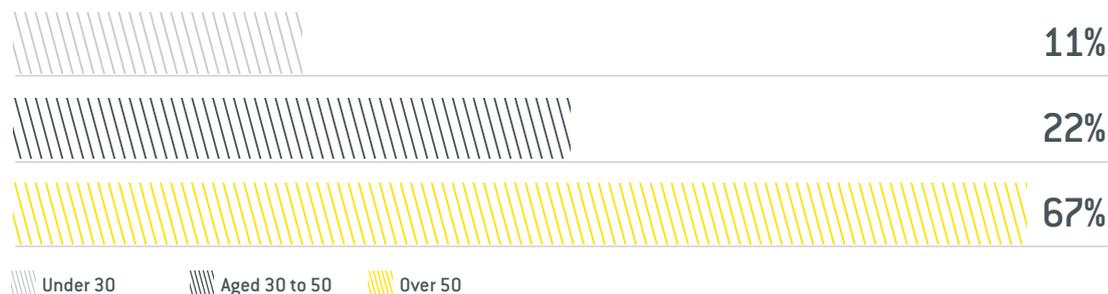
Technogym's Corporate Governance system conforms to the Code of Self-Governance for Listed Companies published by Borsa Italiana S.p.A., and to national and international best practices.

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.



Company’s Board of Directors - Composition by age



The Company’s Board of Directors has 9 members, 3 of whom are women and the others men, as follows: Nerio Alessandri, Chairman and Chief Executive, Pierluigi Alessandri, Vice Chairman, Erica Alessandri, Francesca Bellettoni, Carlo Capelli (Director with specific responsibilities), Maurizio Cereda, Vincenzo Giannelli, Maria Cecilia La Manna and Riccardo Pinza. [102-18; 102-22; 102-23; 405-1]

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 information about the Corporate Governance system, please see the Corporate Governance Report, which is also available on the website [<http://corporate.technogym.com/en/governance/corporate-governance-system>].

THE CODE OF ETHICS

[Art. 3 [1a] Legislative Decree 254/16 – Management Model]

“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 [102-16].

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 “231 Model”), adopted by Technogym as required by Legislative Decree 231/2001.

The issue of the 231 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. 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 Russo (Lawyer, Chairman and Independent Member);
- Emanuele Scorsone (a member of Wellness Holding);
- Giuliano Boccanegra (Internal Audit Manager of Technogym S.p.A.).

To support the Supervisory Body in its monitoring, a dedicated email account has been set up (odv@technogym.com). There is also a postal address to which reports of actual or suspected violations can be sent. 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 introduced training for its employees and for the Technogym S.p.A. perimeter, to raise their awareness of the principles and contents of the Code of Ethics and the Model, and their implementing procedures. The depth of the content varies depending on their roles.

Between 2015 and 2016, training was provided on the Code of Ethics for all employees. A new course, with the same scope, has also been planned for 2018. Once again the course will be delivered online, ending with a test to check the participants' understanding. There will also be classroom training for the Operations Committee, which consists of 80 people including the Management Committee and all the first reports.

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 (2 f) Legislative Decree 254/16 – Anti-corruption)

“Always represent Technogym with dignity and transparency” (DMA 205)

Technogym’s commitment to promoting integrity and discipline within the company also translates into a real commitment to preventing the risk of active or passive corruption, in other words actions that could undermine confidence or distort fair competition between 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 adopting and effectively implementing a Model for the national perimeter, and globally, on promoting anti-bribery and anti-corruption guidelines. Building a structured, organic system of procedures and controls limits the risk of active or passive corruption offences.

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 2016 or 2017. (205-3)

RESPECT FOR MARKET RULES

“Technogym recognises competition as a key component of development and socio-economic progress at local level (DMA 206)

CONTROL TOOLS

- ☐ Code of Ethics
- ☐ 231 Model

The Group acts in accordance with national anti-trust laws and does not deny, withhold or delay any information that may be required by anti-trust authorities during their inspections. The Group actively collaborates with any inquiries.

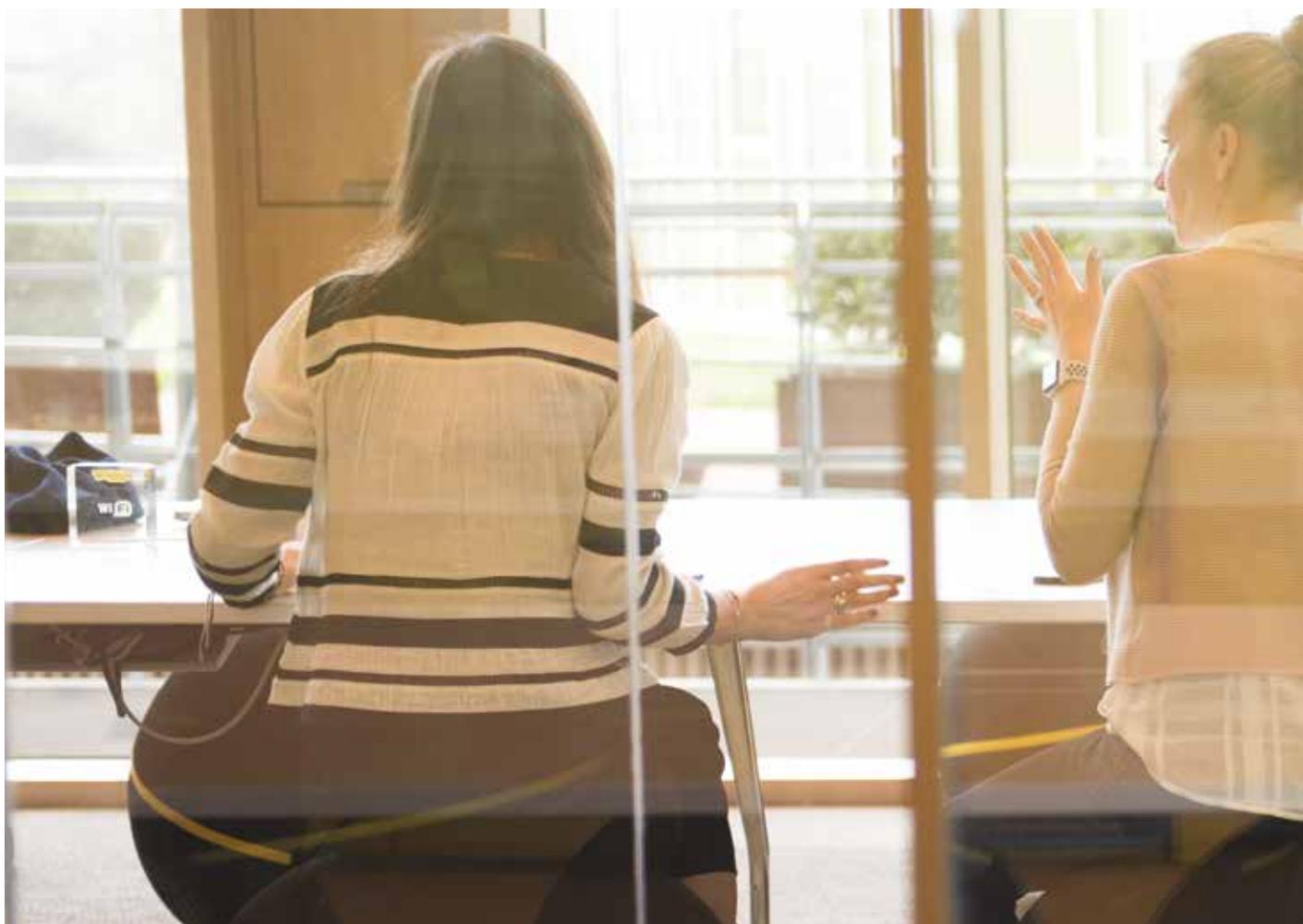
The Group takes care to ensure that general conditions on freedom of enterprise are respected. When conducting its business, Technogym allows economic operators to access the market and to compete. At the same time, we protect our customers by promoting improvements in service quality and by maintaining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

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.

Anti-competitive conduct would be considered, for example, establishing relations with competitors of Technogym S.p.A. in order to reach agreements on pricing, quantities or other contractual terms, entering into agreements or written or verbal understandings with our competitors, or colluding in the participation in competitive procedures or the sharing-out of markets or supply sources.

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 THE RISK MANAGEMENT AND CONTROL SYSTEM

(Art. 3 (1 c) Legislative Decree 254/16 – Risks)

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 responsible for the Group's risk management approach is the Risks & Control Committee, whose members meet the independence requirements as indicated in the Code of Self-Governance. This Committee supports the Board of Directors in its assessments and decisions on the system of internal controls and risk management, and with decisions regarding 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.



For more information about the Corporate Governance system, please see the Corporate Governance Report, which is also available on the website (<http://corporate.technogym.com/en/governance/corporate-governance-system>).

To strengthen the Group's ability to control impacts and risks in all company processes, Technogym has 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.

To define the ERM model, Technogym first analysed its Corporate Risk Profile. Initially this 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 inadequacies or malfunctions 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.

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.

Once the ERM project has been implemented, it will be possible to:

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

No significant risks have been identified with reference to environmental, social and personnel management aspects, human rights and the fight against corruption (Decree 254/16), considering the Group's production operations. However, Technogym did consider specific risks within the management systems used to control various aspects. These have been reported on below, in the section dedicated to the various issues. There is also a table summarising the controls in place to manage risks in the various areas.

	DECREE AREA	CONTROL TOOLS	RISKS
	ENVIRONMENTAL ASPECTS	<ul style="list-style-type: none"> Code of Ethics Integrated Policy of Management Systems ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001* 231 Management Model 	<ul style="list-style-type: none"> Inadequate management of waste, of temporary deposits on the production site, and transfer of waste to third parties for transport/disposal/recycling; High level of atmospheric emissions from production operations; Contamination of land, subsoil and water, from the use of chemicals and fuels in the production operations.
	SOCIAL ASPECTS	<ul style="list-style-type: none"> Code of Ethics Health and Safety Management Policy OHSAS 18001 Management System UNI CEI ISO 13485 Management System GSP Procedure User manual Service manual 	<ul style="list-style-type: none"> Accidents, including major accidents, which may occur on the production sites; Malfunction of equipment due to inadequate installation and/or maintenance service Malfunctioning, construction defects or non-conformities with product technical and contractual specifications.
	ASPECTS RELEVANT TO PERSONNEL	<ul style="list-style-type: none"> Code of Ethics Global Team Development (GTD) Manual 	<ul style="list-style-type: none"> Discrimination against employees Loss of key skills for implementing the strategy
	RESPECT FOR HUMAN RIGHTS	<ul style="list-style-type: none"> Code of Ethics 231 Management Model Contractual clauses for acknowledgement and acceptance of the Code of Ethics and 231 Management Model 	<ul style="list-style-type: none"> Inadequate working conditions such as child labour, healthiness of the working place, possible discriminations, health and safety of employees
	ANTI-CORRUPTION	<ul style="list-style-type: none"> 231 Management Model Code of Ethics 	<ul style="list-style-type: none"> Inadequate negotiation, stipulation and execution of contracts for the sale of goods and services to private individuals; Inadequate selection, negotiation and stipulation of agreements with partners (traders and distributors) and suppliers.

* Certification would be adopted by 2018

With regard to social aspects, the UNI CEI ISO 13485 standard allows controls on product development processes, with regard to the potential risks of product malfunctioning. Technogym also works with its scientific partners to guarantee the benefits of machines used to support rehabilitation programmes.

As far as the 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 an Environment Management System.

As far as human rights are concerned, due to the nature of the operations, no risks are found. In particular, within the supply chain, 78% of suppliers are located in Italy, which ensures compliance with the regulations of the Decree that apply to this area. Further, has adopted a structured supply chain assessment process that incorporates site audits and inspections.

In relation to the fight against corruption, the 231 Model and the Code of Ethics, in 2018 Technogym also plans to adopt ISO 37001 to certify the Group's commitment.

During 2018, the ERM Model will also be updated to incorporate the environmental and social risks described above into the overall risk management system. This will facilitate the monitoring and integrated management of ESG (Environmental, Social, Governance) aspects within the whole company process.

[4] See Chapter 8 "Supply Chain" for more details.

SYSTEMS FOR THE MANAGEMENT OF COMPANY ACTIVITIES

(Art. 3 (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 health and safety certification in 2006.

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 will be completed by 2018.

The integrated management system will extend to the whole Group, and will include certifications for Quality (ISO 9001:2015), the Environment (ISO 14001:2015); Health and Safety at Work (based on the new standard, ISO 45001:2016); Design, production, installation and servicing of functional rehabilitation equipment (ISO13485:2012, transition to ISO13485:2016 expected by the end of 2018); and ISO 50001: 2011 energy certification, which is now awaited for the Technogym Village and for the Slovakian plant.



The project will improve 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.





04

WELLNESS
AS A SOCIAL
OPPORTUNITY



4. WELLNESS AS A SOCIAL OPPORTUNITY

[material topic: PROMOTING THE WELLNESS LIFESTYLE IN THE COMMUNITY]
 [Art. 3 comma 1, D.lgs. 254/16 – temi sociali]

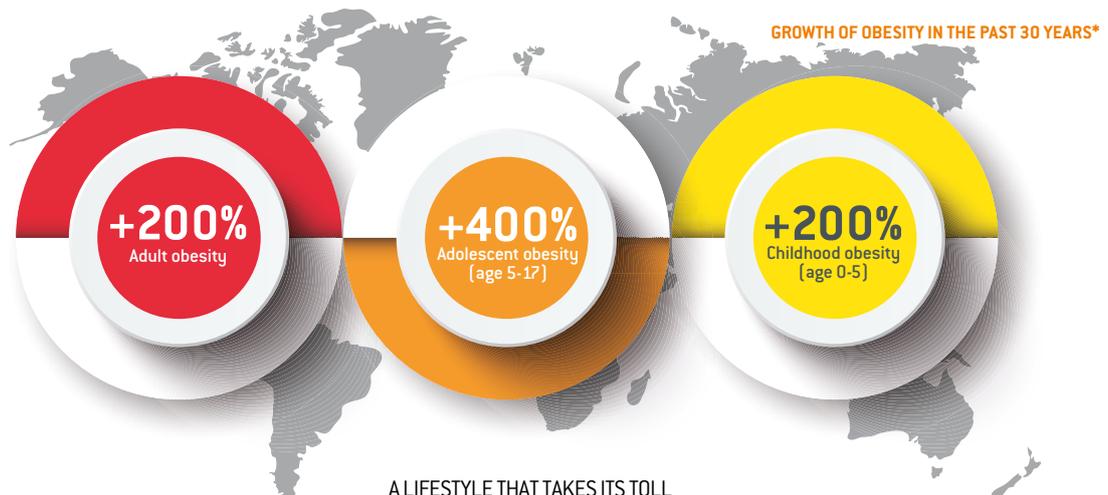
4.1 SCENARIO DATA

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.

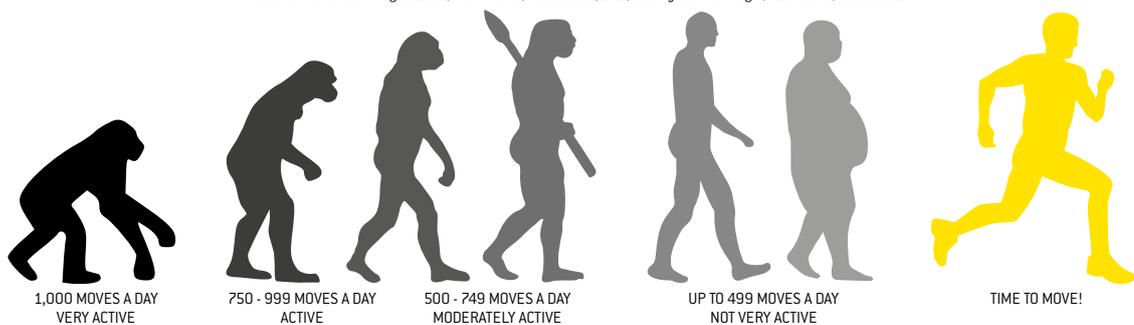


A LIFESTYLE THAT TAKES ITS TOLL

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.

ADULTS		CHILDREN	
1.9 billion	13%	340 million	41 million
OVERWEIGHT	OBESE	OVERWEIGHT Aged 5-19	OVERWEIGHT Under 5 years old

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



*Sources: 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 PRODUCTS⁵

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.

[5] See Chapter 6 for more details.

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.

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 known worldwide as 'The Wellness Company.' Its business model is teamed with a strong sense of corporate social responsibility, which hinges on the idea of exercise as medicine, and on promoting the Wellness lifestyle as an important social opportunity for governments, businesses and 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.

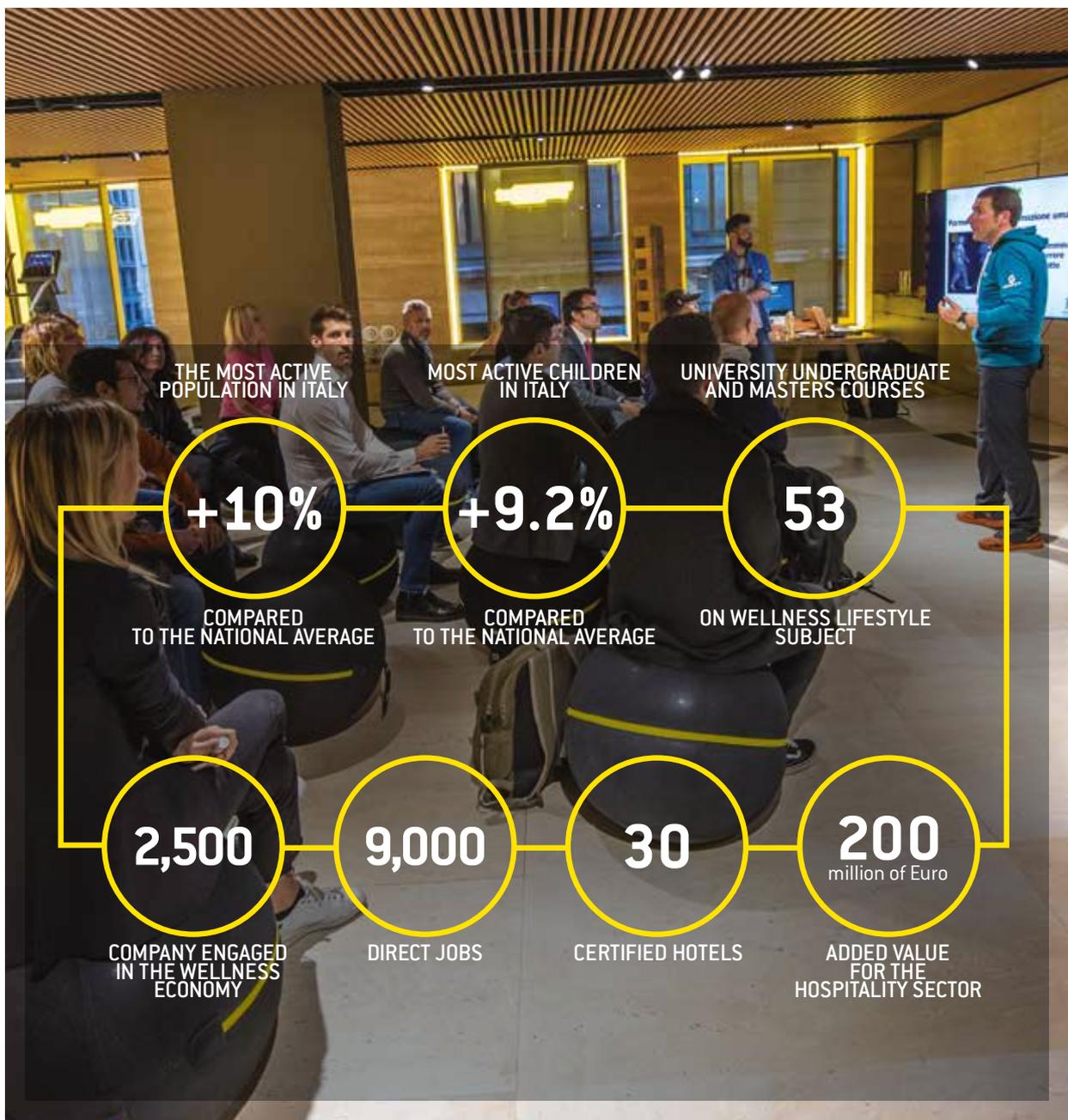


In support of the initiative, TECHNOGYM has provided its expertise and facilities, organising projects, conventions and themed discussions to facilitate networking among all the local stakeholders.

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 events organisers.

In February 2017, 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. The following key data emerged from the study:



Between 19 and 28 May 2017, the third edition of the Wellness Week was held across the Romagna region. The initiative, dedicated to exercise and healthy lifestyles, has a calendar packed with more than 300 events focusing on awareness of the Wellness Lifestyle, including outdoor exercise, sport, nutrition, art, history and culture.

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. 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 €30,000 of sponsorship by Technogym, Gioca Wellness has engaged infant and primary schools in the Cesena area, reaching a total of 17,000 children aged 3-9, as well as 1,000 teachers. The programme is completely free for schools and their 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. Over the course of two years of study, students will visit the Technogym Village in Cesena, where they have access to people, skills and experience on a course based on strategies and technologies that can help to build a Wellness community which will reach 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 fourth 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 aim of the campaign is to raise awareness of the benefits of regular exercise by taking part in a fun, exciting 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 active the club, the more Moves they will collect and the greater will be Technogym’s donation to the club’s charity.

The 2017 edition reached 782 Fitness and Wellness clubs in 26 countries, involving more than 140,000 people. During the three weeks of the campaign, the participants accumulated 480 million Moves corresponding to 200 million calories expended, corresponding to around 30,000 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 engaged in promoting the Wellness Lifestyle as an opportunity for all social partners: for governments who can reduce their healthcare bills thanks to prevention policies, for businesses, whose staff become more creative and productive if investments are made in wellness programs, and for ordinary people, who can live a longer, happier life thanks to regular physical exercise.



05

FOCUS ON THE
CUSTOMER



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 centre welcomes more than 30,000 people from all over the world, from the sectors of fitness, wellness, sport, architecture, medicine and communications, to attend training and educational activities⁶.

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 m², with 60,000 m² 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.

The T-Wellness Store and Showroom is where guests can experience the latest machines for themselves, visit the plant and see a prototype store to try out the Total Wellness Solution, an integrated, bespoke solution for industry professionals and end users. It includes:

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

5.2 SUSTAINABLE CUSTOMER CARE

(Art. 3 (2 c) Legislative Decree 254/16 – Health and safety)

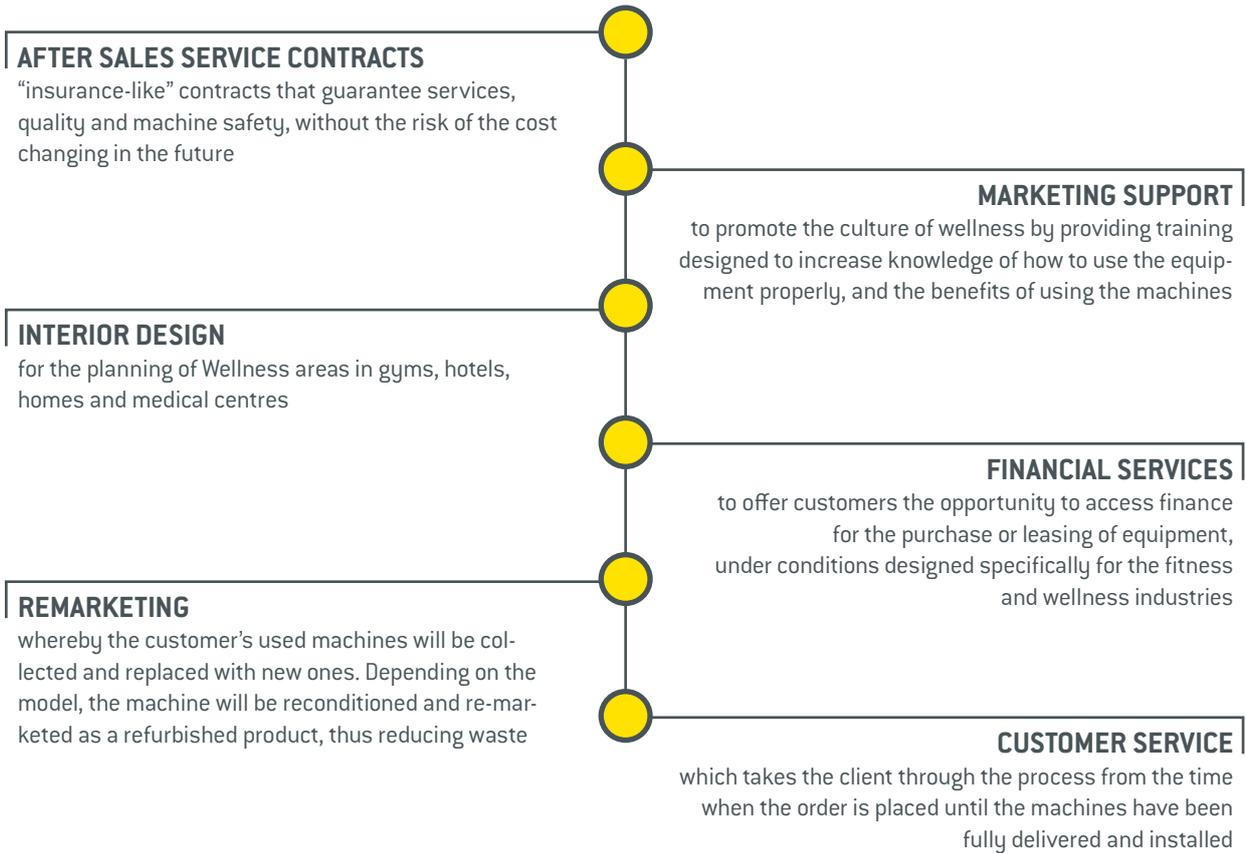
Effective, safe use of the machines does not just depend on their quality and condition when they leave the Technogym plant. The machines need to remain in perfect working order over time, which is why Technogym provides long-term customer care.

(6) The project is fully integrated into the "Romagna-Wellness Valley" initiative launched by Nerio Alessandri, which aims to make Romagna the first Wellness region in Europe: an experiential centre designed to improve people's quality of life and use well-being as an opportunity for economic development 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.



INFORMATION AND TRAINING ON THE CORRECT USE OF MACHINES

(Art. 3 (1) Legislative Decree 254/16 – Social issues; Art. 3 (2 c) Legislative Decree 254/16 – Health and safety)

Technogym deals with the communications related to sale and use of its machines, to ensure they are used efficiently and safely.

CONTROL TOOLS

- ☐ GPS Procedure

As part of the product development process, which involves every department of the company according to its area of expertise, the Scientific Research and Innovation Department writes the instruction books and manuals delivered with the machines, and collaborates with the Marketing department to produce the messages used in the advertising campaigns and content, to ensure that the 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:

- **Subsidiaries and Distributors** In 2017, 108 people from various countries attended training courses at the Technogym Village, with a total of 1,944 training hours delivered. 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 2017, around 15,000 certifications were issued globally, taking the total number of certified trainers to more than 40,000. The training is provided 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.

END-USER HEALTH AND SAFETY (DMA 416)

CONTROL TOOLS

- ☐ User manual
- ☐ Service manual

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

Maintenance services come in three forms:

- Preventative maintenance visits, carried out twice a year;
- Routine maintenance which is carried out whenever the customer requests intervention;
- 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.

In 2017 there were 330 service providers: 66% of these were companies employing more than 10 staff, 32% were smaller firms (2-10 employees) while the remaining 2% were tied agents. The service providers are located all over the world: 59% in the EMEA region, 24% in the Americas and 17% in Asia-Pacific.



Technogym provides training opportunities for service providers, giving them the operational tools and fundamental concepts they need to ensure the conformity and safety of products at all times. In 2017 Technogym delivered more than 6,197 training hours.

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

2016			2017	
Americas	4,232		Americas	1,712
Asia-Pacific	623		Asia-Pacific	1,123
Emea	2,754		Emea	3,362

MANAGEMENT OF DATA

By accessing Technogym equipment and services on the “mywellness” digital platform, end users can always have their personal data on hand, on various devices and machines. They can also share the data with fitness professionals, allowing them to live an on-the-go wellness lifestyle.

STRUMENTI A PRESIDIO

- ❑ “Appointment As System Administrator” procedure
- ❑ Information for employees
- ❑ “Duties of data coordinator” policy
- ❑ Policy on the “Use of email, Internet, company digital tools and remote computer controls”
- ❑ Authorisation profiles

In 2016, Technogym conducted a gap analysis in terms of compliance with national data protection laws, and its use of consumer data. In 2017, the Group accepted the new European Regulation (EU) 2016/679, which will come into force in Italy in May 2018, launching an internal activity to verify the current level of compliance and define the actions to be taken in order to fully adapt to the law.

The project, which is still ongoing at the time of this publication, has already identified the requirements that the platform needs to meet in order to cover the new rights introduced by the Regulation, to protect users as individuals. The privacy policy, consent forms and data processing agreements are currently being revised, in order to manage the responsibility for data exchanged between Technogym as provider, and business clients as data controllers.

Apart from the Group’s internal procedures, protection of personal data is also guaranteed by the main suppliers of operating systems. Technogym uses Amazon Web Service and Google, which already operate in accordance with Regulation (EU) 2016/679. [DMA 418]

During 2016 and 2017, there were no documented complaints of data protection breaches from customers or end users.

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





06
PRODUCT

TECHNOGYM[®]

6. PRODUCT

(material topic: PERSONAL WELLNESS SOLUTIONS)

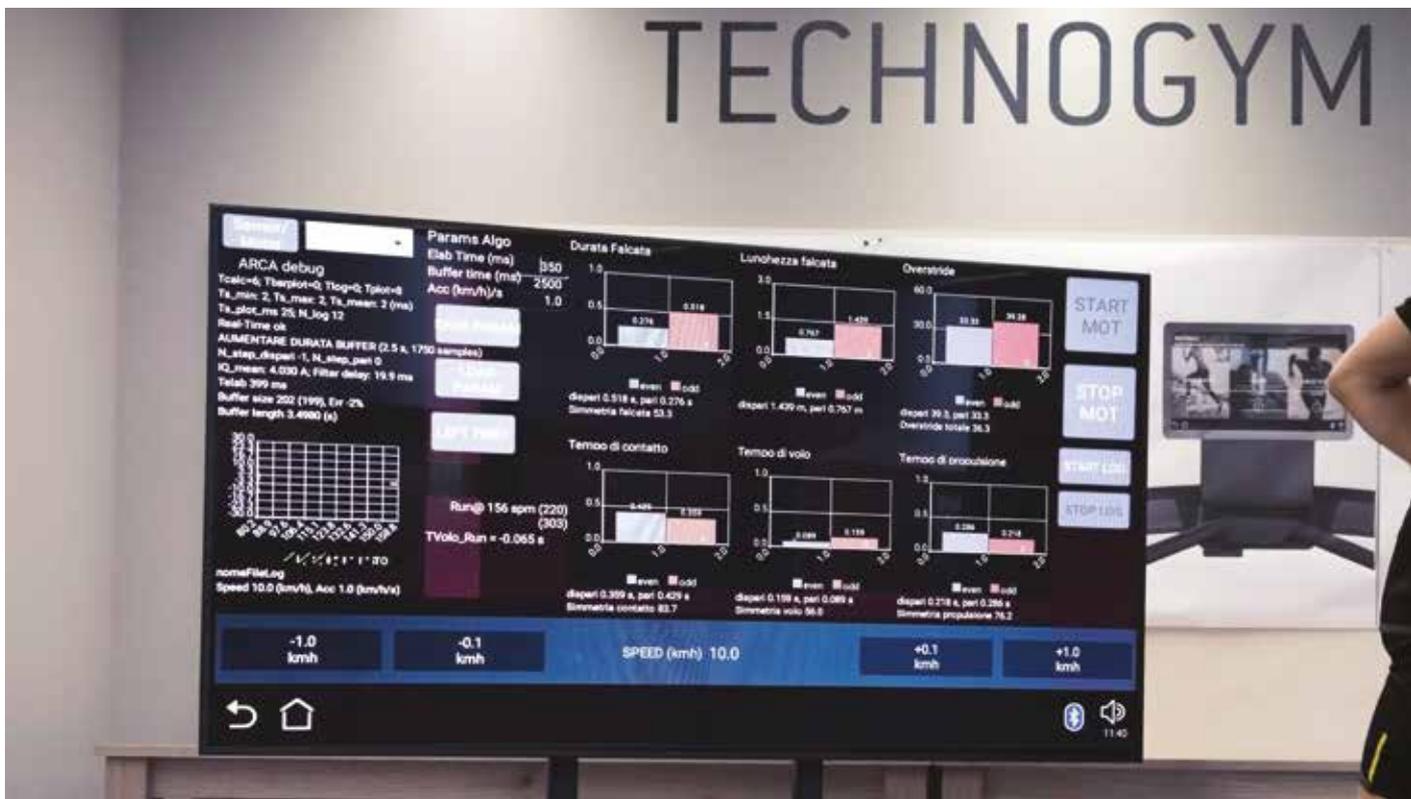
6.1 INNOVATION

(Art. 3 (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 2017, there were 251 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.

Product development, which is regulated by a specific procedure, is managed 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;

A Feedback Report system is also in operation. This consists of periodic reports submitted by the local subsidiaries, in order to share market trends and specific requirements emerging in each country.



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. Structured partnerships are also in place with the Universities of Bologna, Padua and Verona, and the IUSM in Rome for research and development projects on TECHNOGYM products. Various members of Technogym's scientific committee regularly publish articles in well-known international scientific journals (29 articles were published between 2010 and 2017)^[7].

Technogym has engaged with more than 30 universities and research centres over the years, to evaluate proposed innovations. In 2017, 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, bio-mechanical 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. The Quality Assurance Department participates in these platforms via the Product Quality Managers (PQM), and using methodological support they 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.

The Technogym process also involves user experience tests, to ensure that the machines correspond to the user's expectations, and that performing the exercises is safe, comfortable and fun. 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 13485 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.

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.

[7] 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.

[8] In 2017 there were no non-conformity issues related to health and safety impacts of products or services.

The focus on the health and safety impact on end users continues throughout the production process. Full tests are carried out on each machine at the end of the process, to check that they are functioning correctly⁸. [416-1]

TECHNOGYM UNIVERSITY

Training has always played a priority role in the solutions offered to Technogym's customers around the world. 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.

The department 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 2017 the Scientific Research and Innovation Division attended 18 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.



07

HUMAN
RESOURCES



7. HUMAN RESOURCES

[Art. 3 (1 d) 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 working practices, 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 staff sign contracts that comply with the laws in their respective countries. All Italian employees have contracts that meet the requirements of the national collective agreement on working hours⁹. [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 2018.

The internal procedure for HR Management clearly sets out the principles that apply to everyone who is asked to supervise activities or the career paths of a team of employees. Anyone performing managerial duties is required to attend specific training, to better understand the role of a Manager at Technogym.

[9] Internationally, Belgium, Brazil and France have regional collective agreements, while the Netherlands has a collective company agreement. 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.

Technogym complies with current data protection laws and only collects sensitive data where this is essential for the provision of specific services, or to comply with legal obligations¹⁰.



[10] See Chapter 5 for details of the policies and tools used in relation to personal data management.

7.1 HUMAN CAPITAL

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

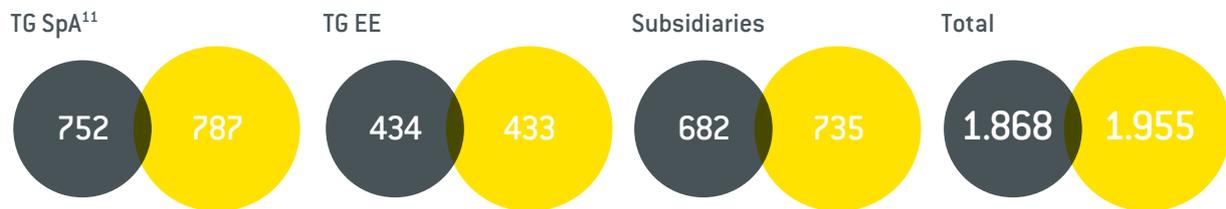
In 2017, the Group employed 1,955 employees: 93% of them were employed on full-time contracts for Technogym S.p.A., while the figure was 83% for Technogym Eastern Europe (TG EE), which was impacted by periodic peaks in production. For the Rest of the World, 96% of employees are employed on permanent contracts. [102-8]

EMPLOYEES BY CONTRACT TYPE AND GENDER

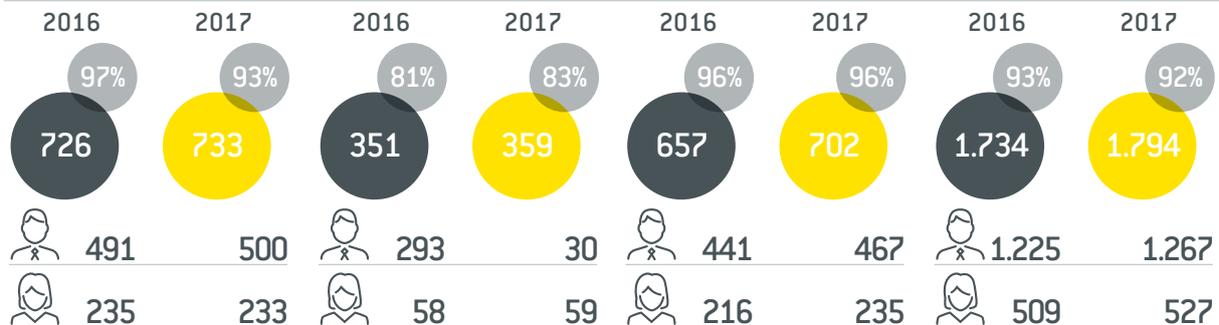


Total headcount

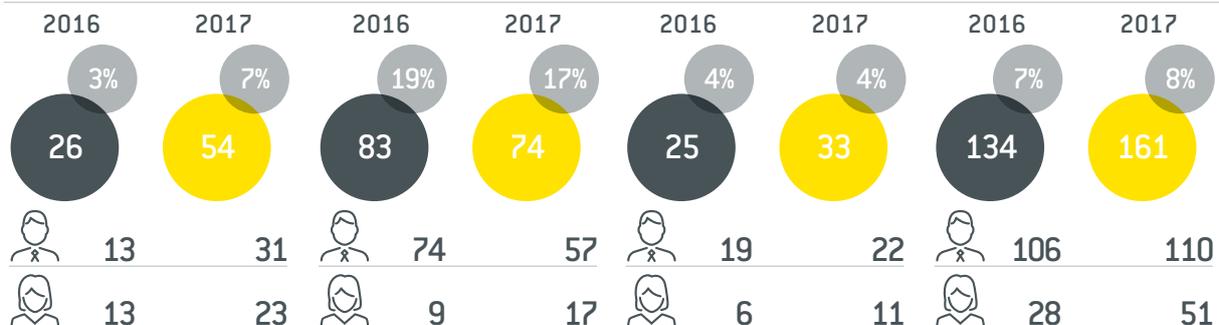
● 2016 ● 2017



Employees on permanent contracts



Employees on fixed-term contracts



[11] The perimeter for Technogym S.p.A. includes the data for the Italian head office, factory and subsidiary.

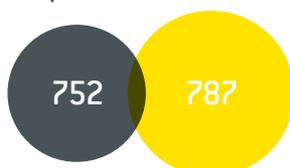
FULL-TIME AND PART-TIME EMPLOYEES, BY GENDER



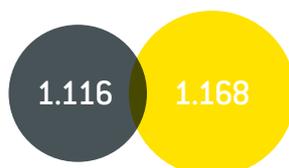
Total headcount

● 2016 ● 2017

TG SpA



Subsidiaries



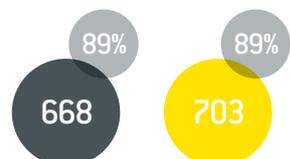
Total



Full-time employees

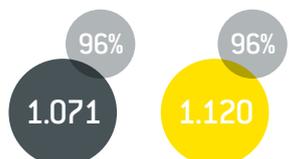
2016

2017



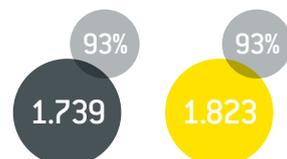
2016

2017



2016

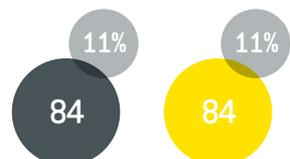
2017



Part-time employees

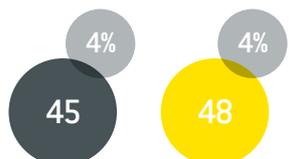
2016

2017



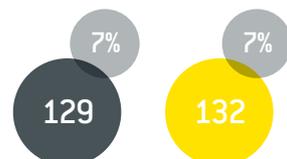
2016

2017



2016

2017

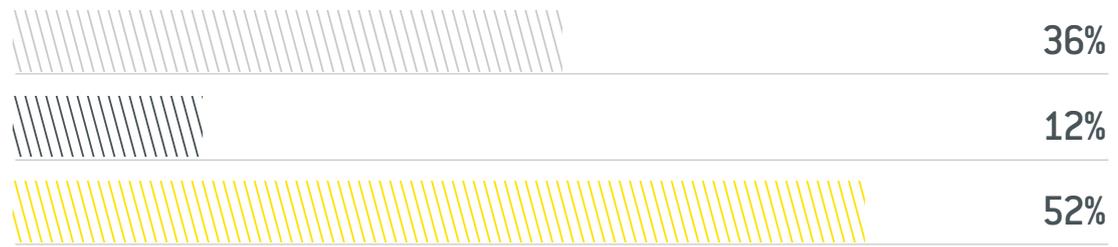


The 1% reduction (from 93% to 92%) in employees on permanent contracts between 2016 and 2017 was mainly due to the increase in the number of fixed-term contract workers in Italy (up from 3% to 7%). This was mainly caused by the large number of young people joining the company after internships.

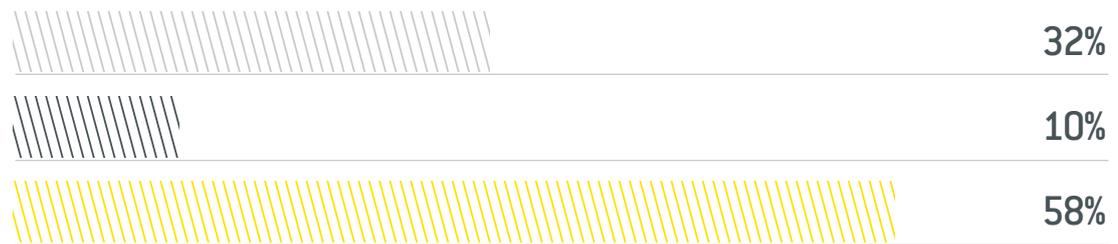
In terms of job category, in Italy 12% of personnel hold a managerial position within the company (Operations Committee), while 52% is made up of clerical staff^[12], and 36%, manual workers. For the Rest of the World, 58% of employees are clerical workers while 32% of staff in the Slovakian factory are employed as manual workers. [405-1]

[12] This figure also includes apprentices.

TG SpA



Rest of the world



Manual workers Operations Committee Clerical staff

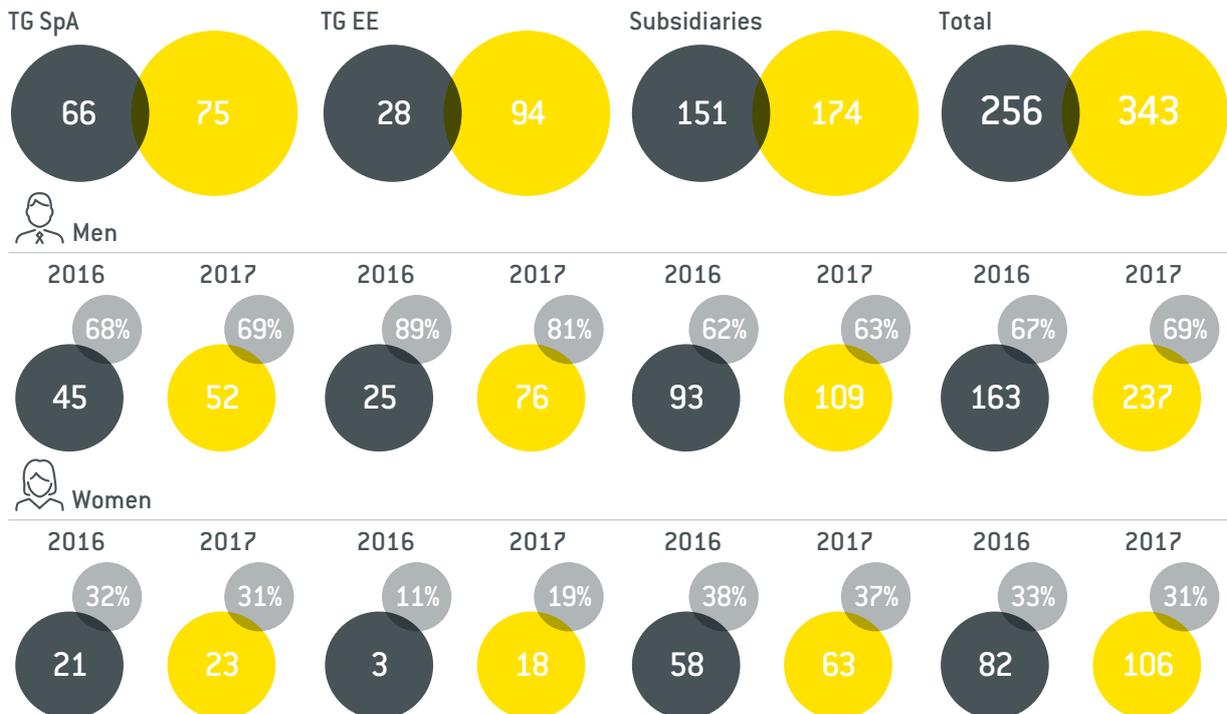
Overall, 343 people joined the Group in 2017, while 269 left it. The trend varied depending on geographical area¹³. [401-1]

EMPLOYEES JOINING AND LEAVING THE ORGANISATION, BY GENDER



Total number of new employees hired during the year

2016 2017

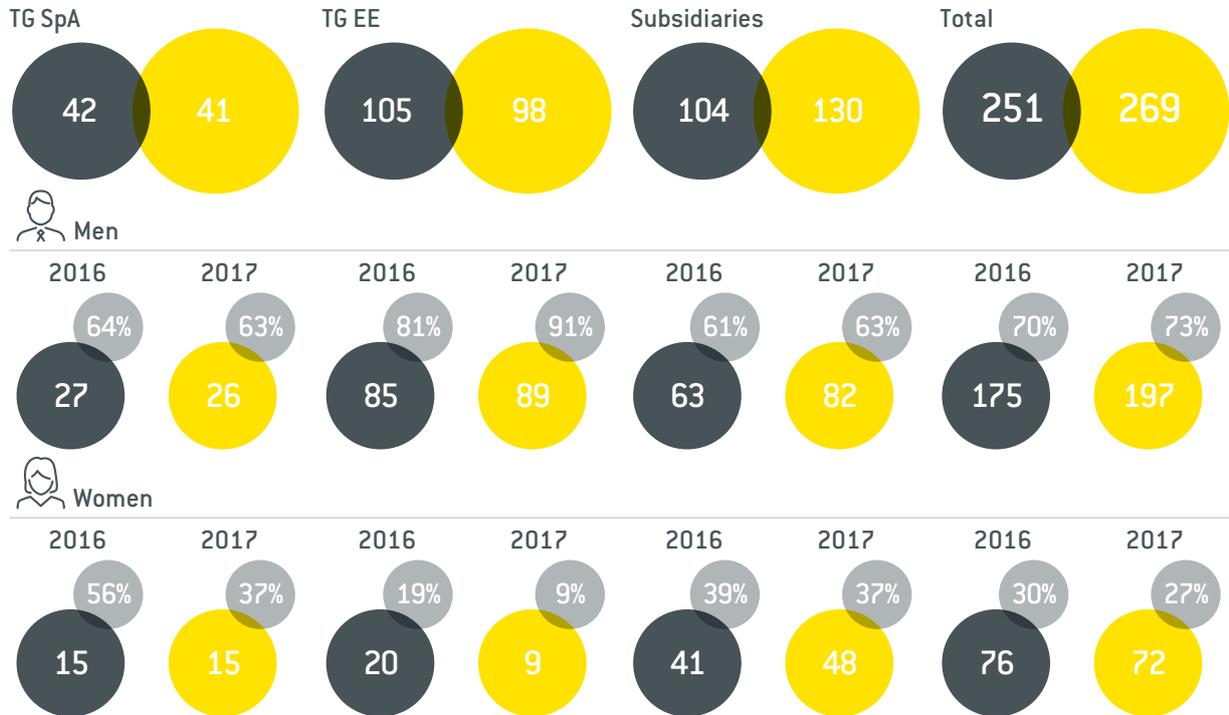


[13] The data on turnover [401-1] does not include the Russian subsidiary.



Total number of new employees hired during the year

● 2016 ● 2017



EMPLOYEES JOINING AND LEAVING, BY AGE GROUP



Total number of new employees hired during the year

● 2016 ● 2017



UNDER 30																	
N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%
32	48%	40	53%	18	64%	56	60%	42	28%	59	34%	92	38%	155	45%		
AGED 30 TO 50																	
N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%
30	45%	33	44%	8	29%	35	37%	100	66%	105	60%	138	56%	173	50%		
OVER 50																	
N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%
4	6%	2	3%	2	7%	3	3%	9	6%	10	6%	15	6%	15	4%		



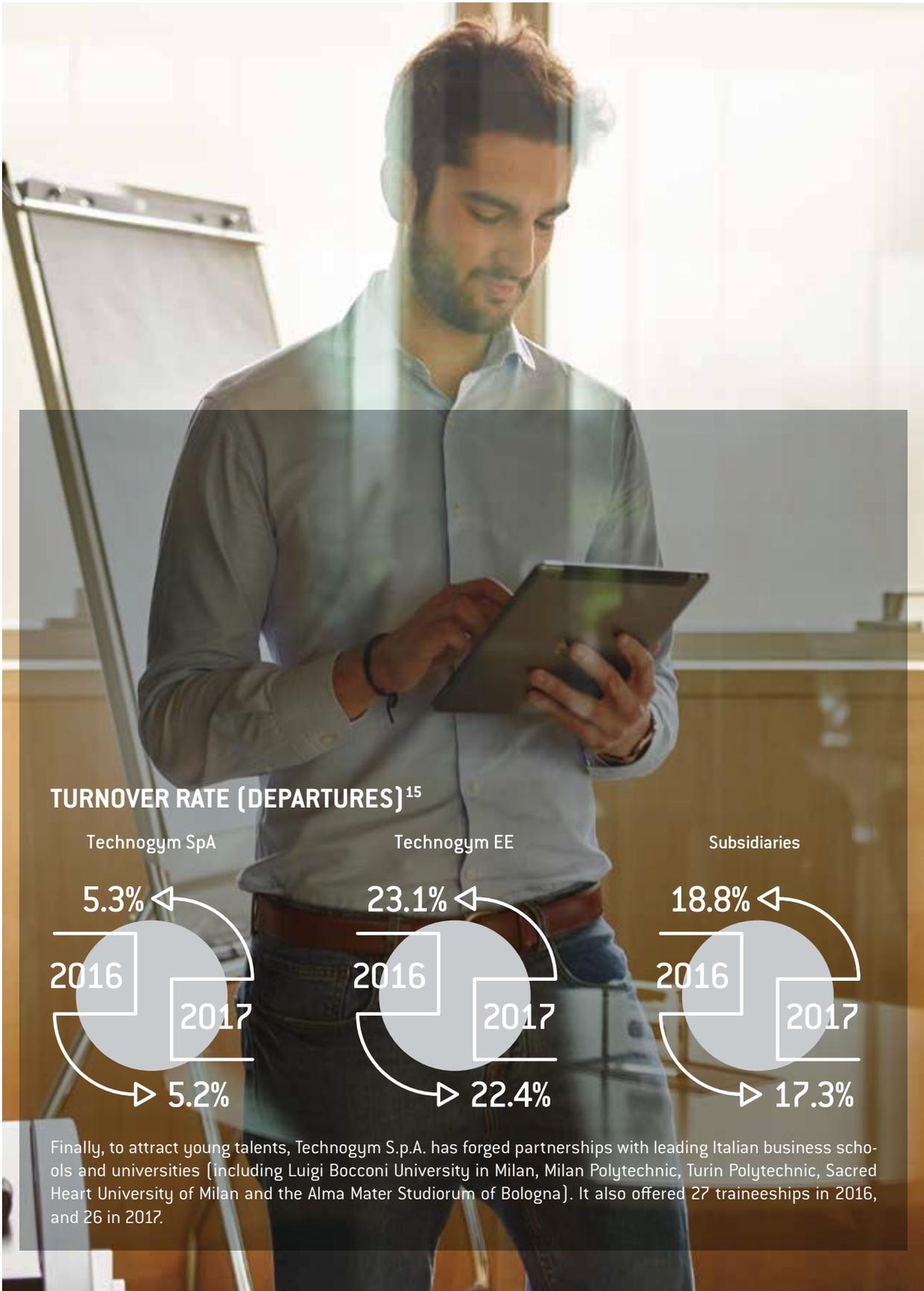
Employees leaving the organisation during the year

● 2016 ● 2017

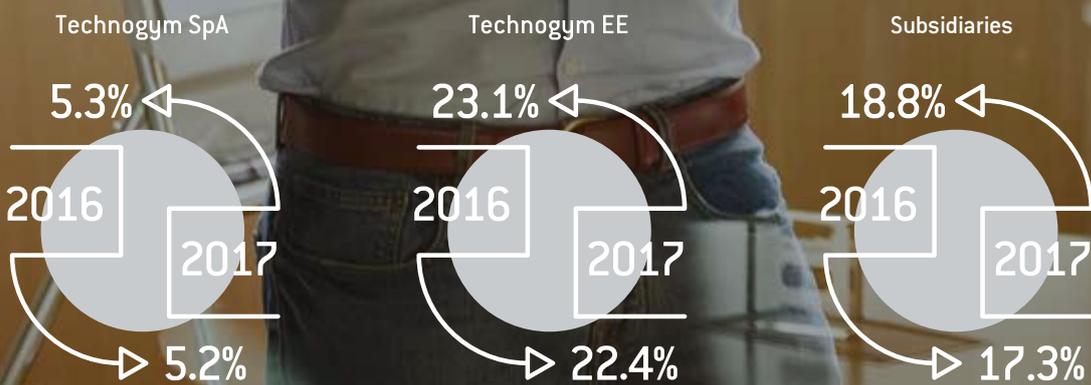


UNDER 30																	
N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%
8	19%	10	24%	50	48%	61	62%	20	19%	28	22%	78	31%	99	37%		
AGED 30 TO 50																	
N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%
31	74%	23	56%	47	45%	32	33%	74	71%	89	68%	152	61%	144	54%		
OVER 50																	
N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%	N.	%
3	7%	8	20%	8	8%	5	5%	10	10%	13	10%	21	8%	26	10%		

The turnover figures for 2017 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. Overall the Group is committed to promoting a stable working environment. In the specific case of Technogym S.p.A. the total turnover was 5.2% in 2017.



TURNOVER RATE (DEPARTURES)¹⁵



Finally, to attract young talents, Technogym S.p.A. has forged partnerships with leading Italian business schools and universities (including Luigi Bocconi University in Milan, Milan Polytechnic, Turin Polytechnic, Sacred Heart University of Milan and the Alma Mater Studiorum of Bologna). It also offered 27 traineeships in 2016, and 26 in 2017.

[14] The overall rate was calculated by considering the total number of employees leaving, out of the total headcount, in the reporting year.

[15] This is determined by the number of people leaving the organisation during the year, compared to the average headcount 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 puts together specific training packages for individual roles.

Technogym offers an annual training and development 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.

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.

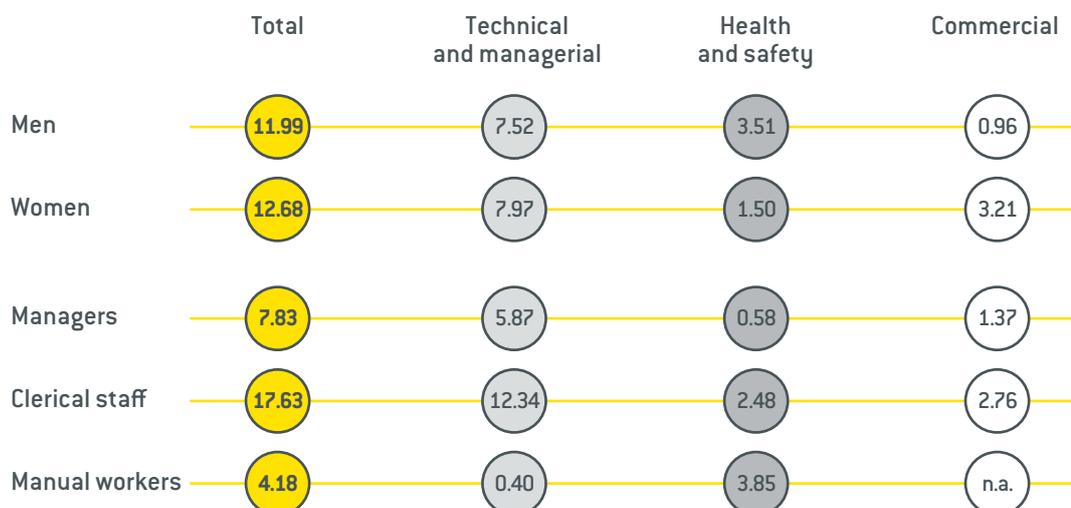
Training is categorised as follows:

- **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.

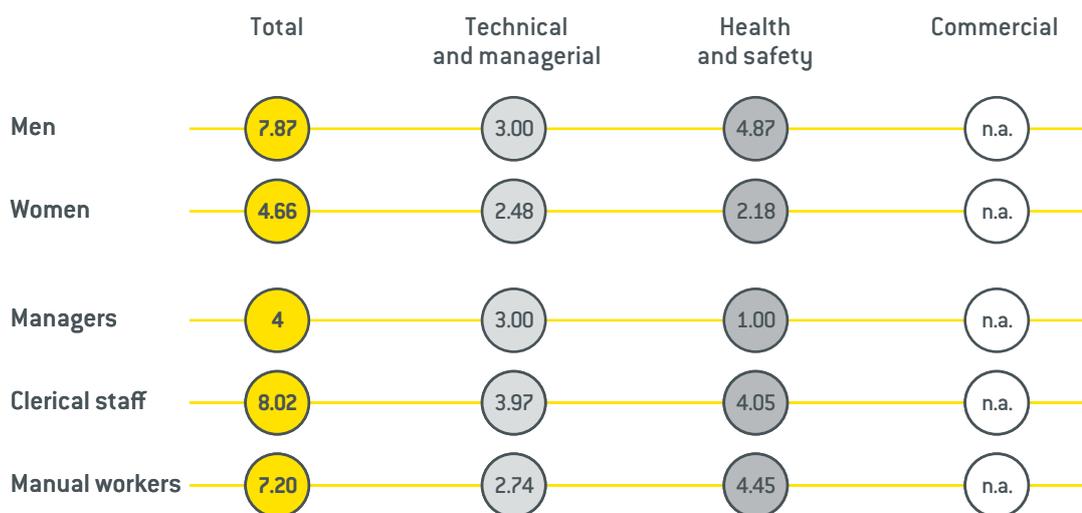
In 2017, Technogym S.p.A. delivered 9,612.90 staff training hours, equivalent to 12.21 hours per head, in the medium term. [404-1]



TRAINING HOURS 2017, PER JOB CATEGORY AND GENDER, AT TECHNOGYM SPA

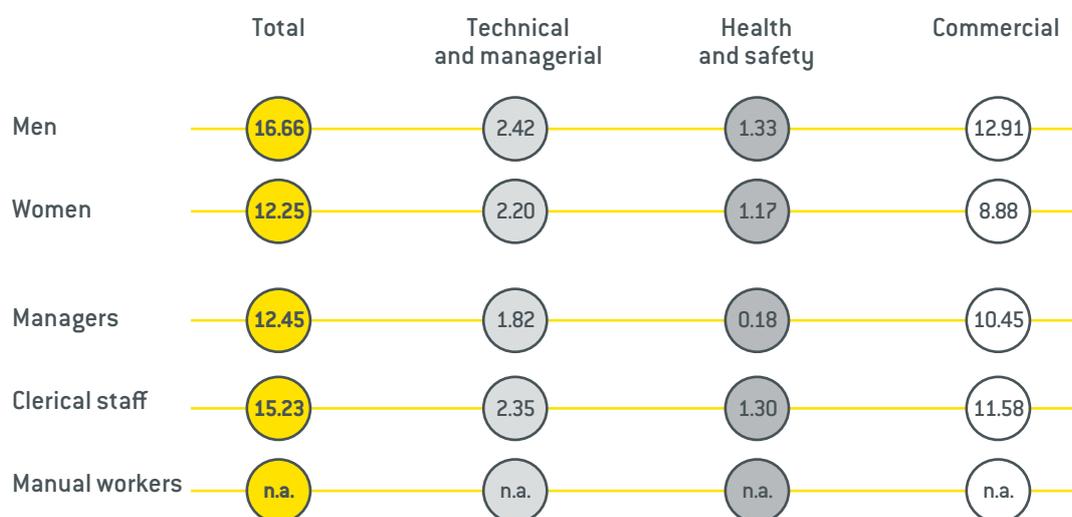


AVERAGE TRAINING HOURS 2017, PER JOB CATEGORY AND GENDER, AT TECHNOGYM EE¹⁶



(16) There are no commercial training activities in Slovakia, as the operations in this country are directly linked to production.

AVERAGE TRAINING HOURS 2017, PER JOB CATEGORY AND GENDER, FOR THE SUBSIDIARIES¹⁷



With the objective of reinforcing a sense of corporate identity and encouraging even better product knowledge, 'TECHNOGYM Product Expertise' training programmes have been organized with the aim of enhancing the distinctive skills of TECHNOGYM employees who have direct contact with the product.



[17] The perimeter does not include Hong Kong. The "manual workers" category does not include training hours as there are no employees in the subsidiaries included in this category.

DEVELOPMENT

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

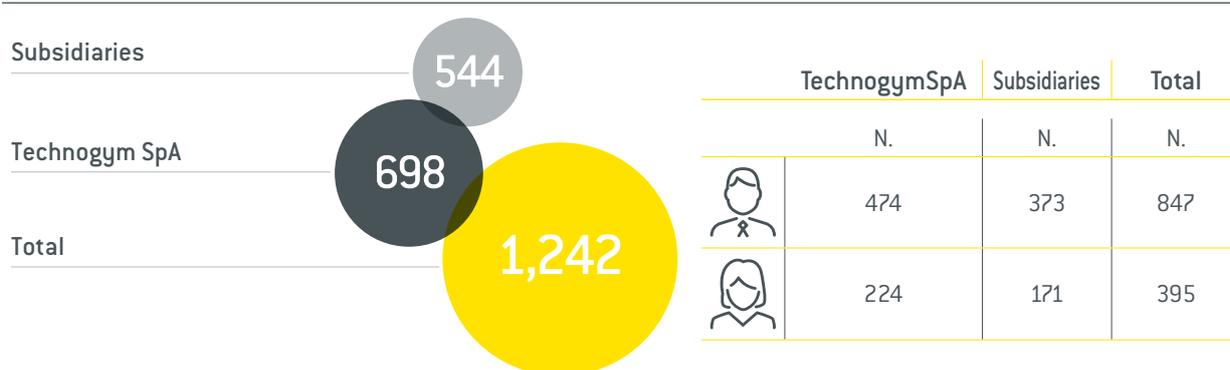
100% of the workforce is eligible for appraisal, after being with the company for at least six months. In Slovakia, the production operatives are not appraised and the appraisal system is built on criteria that meet the specific needs of the industrial operation.

In 2016, a total of 1,242 employees were eligible for appraisal, of which 847 men and 395 women [404-3]. For 2017, the only figures available were for the eligible employees, as the appraisal process ends in April 2018.

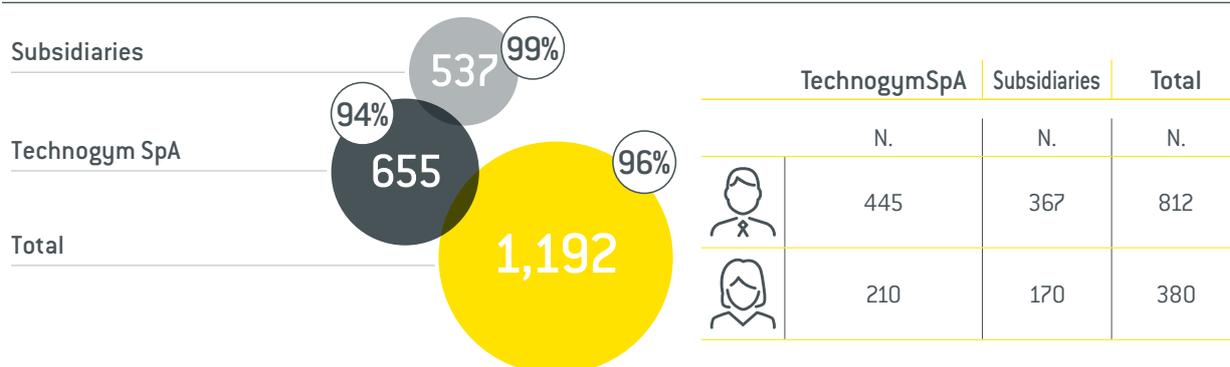
EMPLOYEES RECEIVING A PERFORMANCE APPRAISAL DURING THE YEAR, BY GENDER AND JOB CATEGORY, IN 2016¹⁸



Total number of eligible employees



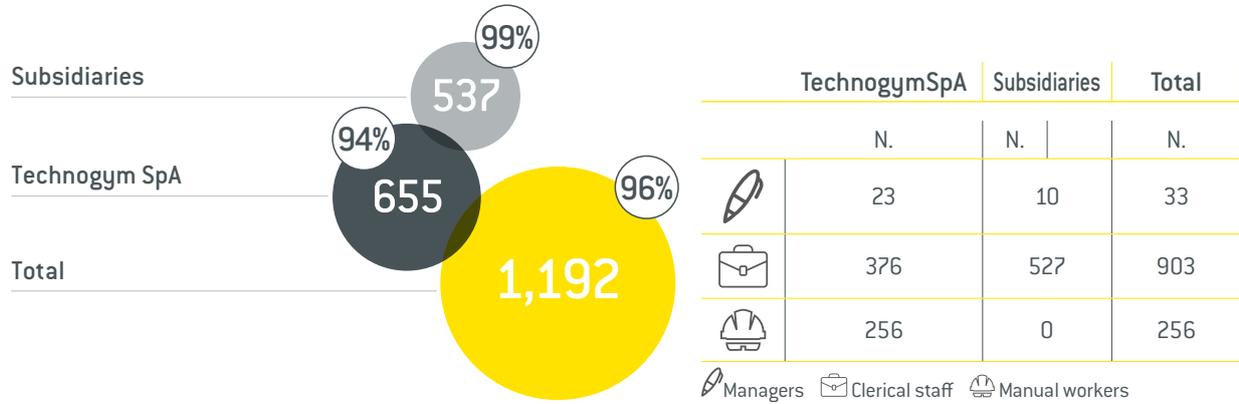
Total number of employees appraised



[18] The perimeter does not include the Russian subsidiary. A data collection system is currently being rolled out, which will ensure that data is available for the whole perimeter.

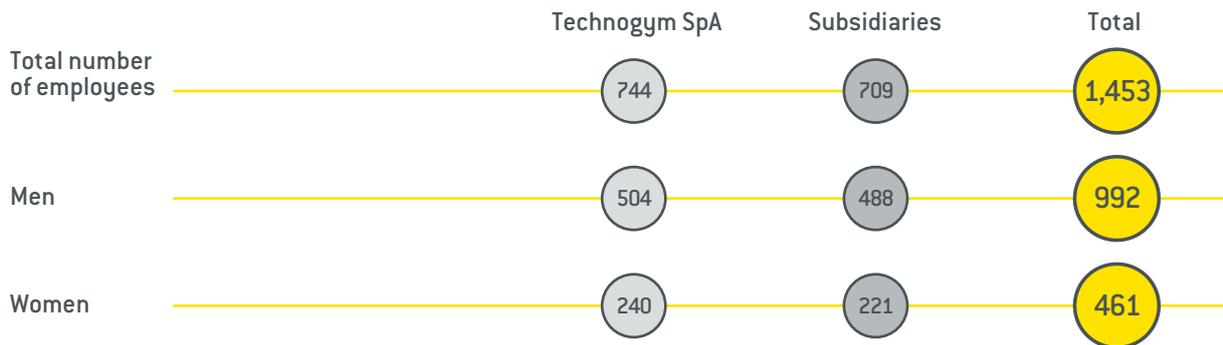


Number of employees appraised



The performance appraisal process enables the identification and implementation of training and development activities in order to improve performance, the values of the Technogym culture and the employees' technical expertise. Personal growth and succession plans are also used, to manage training and development of key roles and talents.

EMPLOYEES ELIGIBLE FOR 2017



PAY AND T-WELFARE

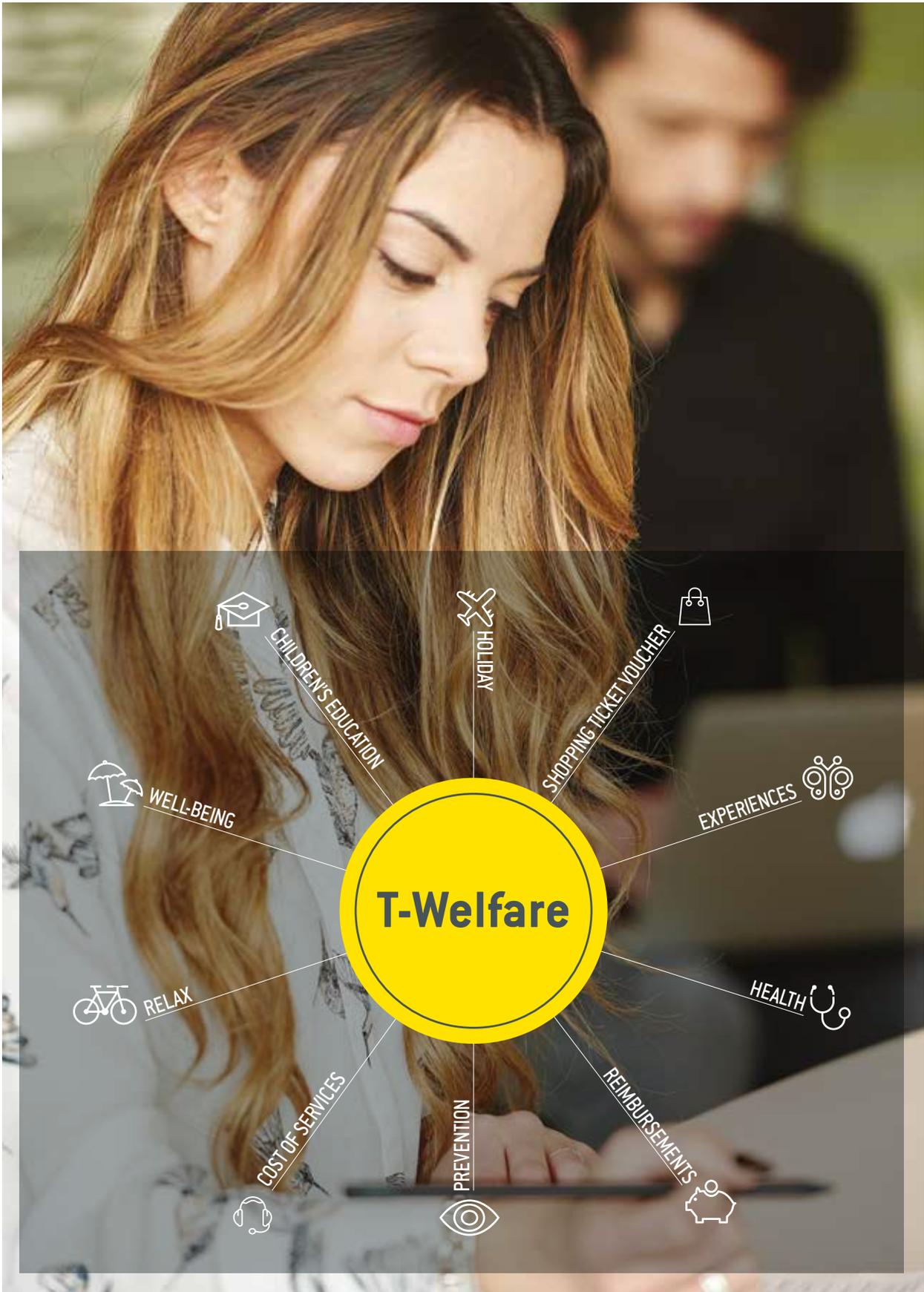
Through its remuneration policy, Technogym looks to attract, retain and motivate people with the personal and professional qualities that are essential in achieving the business results, developing quality products, and delivering services correctly to customers. The fixed pay component is recompense 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 2016 and 2017 salary plans were 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 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.

The Group also offers an international mobility programme. In 2016 this involved 20 staff: 8 on secondment and 12 locally. In 2017, 25 staff participated in the programme: 8 on secondment and 17 locally.



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]

At every stage of the working relationship, the Group focuses on respect for diversity and equal opportunities, and on preventing all forms of discrimination¹⁹.

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.

CONTROL TOOLS

- ☐ Code of Ethics
- ☐ Global Team Development (GTD) Manual

With regard to the percentage of female managers in the company, this figure was 15% in both 2016 and 2017. Women also make up 33% of the Board of Directors²⁰. [405-1]

EMPLOYEES BY JOB CATEGORY AND AGE



Percentage of Operations Committee members

● 2016 ● 2017

84.7%



15.3%

85.3%



14.7%



Percentage of clerical staff

62.9%



37.1%

63.7%

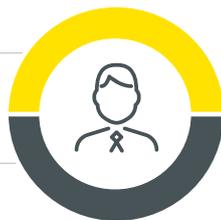


36.5%



Percentage of manual workers and equivalents

78.1%



21.8%

79.5%



20.5%

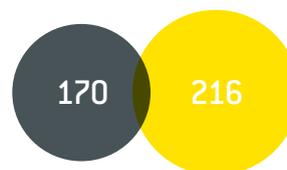
[19] There were no instances of discriminatory behaviours in 2016 or 2017. [406-1]

[20] See Chapter 3 "Corporate Governance System" for further details about the composition of the Board of Directors.

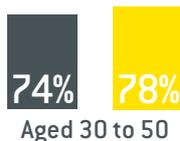
EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE



Total number of Operations Committee members



Under 30



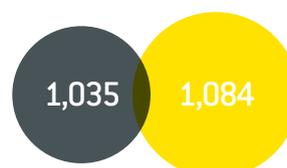
Aged 30 to 50



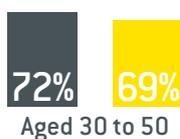
Over 50



Total number of employees



Under 30



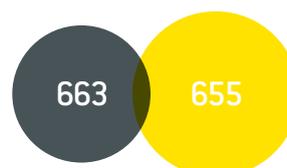
Aged 30 to 50



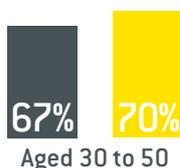
Over 50



Total manual workers and equivalents



Under 30



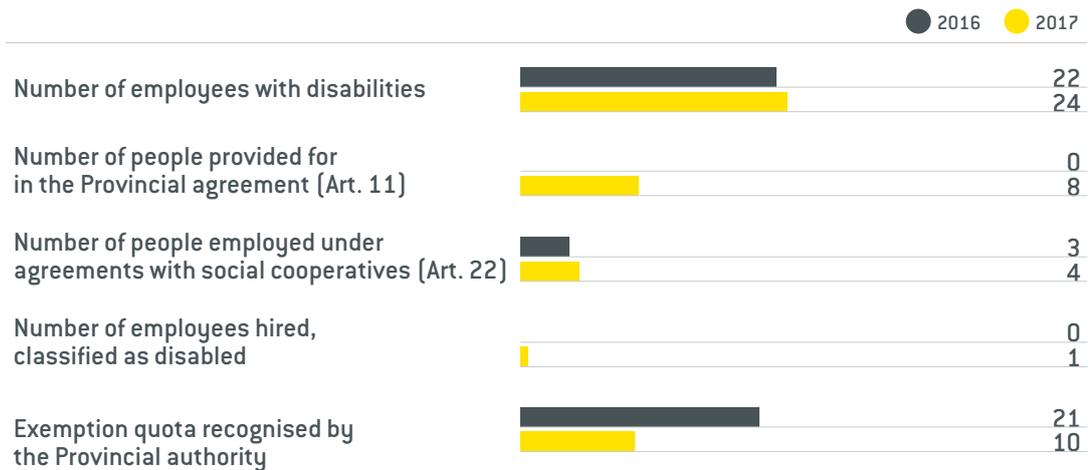
Aged 30 to 50



Over 50

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 authorities²¹ and social cooperatives. The company regularly collaborates with the provincial authorities to ensure that people with disabilities can be recruited fairly, focusing on their skills and aptitudes at the interview stage to allow them to express their potential and grow professionally.

[21] Technogym S.p.A. has made an agreement with the provincial authority for the period 2017-2019.



ENGAGEMENT WITH SOCIAL PARTNERS²²

“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.

The company collective agreement also led to the signing of a supplementary contract that provides for the payment of a bonus when productivity, quality, efficiency and accident prevention targets are met. An hours bank is also available, so that weekly working hours can be varied, depending on market demand.

[212] This section is intended to give an overview of the way the Group deals with this topic, with particular details in relation to Technogym S.p.A.



7.3 WORKING 4 WELLNESS

To guarantee a healthy working environment and corporate climate, all workplaces have been designed to achieve personal well-being in terms of posture, lighting and ergonomics.

Technogym has 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 and personal health, for Technogym in terms of increased motivation and productivity, and for clients and end users thanks to greater expertise and experience with the product and target sector, which employees can acquire by using the machines every day.

Technogym's Corporate Wellness programme is designed to improve personal well-being. It was designed and is supervised by experts at the Technogym Research Centre and revolves around the three pillars of wellness: physical exercise, a healthy diet and a positive mental attitude. Specific exercise and sports programmes are available, in individual or group format, and can be accessed at the large Wellness Centre, or outdoors.



The Technogym restaurant serves a menu studied by the Scientific Department, with 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 free 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.

In 2009, the World Economic Forum in Davos, one of the most important economic and political summits in the world, started to deal with wellness in the workplace. Davos was also the venue for the launch of the Workplace Wellness Alliance, a major project that brings together some of the world's largest companies.

This is an important contribution that the private sector can make to the common cause of public health. Technogym is a key member of this alliance, thanks to its vision of Wellness, and for having been recognised as a company that promotes a new socio-economic model based on individual wellness.



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 warehouses²³ etc.), the Group has not seen any serious accidents occurring, and this is evidenced by the trend in the number of days lost due to accident, over the years. [403-3]

The careful design of all workspaces, the analysis of processes, the study and selection of equipment is all conducted in strict accordance with current health and safety regulations, and is driven by the belief that promoting the welfare of the Group’s workforce over and above the legal requirements, is an element of sustainability.

In 2006, Technogym implemented a health and safety management system certified to OHSAS 18001 standards. The relevant policy 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.

CONTROL TOOLS

- ☐ Code of Ethics
- ☐ Health and Safety Management Policy
- ☐ OHSAS 18001 Management System

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 2017, more than 1,000 training hours were delivered in Italy, on health and safety issues for manual workers. The number of hours in Slovakia was 1,666.

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. [403-4]

In 2016, 284 reports of potential areas for improvement were received at the Italian plant. In 2017, 162 reports were recorded in the production areas alone. Meanwhile in Slovakia, 243 reports were received in 2016, and 112 in 2017.

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

Workers are represented by the Workers’ Safety Representatives, who are part of the company’s Workers’ Council.

[23] At Technogym EE, the painting and cleaning operatives, and from 2018 also the upholstery workers, are considered high-risk.

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]

The figures on accidents occurring in 2017 testify the good results achieved by this rigorous approach. In general there was a reduction in in accidents between 2016 and 2017, and in particular, no accidents occurred in the workplace in Slovakia in 2017.

	Technogym SpA		Technogym EE	
	2016	2017	2016	2017
Total number of accidents	6	4	2	-
 Total number of accidents	4	2	2	-
 Total number of accidents	2	2	2	-
Accident frequency (total)²⁴	4.76	3.02	3	-
Number of occupational illnesses (total)	1	-	-	-
Work-related deaths (total)	-	-	-	-
Working days lost (total)	179	38	33	-
 Working days lost	88	9	33	-
 Working days lost	91	29	-	-



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



08

THE SUPPLY
CHAIN



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 plants) and Technogym EE (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 used a total of 937²⁵ suppliers in 2017.

In 2017, 78% of purchases came from suppliers based in Italy, 9% based in Europe, with the remaining 13% in the Rest of the World. With regard to the Italian suppliers, Technogym mainly works with small and medium enterprises (SMEs) and local businesses²⁶; in some cases it works with multinationals but most of them are still based 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.

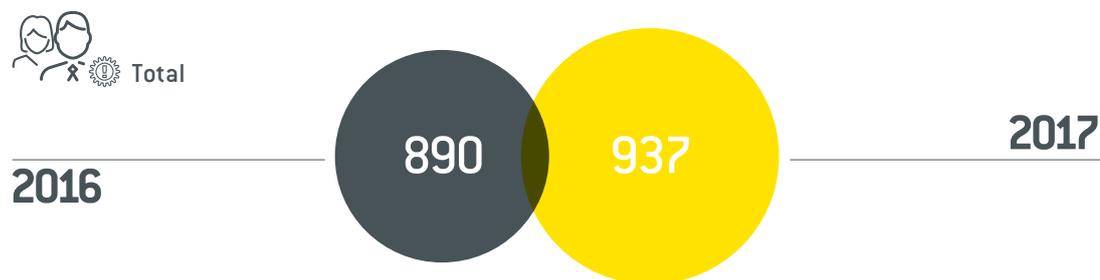
Purchases for production operations only, for 2017, amounted to €228,529,753.00 compared to €230,027,471.00 in 2016.

[25] This number relates to the suppliers who generated sales of at least €10,000 with Technogym in the reference year. The top 100 suppliers account for around 80% of the total purchases.

[26] The term “local” indicates that the companies are based in Italy.



SUPPLIERS, BY CATEGORY



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

PURCHASES, BY CATEGORY



	2016	2017
Purchases for category 1 Metal structures	68,685,391.00	61,545,953.00
Purchases for category 2 Machining	15,386,709.00	18,137,626.00
Purchases for category 3 Upholstery	10,602,528.00	10,890,062.00
Purchases for category 4 Custom electronics	46,732,278.00	48,140,525.00
Purchases for category 5 Injection plastics	29,159,202.00	27,312,533.00
Purchases for category 6 Resin adhesives	1,701,379.00	1,845,534.00
Purchases for category 7 Powder coating	2,861,136.00	3,053,749.00
Purchases for category 8 Other	54,898,848.00	57,603,771.00

There are no labour-intensive operations in the Technogym supply chain. Technological advances over the years, and the forging of long-term supplier relations has meant that suppliers can invest in the automation of key work processes (for example automatic welding instead of manual welding).

8.2 CONTROL OF THE SUPPLY CHAIN

Supplier relations is a strategic element. This is why Technogym uses selection and monitoring tools to control its supply chain, and also rates suppliers' performance to ensure they comply with current environmental and social legislation. [DMA 204; 412]

SUPPLIER SELECTION AND KEY 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.

Selecting a supplier to contribute to the building of a new product is a key part in the process of reaching the Group's objectives of excellence. It takes 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 management" procedure
- ☐ "Management of works and temporary contracts, and temporary mobile sites" procedure
- ☐ "Supplier Qualification and Rating" Procedure
- ☐ "Qualification of manufacturing and production approval processes" procedure

MONITORING OF SUPPLIER RELATIONS

The management of supplier relations requires constant monitoring of performance.

The tool used to support this process is the online portal GSC, which contains and manages all the Vendor Rating information.

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.

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]

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.

CONTROL TOOLS

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

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, OSHAS 18000, AITF 16949 (ex ISO/TS 16949), and SA 8000.

In 2017, in relation to Italy, where most of the purchases are made, 29% of suppliers had adopted ISO 9001 certification, while 6% had ISO 14001²⁷.

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 and 3 in 2017) 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]

[27] The vendor rating database is used to calculate the suppliers' environmental and quality certifications.





09

ENVIRONMENT



9. ENVIRONMENT

(material topic: ENVIRONMENTAL WELFARE)²⁸

“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, 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 Slovakia²⁹. As mentioned in the previous chapters, Technogym has launched a project to introduce an integrated management system that will contain all the Group's ISO certifications.

The management system requires the drawing up of a formal environmental policy, the identification and assessment of environmental aspects, the structuring of processes to control these aspects, the setting of improvement targets, and the identification of authorities, roles and responsibilities for the application of the system.

Application of the management system requires the adoption of business directives and formal procedures in order to establish standards of behaviour, modes of operation for sensitive activities, and procedures for archiving key documentation. This enables the structuring of the system of controls needed to ensure compliance with current environmental laws and regulations.

[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, 14001 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 and in 2015 it prepared an energy diagnosis. A new survey is planned for 2018, aimed at carrying out improvements prior to adopting ISO 50001.

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 and this allows it to exploit the natural thermal exchange, making the environment warmer in the winter and cooler in the summer months, reducing emissions from combustible fuels used in heating and cooling systems.

The construction materials provide a high level of thermal insulation, while the system for opening the large windows exploits the natural recirculation of air, to keep the temperature cool without the need for intensive air-conditioning systems.

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.

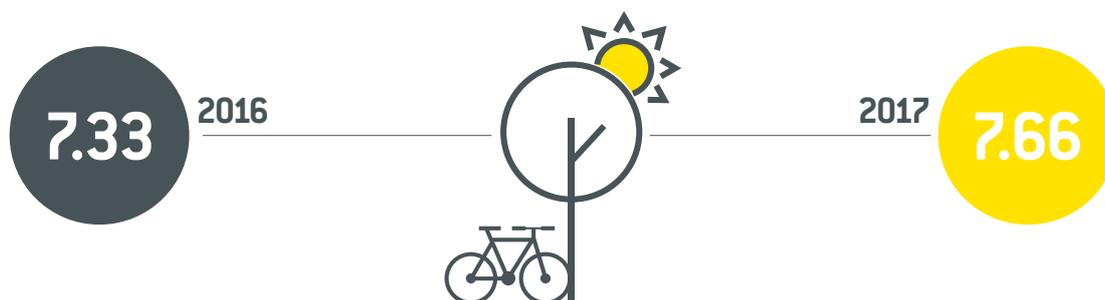
A Building Automation system has also been implemented for the whole of Technogym, part of Technogym EE, and for the subsidiaries.

CONTROL TOOLS

- ☐ Code of Ethics
- ☐ Integrated Environmental, Quality and Management Systems Policy ISO 9001, ISO 14001 and OHSAS 18001



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



	UoM	2016	2017
Total energy consumed	kWh	9,247,435.19	10,154,275.54
Total workable hours	N.	1,261,422.00	1,324,950

ENERGY INTENSITY FOR TECHNOGYM EE



	UoM	2016	2017
Total energy consumed	kWh	12,309,410.67	12,832,284.53
Total workable hours	N.	794,004.00	698,254

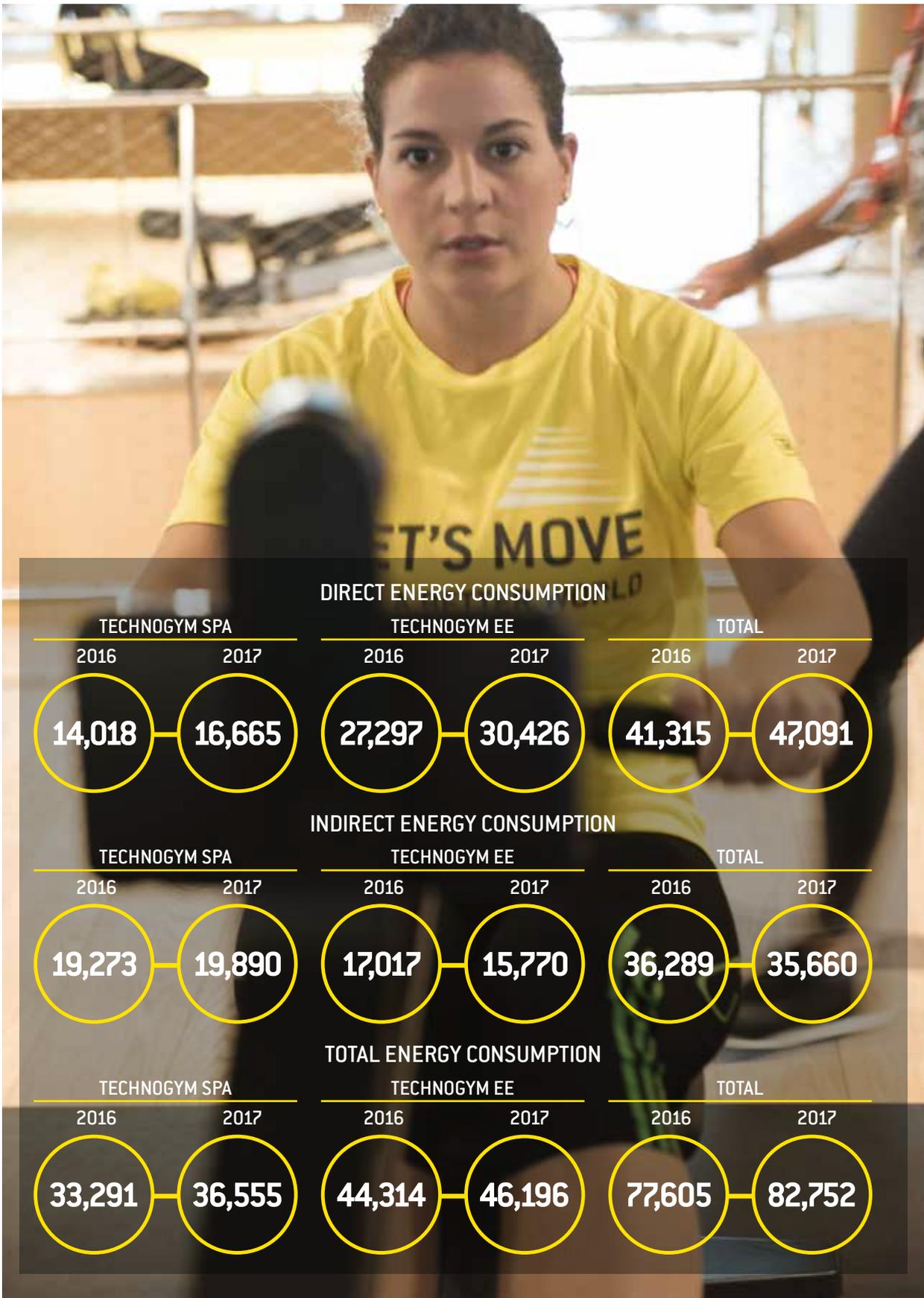


The Group's strong growth is requiring greater efficiency in its processes and consumption. This is why the company regularly controls and monitors consumption, by implementing analysis and reduction projects. A process was launched in 2017 to obtain UNI EN 50001 certification. This will be completed in 2018, and relates to Technogym S.p.A.

For 2017, Technogym Village also entered into a renewable source energy contract, so that 100% of the energy used in Italy will be green energy.

DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ) [302-1]

	TG S,p,A,		TG EE		Total	
	2016	2017	2016	2017	2016	2017
Direct energy consumption	14,018	16,665	27,297	30,426	41,315	47,091
From non-renewable sources	-	-	-	-	-	-
Natural gas	7,482	10,740	26,599	29,896	34,081	40,636
Diesel	6,530	5,917	698	530	7,227	6,447
Petrol	6	8	-	-	6	8
Indirect energy consumption	19,273	19,890	17,017	15,770	36,289	35,660
From non-renewable sources	-	-	-	-	-	-
Electricity consumption	-	-	16,729	15,374	16,729	15,374
Cooling energy consumption	-	-	288	396	288	396
From renewable sources	-	-	-	-	-	-
Electricity consumption	16,982	17,371	-	-	16,982	17,371
Cooling energy consumption	2,291	2,519	-	-	2,291	2,519
Total energy consumption	33,291	36,555	44,314	46,196	77,605	82,752



DIRECT AND INDIRECT CO2 EMISSIONS (TONNES OF CO2)³⁰ (305-1; 305-2)

SCOPE 1

	Technogym SpA ³¹		Technogym EE		Total	
 Methane/Natural gas	358.30542	514.33739	1,273.790	1,431.653	1,632.095	1,945.990
 Diesel	472.61471	428.26245	50.501	38.378	523.11572	466.640
 Petrol	0.44723	0.56457	-	-	0.44723	0.56457
Total direct GHG emissions (Scope 1)	831,3674	943.1644	1,324.2910	1,470.0309	2,155.6584	2,413.1953

SCOPE 2

	Technogym EE	
 Mains electricity	901.499	828.496
 Cooling energy	15.520	21.340
Total indirect GHG emissions (Scope 2)	917.019	849.836

TOTAL EMISSIONS (Scope 1 and Scope 2) - ton CO2 eq.

	2016	2017
Scope 1 - % emissions	70.16%	73.96%
Scope 2 - % emissions	29.84%	26.04%

3,072.6770 3,263.0317

● 2016 ● 2017

[30] For the emissions factors, the "GHG Protocol tool for stationary combustion" was used (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 sm3 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.

[31] Calculation of Scope 1 only, as Technogym Village buys green energy.

The changes in gas consumption between 2016 and 2017 for Technogym S.p.A. relates to the opening of a wing of the office to accommodate external collaborators working on important projects. For Technogym EE, the increase was mainly due to insourcing operations that altered the production mix, increasing the percentage of structural metal and painting works, which take up more energy than the assembly operations. Another factor was the particularly cold winter compared to the seasonal average. Considering the higher production load, the consumption of the Slovakia site was still limited, compared to 2016.

With regard to mitigating consumption, projects are in progress on both sites to reduce energy consumption by installing LED light bulbs, which have been designed together with the manufacturers of lighting systems to ensure that they 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 2017, out of a total of 98 company cars, 7 were converted to methane.

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.







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.

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 discharges water with a low level of emissions and polluting substances, which helps the authorities to purify and drain it in accordance with the legal parameters.

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)

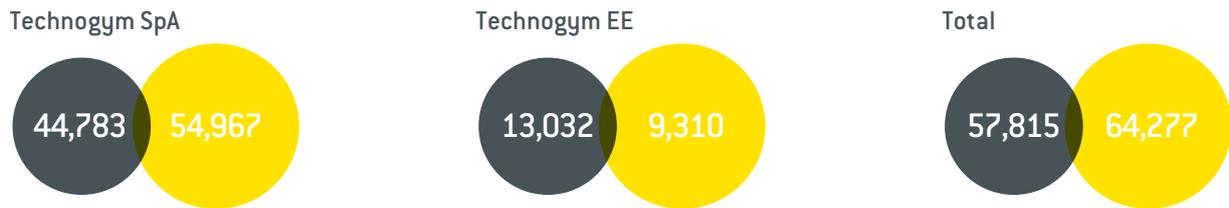
CONTROL TOOLS

- Code of Ethics
- Environmental Policy
- ISO 14001 Management System



Total volume of water used (m3)

● 2016 ● 2017



From groundwater (m3)



Water procured from public aqueducts or other water management operators (m3)



WASTE MANAGEMENT³² (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.

In 2017 the printer stock was updated at all Technogym's European sites, which meant that all printers were networked with a recognition system that led to a reduction of 973 Kg of paper usage³³.

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

CONTROL TOOLS

- ☐ Code of Ethics
- ☐ Environmental Policy
- ☐ ISO 14001 Management System

TOTAL WEIGHT OF HAZARDOUS WASTE BASED ON THE FOLLOWING DISPOSAL METHODS (KG) (306-2)

	TECHNOGYM SPA		TOTAL HAZARDOUS WASTE			
	2016	2017	TECHNOGYM EE		TOTAL	
	2016	2017	2016	2017	2016	2017
	1,766	2,165	169,845	151,406	171,611	153,571
			Technogym SpA		Technogym EE	
			2016	2017	2016	2017
 Re-use			-	-	1,505	1,711
 Recycling			-	-	-	-
 Composting			-	-	-	-
 Recycling, including energy recycling			1,713	1,565	2,515	2,539
 Incinerator			-	-	-	-
 Landfill			53	600	56,120	59,911
 On-site storage			-	-	-	-
 Other (Water for washing)			-	-	109,705	87,245

[32] The data in the document does not include waste collected and disposed of in common areas, as these are managed by municipal or independent providers, and therefore the GRI indicator does not apply for this reason.

[33] Consumption refers to Technogym Village.

TOTAL WEIGHT OF NON-HAZARDOUS WASTE BASED ON THE FOLLOWING DISPOSAL METHODS (KG) (306-2)

		TOTAL NON-HAZARDOUS WASTE					
TECHNOGYM SPA		TECHNOGYM EE				TOTALE	
2016	2017	2016		2017		2016	2017
749,004	641,394	396,660	343,006	1,145,664	984,400		
		Technogym SpA		Technogym EE		Total	
		2016	2017	2016	2017		
	Re-use	-	-	-	-	-	-
	Recycling	-	-	275,422	249,039	275,422	249,039
	Composting	-	-	3,200	2,006	3,200	2,006
	Recycling, including energy recycling	742,824	635,214	40,148	11,271	782,972	646,485
	Incinerator	-	-	-	-	-	-
	Landfill	6,180	6,180	77,890	80,690	84,070	86,870
	On-site storage	-	-	-	-	-	-
	- Other	-	-	-	-	-	-

ENVIRONMENTAL IMPACT OF PRODUCTS

Our focus on the environment also extends to our products³⁴. Our catalogue contains various self-powered machines that are not connected to mains electricity. They have a small generator connected to the parts of the machine that are set in movement by the user, while exercising. The generator produces current which is used to power the machine, the display and the brake control system.

Technogym has also introduced a process to recover used machines at the end of their first life cycle, so that they can be relaunched on the market (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.



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



10
**TABLE OF AREAS
COVERED BY
THE DECREE
GRI STANDARDS**



TABLE OF AREAS COVERED BY THE DECREE - GRI STANDARDS

ISSUE AREA	DECREE AREA	NFR CHAPTER	REFERENCE TO OTHER DOCUMENT	RISKS	GRI STANDARDS	CONTROL TOOLS
Creation of economic/ financial value		Chapter 1. Technogym	See Annual Report for more details.			
Corporate governance system	Anti-corruption	Chapter 3. Corporate Governance System	See the Corporate Governance Report for more details.	<ul style="list-style-type: none"> • Inadequate negotiation, stipulation and execution of contracts for the sale of goods and services to private individuals • Inadequate selection, negotiation and stipulation of agreements with partners (traders and distributors) and suppliers 	205 "Anti-corruption"; 206 "Anti-competitive behaviours"	<ul style="list-style-type: none"> • Code of Ethics • 231 Model • Technogym Vision Book • Code of Conduct • Day by Day in Technogym
Promoting the Wellness lifestyle in the community	Social Aspects	Chapter 4. Wellness as a social opportunity		The material issue and related chapter refer to the promotion of wellness culture in the community. In particular, the information provided include the financial support to community initiatives, excluding all the sensitive activities and risks in alignment with the 231 Management Model		
Lifetime Customer Care	Social Aspects	Chapter 5. Customer Focus		<ul style="list-style-type: none"> • Malfunction of equipment due to inadequate installation and/or maintenance service • Malfunctioning, construction defects or non-conformities with product technical and contractual specifications 	416 "Consumer health and safety"; 418 "Consumer data protection"	<ul style="list-style-type: none"> • GSP Procedure • User manual • Service manual • "Appointment as System Administrator" Procedure • Employee information • "Duties of data coordinator" policy • Policy on the "Use of email, Internet, company digital tools and remote computer controls" • Authorisation profiles

ISSUE AREA	DECREE AREA	NFR CHAPTER	REFERENCE TO OTHER DOCUMENT	RISKS	GRI STANDARDS	CONTROL TOOLS
Personal Wellness solutions	Social Aspects	Chapter 6. Product		<ul style="list-style-type: none"> • Accidents, including major accidents, which may occur on the production sites; • Malfunction of equipment due to inadequate installation and/or maintenance service • Malfunctioning, construction defects or non-conformities with product technical and contractual specifications 	416 "Consumer health and safety"	• UNI CEI EN ISO 14385
Employee wellbeing	Personnel-related and social Aspects	Chapter 7. Human Resources		<ul style="list-style-type: none"> • Accidents, including major accidents, which may occur on the production sites; • Discrimination against employees • Loss of key skills for implementing the strategy 	102-8 "Information on employees and other workers"; 401 "Employment"; 402 "Labour and industrial relations"; 403 "Health and safety at work"; 404 "Training and instruction"; 405 "Diversity and equal opportunities"; 406 "Non discrimination"; 407 "Freedom of association and collective bargaining"; 408 "Child labour"; 412 "Human rights assessment"	<ul style="list-style-type: none"> • Code of ethics • Technogym Vision Book • GTD Manual • Health and Safety at Work Management Policy • OHSAS 18001 Management System The quantitative data on the accident frequency indicator in this report is based on UNI 7249:2007
Sustainable supply chain management*	Respect for Human Rights	Chapter 8. The supply chain		<ul style="list-style-type: none"> • Inadequate working conditions such as child labour, healthiness of the working place, possible discriminations, health and safety of employees 	102-9 "Description of the organisation's supply chain"; 204 "Supply practices"; 308 "Rating of suppliers according to environmental criteria"; 412 "Human rights assessment"; 414 "Rating of suppliers according to social criteria"	<ul style="list-style-type: none"> • Code of Ethics • 231 Model • "Supply management" procedure • "Management of obligations related to work/ services contracts and temporary work sites" procedure • "Supplier rating and qualification" procedure • "Qualification of manufacturing processes, and manufacturing approval" procedure

* The materiality analysis indicates that "Environmental wellbeing" and "Responsible supply chain management" are not material issues. However they are have been included as required by the Decree.

ISSUE AREA	DECREE AREA	NFR CHAPTER	REFERENCE TO OTHER DOCUMENT	RISKS	GRI STANDARDS	CONTROL TOOLS
Environmental welfare*	Environmental Aspects	Chapter 9. Environment		<ul style="list-style-type: none"> • Inadequate management of waste, of temporary deposits on the production site, and transfer of waste to third parties for transport/ disposal/recycling • High level of atmospheric emissions from production operations • Contamination of land, subsoil and water, from the use of chemicals and fuels in the production operations 	302 "Energy"; 303 "Water"; 305 "Emissions"; 306 "Waste and discharges"	<ul style="list-style-type: none"> • Code of Ethics • Integrated policy on environmental, quality and management systems ISO 9001, ISO 14001, OHSAS 18001

* The materiality analysis indicates that "Environmental wellbeing" and "Responsible supply chain management" are not material issues. However they are have been included as required by the Decree.



11

GRI-REFERENCED
TABLE



GRI-REFERENCED TABLE

GRI STANDARDS	DESCRIPTION	NFD CHAPTER/Page	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 c. "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";			
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 205: Anti-corruption 2016	205-3 "Confirmed incidents of corruption and actions taken"	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	302-1 "Energy consumption within the organization"	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 302: Energy 2016	302-3 "Energy intensity"	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 303: Water 2016	303-1a. "Water withdrawal by source"	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	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	NFD CHAPTER/Page	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 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 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 a. "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	403-3 "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"			For the Subsidiary perimeter, Hong Kong is not included

GRI STANDARDS	DESCRIPTION	NFD CHAPTER/Page	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"			For the Subsidiary perimeter, Russia is not included. 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"			
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 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"			
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 STANDARDS	DESCRIPTION	NFD CHAPTER/Page	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
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 a. "Number of documented complaints of data breaches and loss of consumer data"	Chapter 5 "Customer focus"			-



11

**REPORT OF
INDEPENDENT
AUDITING FIRM**



11. REPORT OF INDEPENDENT AUDITING FIRM



**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL STATEMENT PURSUANT TO ART. 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE 254/2016 AND
TO ART. 5 OF CONSOB REGULATION 20267**

TECHNOGYM SPA

YEAR ENDED 31 DECEMBER 2017



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

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, we have performed a limited assurance engagement on the consolidated non-financial statement of Technogym SpA and its subsidiaries (hereafter the "group") for the year ended 31 December 2017 prepared in accordance with article 4 of the Decree and approved by the board of directors on 28 March 2018 (hereafter the "NFS").

Responsibility of the directors and of the board of statutory auditors for the NFS

Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the GRI - Global Reporting Initiative ("GRI Standards"), with reference to selected GRI Standards, as laid down in paragraph "Methodological Note" of the NFS, identified by them as the reporting standard.

Directors are responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

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.

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.

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

PricewaterhouseCoopers SpA

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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 selected GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 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, 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 of company personnel responsible for the preparation of the information presented in the NFS, analyses 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 company, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparing the financial information reported in the NFS with the information reported in the group 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 with personnel of Technogym E. E. Sro and we performed limited analyses 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 a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular 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, in order to assess, on a sample basis, the accuracy of consolidation 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, their contribution to the performance indicators at a consolidated level and their location, 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 2017 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the GRI - Global Reporting Initiative ("GRI Standards"), with reference to selected GRI Standards, as laid down in paragraph "Notes on methodology" of the NFS.

Other aspects

The comparative information presented in the NFS in relation to the financial year ended 31 December 2016 has not been subjected to any procedures.

Bologna, 16 April 2018

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

Paolo Bersani
(Authorized signatory)

This report has been translated from the Italian original solely for the convenience of international readers.

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