

LET'S MOVE FOR A BETTER WORLD

**2019
Consolidated Non-Financial
Statement**



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Letter to 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, Wellness, 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 attitude.

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

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

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

The purpose of this *Non-Financial Statement* is to share with all our stakeholders the initiatives and results achieved related to the key points in our strategy, which determine Technogym's long- and short term, financial, social and environmental sustainability, from our company welfare programme “Working for Wellness” for all staff, to the circular economy project to bring new life to used products, the social campaigns involving our customers and the entire sector, up to our sustainability policies that impact all company processes and the entire supply chain.

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

Let's Move for a Better World.

Nerio Alessandri

Guide to the Statement

[102-46; 102-50; 102-52]

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

The reporting perimeter includes Technogym S.p.A. and all the consolidated entities in the Consolidated Financial Statement. Any limitations of this scope for individual figures have been indicated, with reasons given where relevant. The report covers the period from 1 January - 31 December 2019 (annual reporting intervals); where possible, a comparison with 2017 and 2018 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 Italian 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 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.

In terms of the process, the company departments were involved, in preliminary interviews to verify the ongoing significance of the topics covered by the Non-Financial Statement, and to obtain findings to report in the 2019 Statement, as well as policies, information and data necessary to prepare the Statement itself.

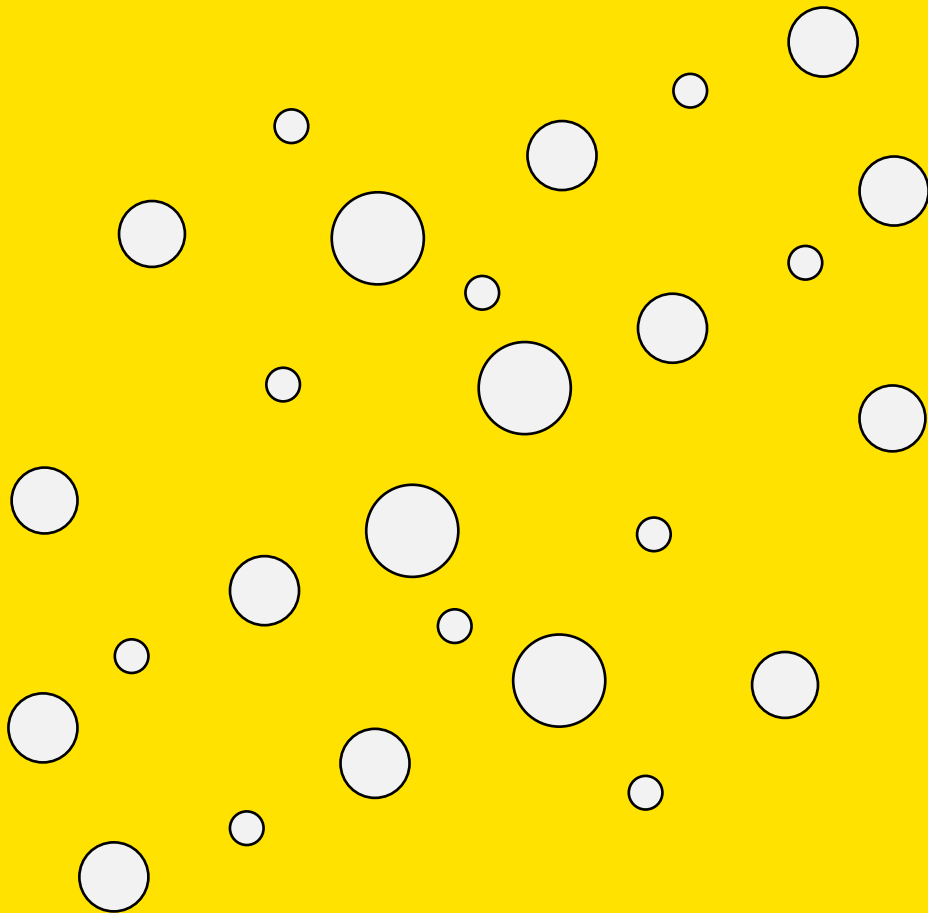
The independent auditing of the Non-Financial Statement was entrusted to Price WaterhouseCoopers S.p.A. and ended with the issue of the “Report of the independent auditors on the consolidated non-financial statement pursuant to Article 3 of Italian Legislative Decree 254/2016 and Article 5 of Consob regulation 20267”.

HIGHLIGHTS

Environmental welfare

.....

Energy consumption
and emissions

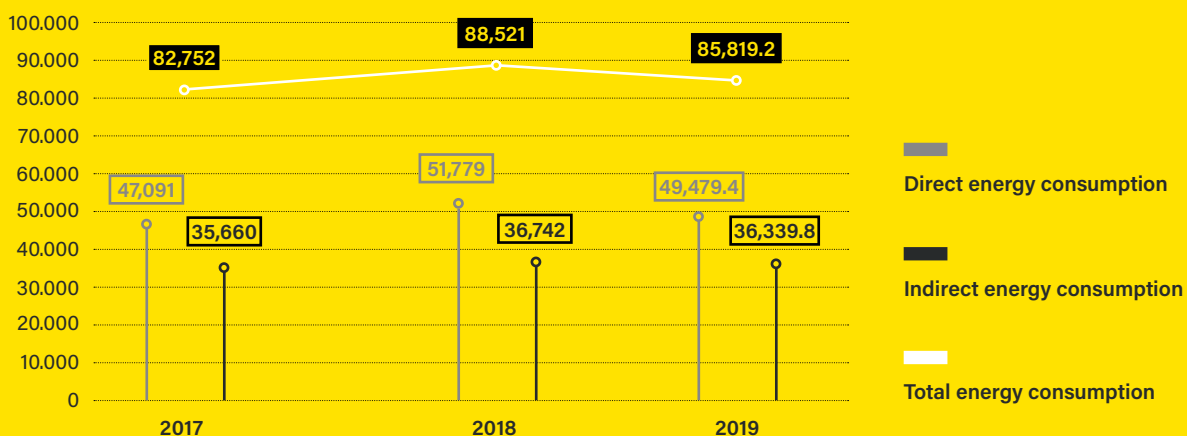


⇒ **85,819**
(GJ) ... Energy consumption
down compared to 2018

⇒ **5.5498**
tons of CO₂ ... Down compared to 5.7615
tons of CO₂ issued in 2018

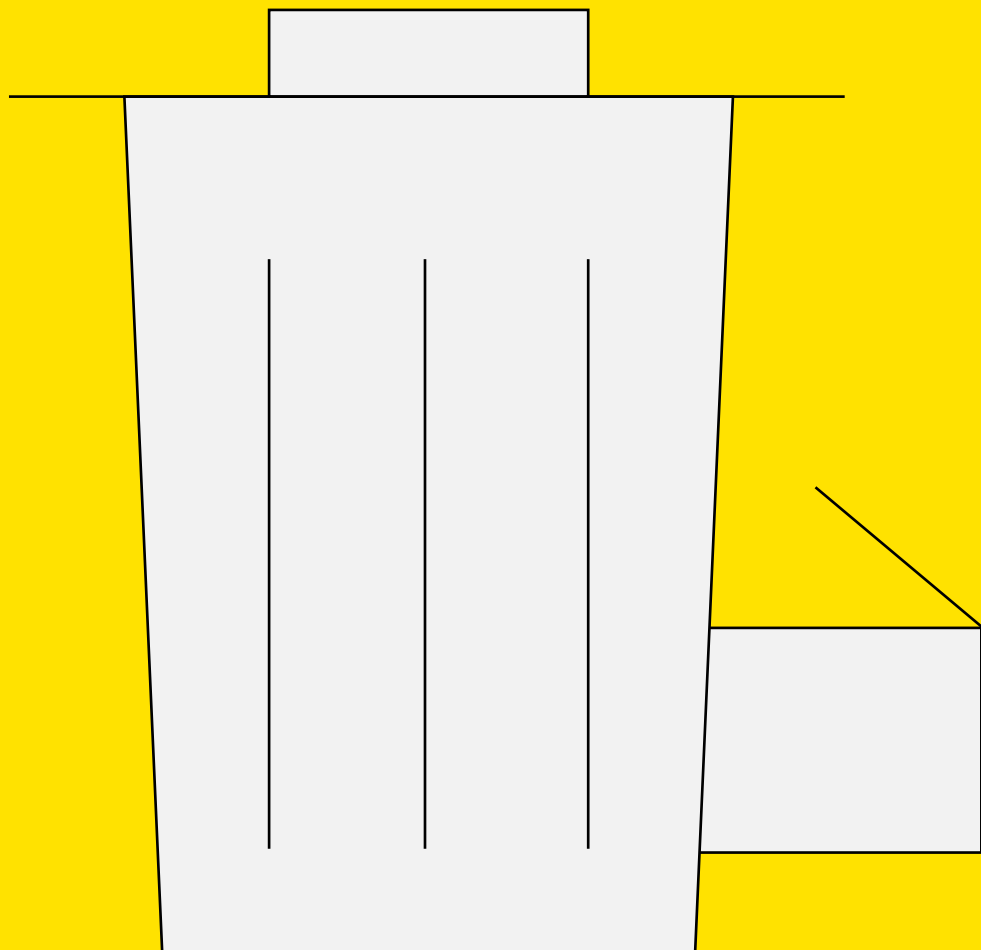
⇒ **1,820.7**
tons of CO₂ avoided ... thanks to the new
warehouse for the storage
of finished products
manufactured at the
Slovak site.

Group energy consumption



.....

Packaging, material & waste





51%

**of eligible machines
(sustainable refurbished
products) put back
on the market**

... contributing to a reduction
in environmental impact
and the use
of raw materials



250

**tons of CO₂
avoided**

... with re-usable containers
and a consequent
reduction in
packaging material

Technogym does not use chemical substances in the phase-in and phase-out process. Suppliers are asked to accept the REACH and RoHS directives, limiting the use of chemical substances in the production process and reducing the relative risk



Sustainable supply chain management



75%

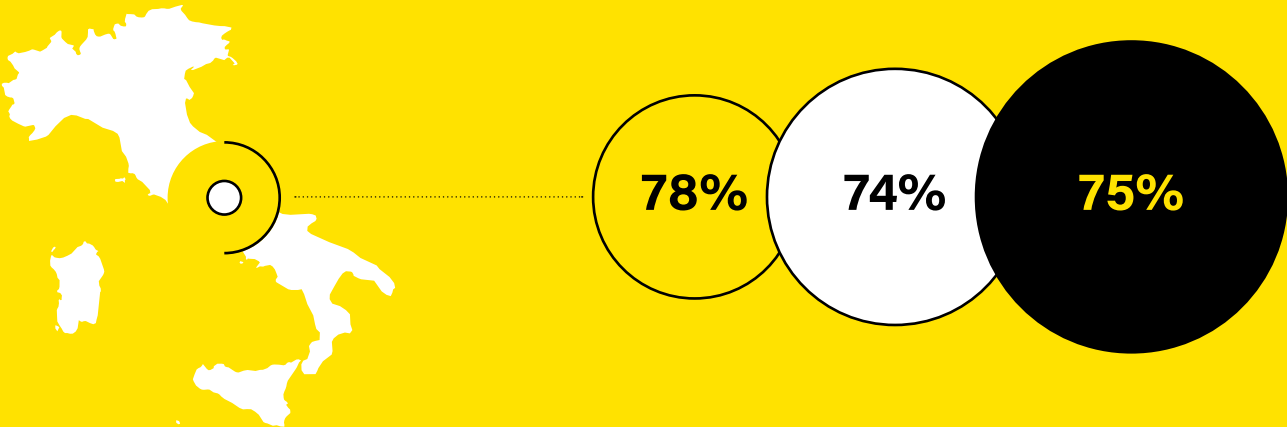
**Suppliers with registered office
in Italy**



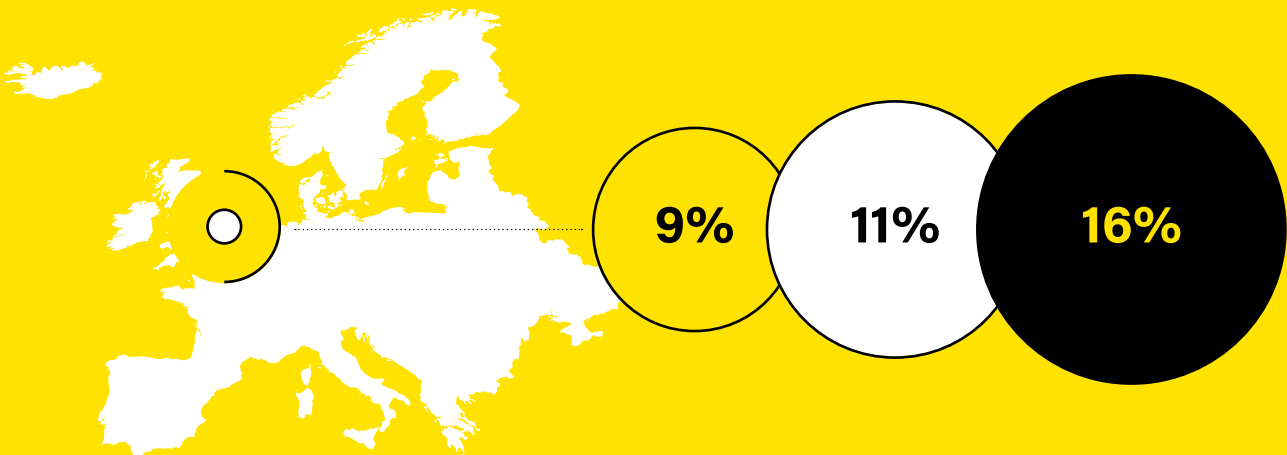
26

ESG audits conducted in 2019

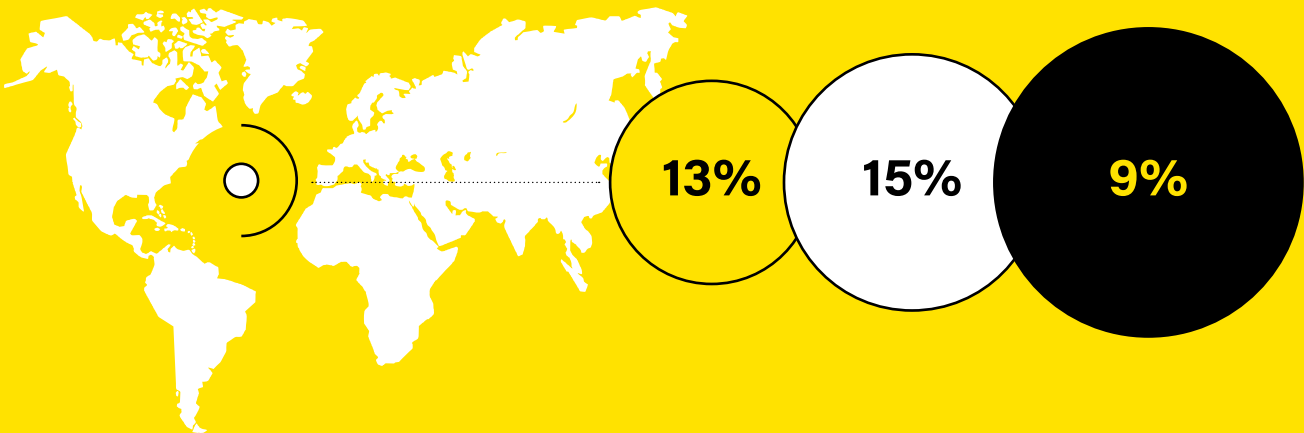
Purchases from Italy



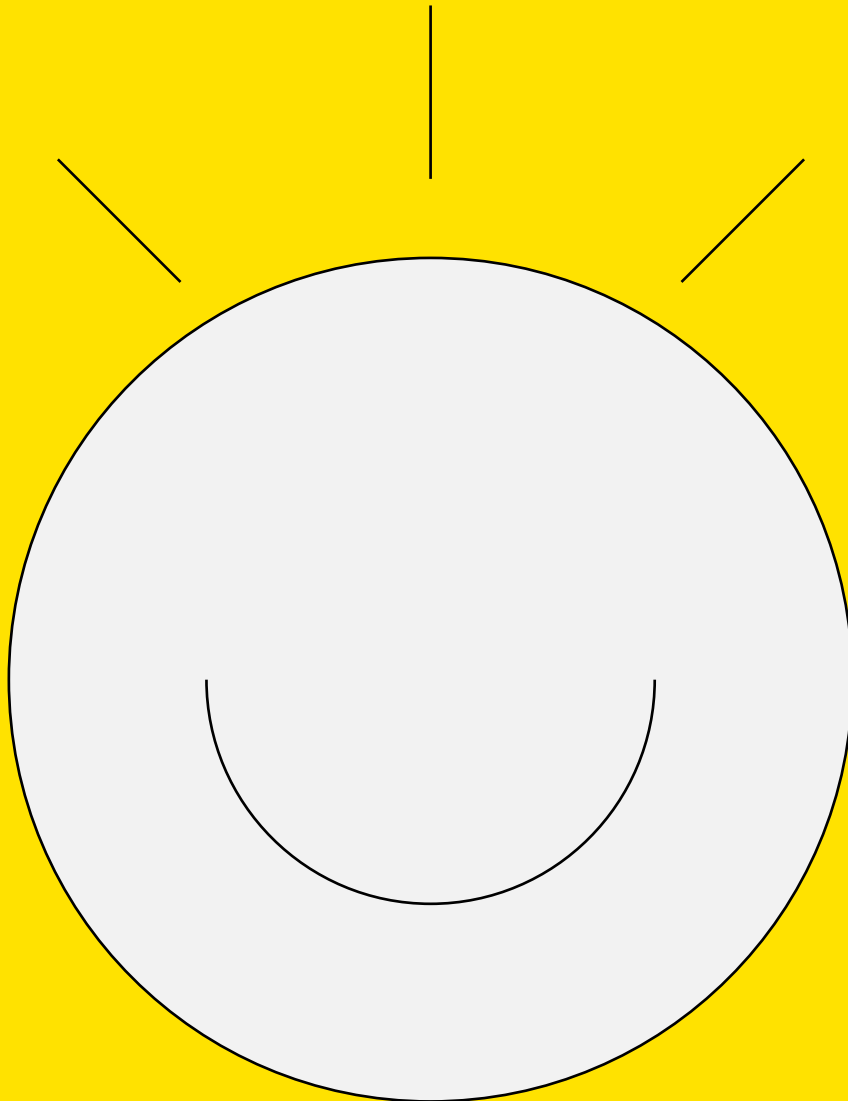
Purchases from Europe (excluding Italy)



Purchases from the Rest of World



Personal welfare





2,122

Group employees



92%

employees on permanent contracts



16%

**women on the
Operational Committee**

... Up compared to 13%
in 2018



6.8%

**turnover rate
(departures) at TG S.p.A.**

... Down by 1.17% compared
to 2018

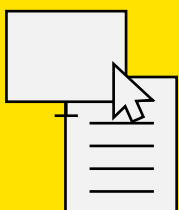


26.4%

**turnover rate
(departures) at TG EE**

... Down by 4.83% compared
to 2018

Training at Technogym



⇒ A new global platform was launched on company training offering a mix of e-learning, accessible to all staff at the company

⇒ "Skills School" set up for the practical training of production line operators



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.

The offer of Technogym branded products has broadened over the years, and now ranges from Fitness Clubs to the Hospitality & Residential, HCP (Health, Corporate & Performance) and Home segments. Worldwide, Technogym products are now used in 80,000 Wellness centres and more than 300,000 homes.

Technogym has been an official supplier at the last seven editions of the Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio 2016 and PyeongChang 2018, and was recently chosen as the Official Supplier for the Tokyo Olympics – which will be its eighth Olympic experience.



↑ Alessandri's family garage

Homes
worldwide

300,000

Wellness
centres

80,000





Milestones in Technogym's history

1983

Nerio Alessandri founds Technogym, combining his passion for technology (Techno) and sport (Gym). Aged 22, he designs and builds his first machine in his garage.

1986

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

1984

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

End of
the '80s:

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

1990

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

1992

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

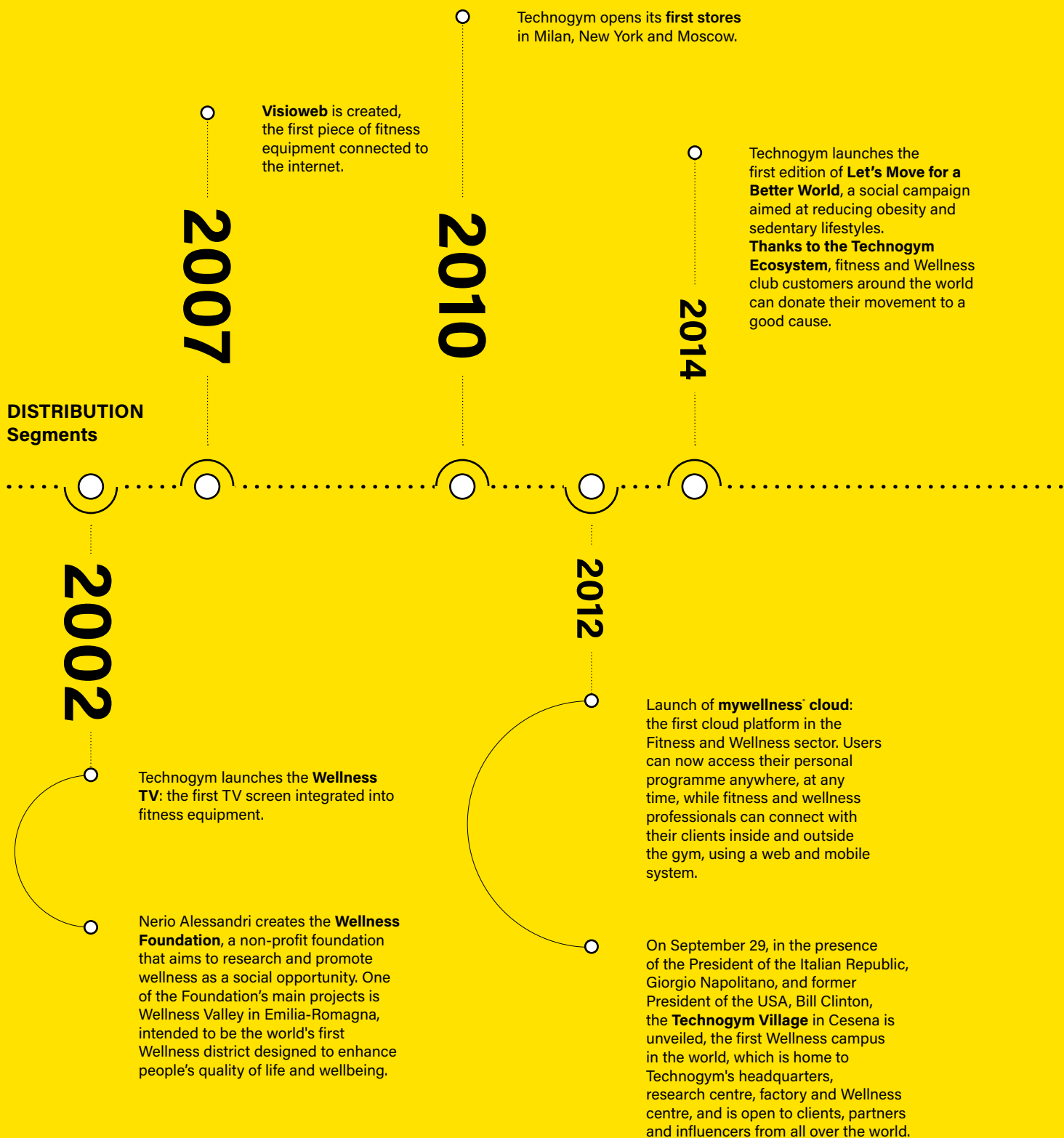
1996

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

2000

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

Milestones in Technogym's history



2015

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

2016

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

Technogym is listed on the **Milan Stock Exchange** on 3 May.

2017

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

2018

Technogym is **appointed official supplier to the 2018 Winter Olympics in PyeongChang**, the company's seventh appointment as an official supplier to the Games. In the same year, Technogym launched **SkillAthletic**, a new training method inspired by the training programmes of sporting champions.

2019

Starting from the "Wellness on the go" strategy, involving the development of a seamless and integrated digital ecosystem consisting of smart equipment, mywellness® cloud and apps, offering a custom training experience – in 2019, Technogym presented the **Technogym Live**, offering training experiences and group classes run by trainers from all over the world on Technogym equipment at home, at the gym, in hotels and at work.

Technogym Bike was the first product to be integrated with the Live platform, enabling live or on-demand connection to indoor cycling classes developed in fitness studios located in various cities around the world, direct from the bike display.

"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 2019, for the tenth consecutive year, Nerio Alessandri was a speaker at the World Economic Forum.

Within the Romagna region, where the Wellness Foundation is located, it launched the Wellness Valley project, which aims to create the first Wellness district in the world, capitalising on the natural DNA of the Romagna region and on Wellness as an economic (tourism, food, technology) and social (health and prevention) opportunity for the area.

The mission and 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 recognised as a landmark in its industry, promoting an authentic lifestyle by creating customised 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 programmes 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, programmes 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 which includes Retail, Field Sales, Wholesale and Inside Sales.

1.4

THE BUSINESS MODEL

Over the years, Technogym has become well-known for interpreting and anticipating its customers' needs, creating a global community of over 50 million people who train every day on its machines in 80,000 fitness centres and in more than 300,000 private homes in 100 countries worldwide. Today, Technogym is a leading light in the international wellness sector, capable of delivering all-round solutions for fitness, sport and health.

Innovation, design and product development

Since its foundation 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.

To date, Technogym has an intellectual property portfolio of more than 290 patents, 190 designs and 394 national and international trademarks, which include 15 patents, 30 designs and 4 trademarks registered in 2019 alone.

2019 saw the successful continuation of the **Technogym Ecosystem** being distributed on the market. This first cloud based platform in the wellness sector allows individual users to access their personal data and training programmes and provides a complete range of consumer and professional apps to access individual wellness programmes, including via mobile devices. The platform makes it possible to connect final users, professional operators and Technogym products ("Wellness on the Go") in real-time and in any environment, by aiming to offer, on the one hand, greater personalisation and general improvement in the

wellness experience for users and, on the other, new opportunities for professional operators to widen their customer base and retain customers.

In 2019, Technogym unveiled the revolutionary concept **CLUB 4.0** during the industry's most important trade shows - **IHRSA** (San Diego – USA) and **FIBO** (Cologne - Germany).

CLUB 4.0 is Technogym's new strategy designed to offer a wide variety of training experiences at fitness clubs, in different segments, dedicated to people with diverse passions, needs and goals. Thanks to a combination of innovative products, the mywellness® cloud digital platform, training programmes, digital services and dedicated visual projects, Technogym can offer appealing, immersive, customised training experiences for each user.

The training format proposed by Technogym offers:

- › **BIOCIRCUIT:** - the new circuit-based method giving clients bespoke training to meet their goals in a short time, thanks to products with a single log-in on circuit start-up, that automatically adjusts to each user and their bespoke training programme.
- › **Skillrun Class and Skillrun Bootcamp:** immersive group training on the latest hi-tech treadmills, designed for professional athletes and amateur fitness enthusiasts alike - and the Bootcamp version, for more daring users, offering high-intensity training.
- › **Skillrow Class:** indoor rowing to improve anaerobic power, aerobic capacity and neuromuscular abilities.
- › **Skillmill Class:** on a single non-motorised treadmill, to train at the same power, speed, resistance and agility levels.
- › **Skillbike Class:** ideal for cycling enthusiasts and triathletes who want to experience the thrill of outdoors - indoors, also in class and group versions.
- › **SkillAthletic:** the new training experience - developed from Technogym's experience as an official supplier at the last seven editions of the Olympic Games.

The above training formats all offer users a fully customised training experience, thanks to the digital mywellness® programme that connects Technogym products to the bespoke program of each user. Thanks to the Technogym ecosystem, users can display all their data and training programmes on their profile and in the mobile app, and combine the training they do at the gym on Technogym equipment with outdoor and day-to-day exercise.

On 5 March 2019, Technogym organised a preview of the **Technogym Live** project in London - the new platform that allows users to connect to live or on-demand to fitness classes and training experiences developed in fitness studios located in various cities around the world, direct from Technogym equipment displays. Content directly developed by Technogym is also planned for the future.

Technogym Bike, the first product in the Technogym Live platform was launched on the market in Italy and the United Kingdom in November.

In April, at Milan's Salone del Mobile, the leading international design trade fair, Technogym presented **Bike Personal**, the design bike combining Technogym's technology and innovation with the style of Antonio Citterio. Bike Personal is both a professional bike, featuring the most innovative training programmes and a design that blends in effortlessly with any type of furnishing. The Bike features sophisticated and stylish materials such as micro-polished chrome and aluminium, crafted with the best artisanal techniques.

Bike Personal is fully integrated in Technogym's mywellness® digital platform, with a display that can deliver a full range of content and training programmes dedicated to fitness, sport and health.

In May 2019, **Technogym presented its new range of star products Selection 900 and 700**, which are breaking boundaries in strength training. Alongside the biomechanics and ergonomics of the Selection Line - the world's most famous strength training products now feature new digital services and style options.

Selection 900 is the most extensive range of strength training products. Comprising a total of 24 items that cover all the muscle groups, it combines ease of use and comfort with the highest standards of performance and reliability. The Selection 900 features the innovative Unity Mini console - the first virtual coach for strength training products capable of delivering highly precise support on training and biofeedback data. The Unity Mini is fully integrated in Technogym's mywellness® cloud platform.

The new Selection 700 has raised the bar in its category. Designed to be compact and light, it features the best biomechanics in the Selection range, with an intuitive design for a thoroughly safe and comfortable training experience. The Selection 700 features integration with the QR-NFC code.

It also offers a range of **3 New Dual Equipment** items - innovative space-saving solutions that enable users to do 2 different exercises with the same product.

In October, Technogym announced the launch of the new **ARTIS Line** representing the state of the art in cardio and strength training. ARTIS products combine the highest standards of design, biomechanical engineering, interactive technology and feature the latest digital services.

The range also includes the new **ARTIS Synchro**, the elliptical trainer with a superb range of movement thanks to adaptable stands based on load and ergonomic levers for the top half of the body - that follow the spontaneous convergent movement of the arms. ARTIS Synchro offers the longest stride length ever.

To boost the competitiveness and appeal of the original concept, the new ARTIS line gives users even more innovative, cutting-edge features, such as:

- › A Full HD screen on all cardio machines
- › A 21.5" Full HD screen on ARTIS Run - for a thoroughly immersive training experience
- › Guided video routines and a streamed content on all cardio equipment
- › Wireless charger for mobile phones to let users optimise training times
- › An even better end-user experience thanks to improvements in the Android operating system.

Medical and scientific research

Technogym's medical/scientific department, operating since the company's very early days, sets it apart.

The contribution made by the medical/scientific research centre is fundamental, as a part of product development, and for activities to promote a wellness lifestyle around the globe.

In support of its own staff, Technogym works closely with a network of outstanding partners, including brilliant consultants in the field of biomechanics, sports medicine and rehabilitation, as well as many universities and research centres, the world over.

In Italy, Technogym is a partner of the Neuromuscular Physiology Laboratory of the Department of Biomedical Sciences of Padua University; the Physiomechanics Laboratory of Locomotion of Milan University; the Tor Vergata Hospital and S. Raffaele Pisana Hospital in Rome, and the Biomechanical Laboratory of Perugia University.

At international level, its partnerships with Loughborough University, Coventry and Florida Gulf University continued.

In 2019, numerous new international scientific collaborations were established, the most significant of which include: the research project on the effects of physical exercise in patients with prostate cancers at Edith Cowan University in Perth, and collaboration with Nazarbayev University in Kazakhstan for the creation of the Centre of Sports and Exercise Medicine.

Scientific research in the area continued, with publications of scientific studies in indexed journals and the participation of Scientific Department managers at national and international conferences as speakers, presenting posters and scientific works.

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 personalised data and training programmes 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 anytime, 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 programmes. Exercise data can be accessed from various touchpoints: apps, websites or directly on Technogym equipment, thanks to the Unity interface.

Technogym's mywellness[®] is the only platform in the sector to allow users to have a completely personalised experience (training programmes, data and content) throughout their whole training path, both on the gym floor and during classes (cycling, rowing, based on heart rate, and much more) as well as during outdoor training.

Since its launch in 2012, the mywellness[®] platform has become a point of reference in the market in the field of Connected Wellness. Today, more than 15,000 wellness and fitness centres around the world connect to the Technogym mywellness[®] digital platform, with over 12 million registered users.

In the first half of 2019, Technogym presented its CLUB 4.0 concept, that uses digital ecosystem technology to offer a wide variety of training experiences at fitness clubs, in different segments, dedicated to people with diverse passions, needs and goals. Thanks to a combination of innovative products, the mywellness[®] cloud digital platform, training

programmes, digital services and dedicated visual projects, Technogym can offer appealing, immersive, customised training experiences for each user.

Starting from the “Wellness on the go” strategy, involving the development of a seamless and integrated digital ecosystem consisting of smart equipment, the mywellness® cloud and apps, offering a custom training experience, Technogym presented the Technogym Live platform, offering training experiences and group classes run by popular trainers on Technogym equipment at home, at the gym, in hotels and at work.

Technogym Bike is the first product to be integrated with the Live platform, enabling live or on-demand streaming of the best classes of the most important international fitness studios.

The Technogym Live platform is a business opportunity for sector operators to offer their members a club content and training from their home as well.

THE OFFER: TOTAL WELLNESS SOLUTION

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



**Fitness, Wellness
and sports equipment**



**Cloud platform and
digital products**



Services
Aftersales, Training,
Interior Design, Marketing Support
and Finance

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 and stimulating spaces and environments and enable customers to stand out thanks to a unique and personalised style.

Financial Services

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

After Sales

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

Marketing Support

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

Networking Apps, Devices & Contents

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

DISTRIBUTION

Segments

Technogym targets specific distribution segments:

- › **Fitness and Wellness Clubs**
- › **Hospitality & Residential**
- › **HCP (Health, Corporate & Performance)**
- › **Home & Consumer**

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;
- › **wholesale**.

Field sales, Inside Sales and Retail are direct channels used by Technogym to reach end users and professionals directly, while the Wholesale channel 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.

Geographic areas

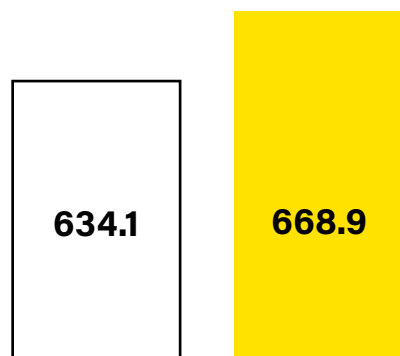
Technogym is present in all the major global markets. In 2019, around 90% of company sales occurred outside Italy and roughly 40% outside Europe, with a highly positive trend in North America and APAC - both strategic markets for the company's future development.

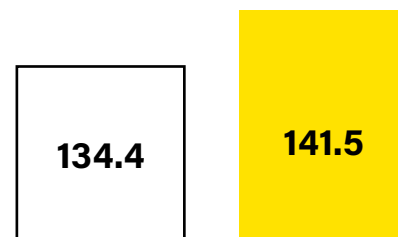
In Europe - the main market in terms of revenues - the Group retained its market shares in 2018, with an excellent performance in Germany, France and Benelux, partially offset by the difficult economic context in Russia and growing uncertainties over the UK and Brexit. Italy confirmed its growth trend, after an excellent result in 2018.

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 recognised 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 seven Olympic Games.

Revenues

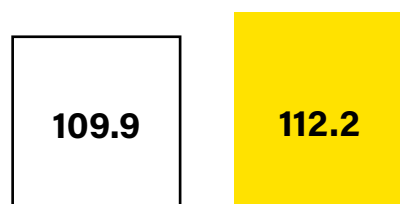


+6%
Adj EBITDA ¹

Excluding IFRS 16

+5%

Adj EBIT



Excluding IFRS 16

+2%

Adj Profit



Excluding IFRS 16

+2%


1. The Group defines: adjusted EBITDA as the net operating income, adjusted for 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 for the following income statement items: (i) net provisions; (ii) depreciation, amortisation and impairment losses; and the EBITDA margin as the ratio between EBITDA and total revenues.

(In millions of Euro and ratios)



SUSTAINABILITY AT TECHNOGYM

Sustainability at Technogym

This Non-Financial Statement meets the legal requirements set out in Italian Legislative Decree 254/2016.

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

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

The close correlation between business strategy and sustainability is what guides the Group in its decisions and actions which are designed to meet the health needs and demands of ordinary people. The wellbeing 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). Technogym unquestionably contributes to achieving **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".

On the strength of the Group's contribution to ESG and its commitment to aligning the SDGs and its company strategy, Technogym will be outlining clear sustainability objectives and commitments in 2020.

2.1

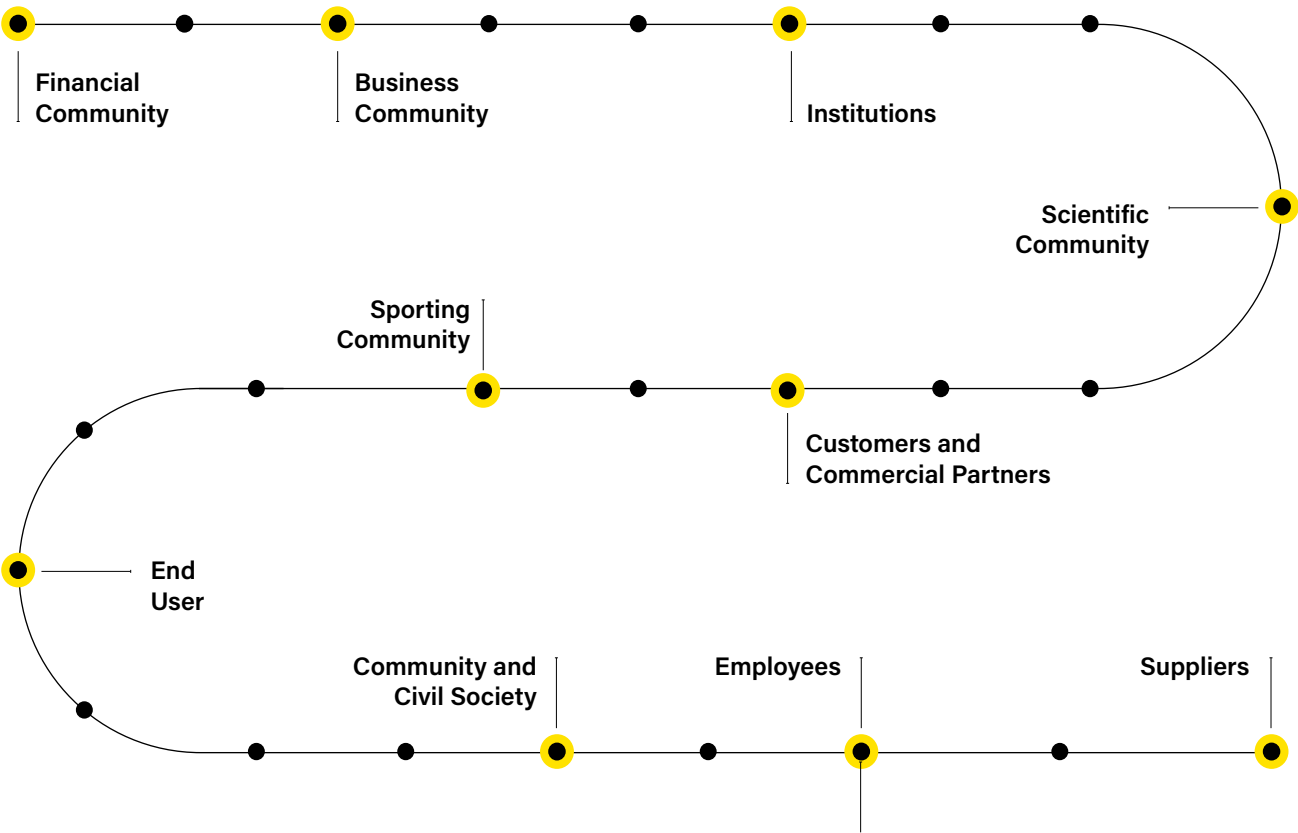
KEY TOPICS [102-47]

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

Considering the Departments' involvement in 2017, the contents of the Non-Financial Report of the first year have also been maintained for 2019, as they represent the Group's priorities.

Technogym is focused on its stakeholders and holds different engagement initiatives each year, including meetings dedicated to the financial community and business community, attendance at scientific conferences in conjunction with scientific bodies and institutions and sports' events, and has set up channels to engage with end users - to monitor customer satisfaction.

In a general process to consolidate its approach to sustainability, the Group expects to review its materiality analysis in 2020, by directly engaging its main stakeholders.



The following key topics are confirmed for 2019:

<p>.....</p> <p>Promoting the Wellness lifestyle in the community</p> <p>⇒ 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>.....</p>	<p>.....</p> <p>Personal Wellness solutions</p> <p>⇒ this approach testifies to the importance for the Group's strategy of interpreting and responding to individual needs.</p> <p>.....</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 1), together with important topics (Priority Level 2). Among the topics highlighted in Decree 254/16, those of particular importance for Technogym were

social issues (product safety, the meeting of needs, promoting the wellness culture in the community) and personnel-related topics such as employee wellbeing and protection). These are dealt with, at various levels of enquiry, in the Non-Financial Report.

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

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

RELATIONS WITH ASSOCIATIONS, BODIES AND INSTITUTIONS

Technogym considers stakeholder engagement and involvement as fundamental, and actively takes part in specific initiatives and round tables related to different areas of interest.

Its aim is to increasingly integrate these projects with its business, to consolidate its presence in the social sphere, forging solid, strategic partnerships with some of the most important national and international organisations.

The main projects promoted are outlined below:

World Economic Forum

The World Economic Forum is an independent international organisation promoting cooperation among various private and public international stakeholders, to improve the state of the world in various ways. Technogym has been involved with the Forum for over 10 years and is active in projects promoting health, healthy lifestyles and studies related to future cities and ecosystems inspired by Wellness.

Europe Active

This Europe-wide association for the Fitness and Wellness sectors brings together product and technology companies and fitness centre operators. The association works with European Institutions and develops numerous initiatives to promote physical activity in Europe.

ANIF – National Association of Fitness Equipment

As a founding member of ANIF, the Italian trade association for fitness equipment, Technogym has demonstrated its strong commitment not only to developing and selling products, but also to supporting the entire fitness industry in Italy.

Exercise is Medicine

For the eighth year running, Technogym was a global partner of “Exercise is Medicine”, an initiative set up in the United States from a collaboration between ACSM (American College of Sports Medicine) and AMA (American Medical Association), now developed on an international level, whose objective is to promote the prescription by doctors of physical activity as a form of medicine for a number of disorders, and to train industry operators and trainers in providing therapies in the form of physical exercise programmes.

Technogym's involvement with the initiative included the publication of new documents, participation in the annual convention held in Orlando (Florida) and the organisation of events in Italy and other parts of the world to train doctors and trainers.

Since 2019, it has stepped up the training held in partnership with ACSM, organising webinars and publishing articles.

Fondazione Altagamma

This Foundation brings together high-end creative and cultural companies in Italy, that are true ambassadors of Italian style the world over. Its mission is to contribute to their growth and competitive leaning. Altagamma companies operate in numerous sectors ranging from fashion to design, jewellery, food products, hospitality, speed and wellness.

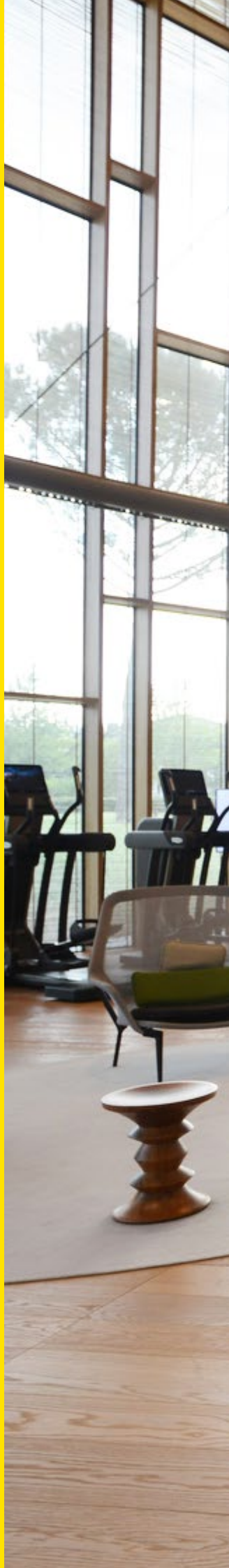
Romagna Iniziative

This association is active in Romagna, the region where Technogym is based, and is involved in projects supporting sport, culture and events, with a special focus on young people.



THE TECHNOGYM

VILLAGE, A TEMPLE OF WELLBEING







The Technogym Village, a temple of wellbeing

A further look at the Technogym Village: the first Wellness campus in the world, conceived from the meeting between Nerio Alessandri and Antonio Citterio. The project transformed the Wellness philosophy into an architectural form, offering a place that combines industrial requirements with a focus on the quality of life and work of people.

A spectacular architectural sight and at the same time a space made for man: 150,000 m², with 60,000 m² of indoor space, for working, training and information activities and benefitting from unique services, thanks to the most advanced criteria on protecting health and safety in the workplace.

This is the **Technogym Village**, the first example of the Wellness Campus worldwide, designed by Antonio Citterio and Partners and opened in Cesena in 2012. The site is a cultural hub, research and innovation lab and production centre that gives staff, customers, suppliers, doctors and guests from all over the world an experience of total Wellness.

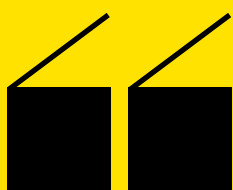
It was in 2002, when Nerio and Pierluigi Alessandri chose Antonio Citterio as the architect to come up with **an architectural translation of the Technogym philosophy**, interpreting its values and vision. And it was in 2012 when these ideas came into being in a work which would become over the

years not only a landmark in the area but also a benchmark of sustainable design.

The project was the result of a great vision and a fruitful combination of topics and needs. On the one hand, the concept of Wellness is seen as an approach to the quality of life, on the other the architectural design is conceived as a capacity to create the spaces where we live.

Citterio took up this challenge adopting a **holistic approach**, in keeping with the concept of integrated wellness which inevitably comes from an effortless mix of elements such as light, ambience, sensations, colours and materials. The project involved a lengthy study and continual creative forays to give life to a complex that is still today an example of design inspired by principles of **bio-architecture**.

First, there was the initial choice of drawing inspiration from natural forms, that led to the creation of an iconic symbol - the wave - able to



THE TECHNOGYM VILLAGE IS A VISION THAT HAS BECOME REALITY

Antonio Citterio



mimic the concept of **movement** and also reproduce the natural lie of the land. Nature was also behind the choice of materials, using glulam wood for the structure and composition, plus glass and aluminium for a high level of thermal insulation. The large windows, with building automation system to open and close them, exploit the natural recirculation of air, to keep the temperature cool without the need for intensive air-conditioning systems. The building 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. Plus, every cubic meter of ground excavated to build the foundations was recovered from the initial excavations, to create a natural barrier - the hills that can be seen from the motorway - which also act as a sound barrier.

Immersed in nature, the wave design similar to the rolling hills of the Romagna countryside, the building is fully integrated in the area - the **Romagna Wellness Valley** - an idea strongly backed by Nerio Alessandri and conceived as the first district in Europe for wellbeing and quality of life.

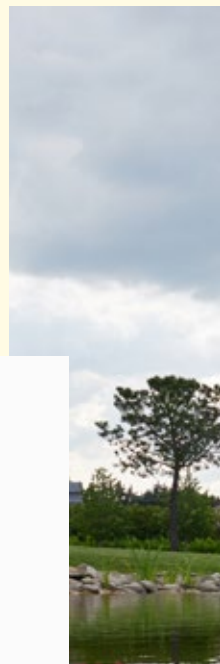
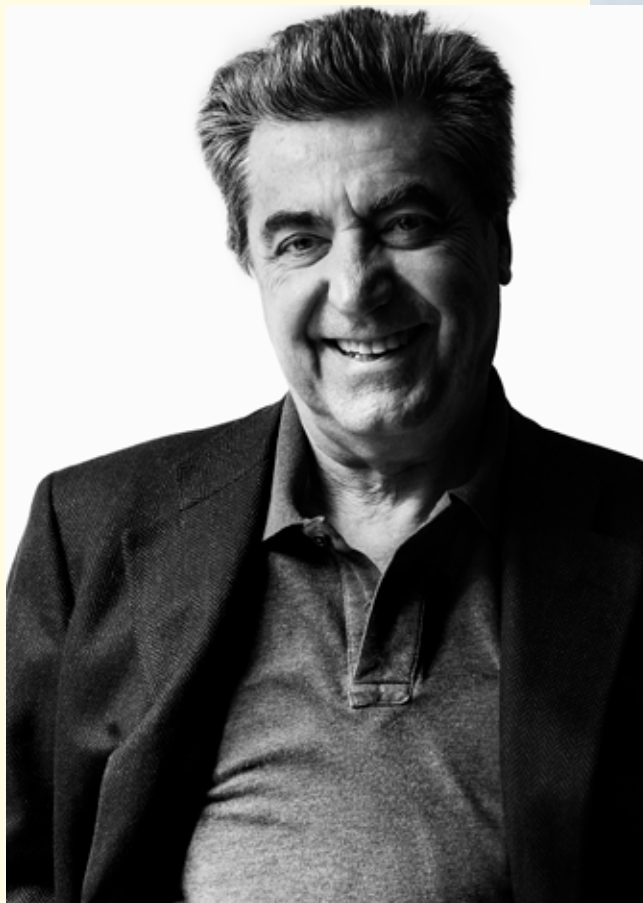


THE TECHNOGYM
VILLAGE IS AN ASSET
AND ADVANTAGE FOR
ALL OUR STAFF AND
THEIR FAMILIES, AS WELL
AS THE PEOPLE WHO
LIVE IN THE AREA,
INSTITUTIONS AND
EVERYONE WHO SHARES
OUR MISSION.

Nerio and Pierluigi Alessandri



IN CONVERSATION WITH **ANTONIO CITTERIO**





TG: The Technogym Village was a pioneering project, above all because you were active in a field - wellbeing - which did not have many examples. How do you see the project now, eight years on? In what way does it still represent an example of excellence and innovation today?

AC: The project dates back to the early 2000's. Setting up a project at that time which was "holistic" from a perspective of sustainability, where the entire process of creating the building was considered, makes us particularly proud.

TG: Sustainability and environmental awareness are central themes in contemporary debate. How were they addressed when designing the Village?

AC: What brings together all the projects designed for Technogym is the philosophy of company Wellness with different purposes. In keeping with the "wellness" concept, the project is a "horizontal" complex, positioned in the landscape like a university campus rather than corporate headquarters. We had the idea of a place for a group of researchers, and not just somewhere that could, in some way, appear to be "institutional". We imagined

a place which people would also go to outside of working areas, where the spaces, including the outdoor areas, could be used by employees in their free time. The office block accentuates the relationship between indoors and outdoors, with views of the grounds and an internal division of areas using see-through partitions. Natural materials were widely used, such as glulam wood for the roofing and office block and entire load-bearing structure of the "Wellness Forum". In the "Wellness Forum" building, situated in front of the office block, the gym is not just a showroom for equipment and machines, but is an actual gym that staff can use. And the grounds have been designed in the same way, with trails and morphological features.

TG: You spoke of a holistic approach to designing a space as the maximum expression of the concept of integrated wellness. Can you explain what this approach consists of?

AC: With the Technogym Village project, the company's headquarters are at the same time a workplace, an industrial production site and a social hub. A true campus dedicated to Wellness.



CORPORATE GOVERNANCE SYSTEM

3 Corporate Governance System

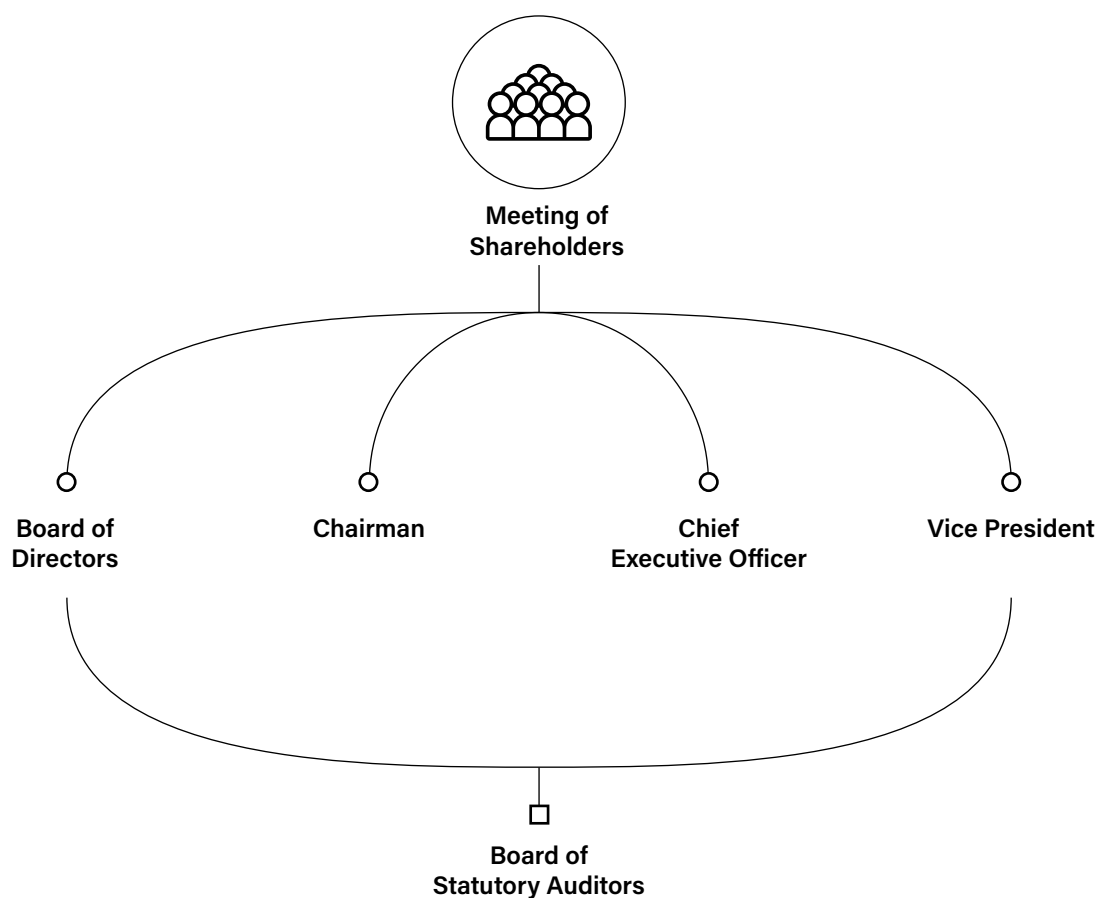
[MATERIAL TOPIC: CORPORATE GOVERNANCE SYSTEM]

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.

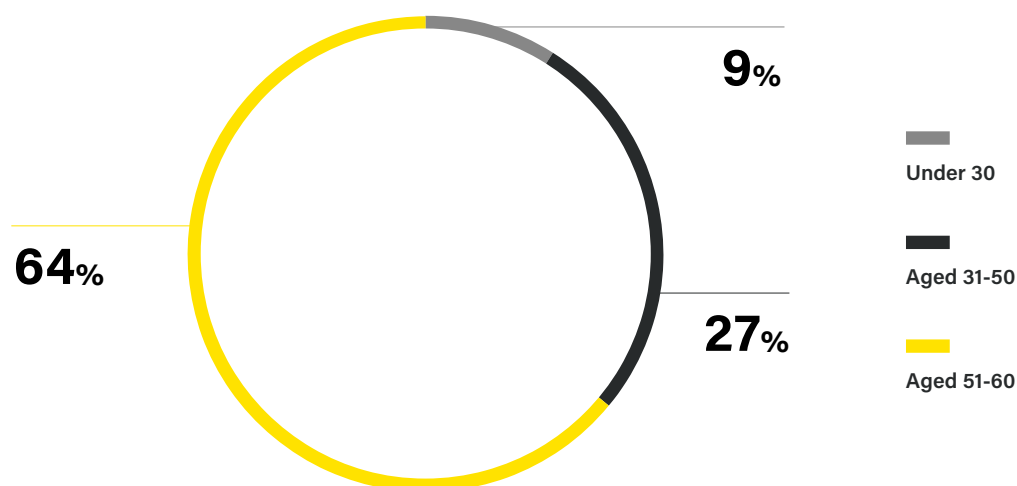
Technogym's governance model as provided for in its bylaws, is the traditional form of administration and control consisting of the following bodies:

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



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

Board of Directors – composition by age



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

→ For more information about the Corporate Governance system, please see the Report on Corporate Governance and Ownership, online at (<http://corporate.technogym.com/it/governance/sistema-di-corporate-governance>).

Code of Ethics

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

[102-16]

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

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

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

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

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

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

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

The company's processes are also periodically audited by our Internal Audit function in order to verify the level of risk related to the committing of 231 Law offences, and the efficiency of the controls put in place to limit this risk. Controls were conducted in 2019 to identify any risks connected to the main corporate processes and areas identified as sensitive, in the 231 Model. The results of this process are presented to the Supervisory Body, which is tasked with monitoring compliance and the effective application of the 231 Model and the Code of Ethics.

The Supervisory Body has three members:

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

To support the Supervisory Body in its monitoring, a dedicated email account has been set up (odv@technogym.com) to report actual or suspected violations. Alternatively, reports can be sent by ordinary mail. 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 diversified training initiatives for employees based on their role held, to raise awareness of the principles and contents of the Code of Ethics and the Model, and their implementing procedures, for continual alignment with anti-corruption issues and the Code of Ethics.

In 2018, training continued for 437 people on the new Code of Ethics for Italy, and in 2019 this training was extended through new webinarsto share updates and information within the Group. In particular, during 2019, new training was delivered to 84 employees, of whom 9% at Technogym S.p.A., 16% at Technogym EE and 3% at branches² on anti-corruption topics and the Code of Ethics. [205-2]

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.

².
The figures refer to training
for office workers only.

The fight against corruption

[Art. 3 (2 f) Italian 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.

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) Italian 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 2019. [205-3]

CONTROL

TOOLS

- Code of Ethics
- 231 Model
- Technogym Vision Book
- Code of Conduct

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

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 Report on Corporate Governance and Ownership, online at (<http://corporate.technogym.com/it/governance/sistema-di-corporate-governance>).

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

The initial analysis of the Corporate Risk Profile identified the main risks to which the Company is exposed, and activities to mitigate these risks. These preliminary activities were used to define the **Technogym Risk Model (TRM)**, which is a model for classifying risks into categories, grouped into three main areas:

- › **"Strategic Risk"**, risks deriving from changes in the business context or from inaccurate business decisions, the inadequate implementation of decisions and a poor response to changes in the environment;
- › **"Operational Business Support Risk"**, risks linked to 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 across the whole organisation, which can be coordinated with the various corporate management systems we use.

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

Implementing the ERM project will:





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


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

With specific reference to environmental, social, personnel management, human rights and anti-corruption issues (Decree 254/16), Technogym has launched a process to integrate ESG (Environmental, Social and Governance) risks within the management systems used to control these areas³. In 2019, these risks were analysed and updated, in a cycle of interviews. The results confirmed the risks already identified and indicated in the table below.

The ESG risks are covered in the sections on relevant topics. Below is a table summarising the sources used in relation to risk management in the various areas. The review of the Integrated Policy, as described in the following paragraph, has strengthened the control of risks relating to Health, Safety, the Environment and Energy.

3. No significant risks were detected, with regard to the Group's production operations.

DECREE AREA	PRINCIPAL POTENTIAL RISKS	CONTROL SYSTEMS AND TOOLS
 Environmental aspects	<ul style="list-style-type: none"> ⇒ Inadequate management of waste, of temporary deposits on the production site, and transfer of waste to third parties for transport/disposal/recycling ⇒ High generation and inadequate containment of greenhouse gas emissions and polluting atmospheric emissions caused by production operations throughout the supply chain ⇒ Land, sub soil and water contamination caused by production operations throughout the supply chain 	<ul style="list-style-type: none"> ⇒ Code of Ethics ⇒ Integrated Policy of Management Systems ISO 9001, ISO 14001, OHSAS 45001 and ISO 50001 ⇒ ISO 14001 Environmental Management System ⇒ 231 Management Model
 Social aspects	<ul style="list-style-type: none"> ⇒ Accidents, including major accidents, which may occur on the production sites ⇒ Malfunctioning, construction defects or non-conformities with product technical and contractual specifications ⇒ Malfunction of equipment due to inadequate installation and/or maintenance service ⇒ Failure to respond to requests/needs/expectations of customers and the potential market ⇒ Lack of transparency in customer communications (marketing, labelling) ⇒ Inadequate management of information systems and information security ⇒ Inadequate collection, storage and processing of personal data ⇒ Failure to respond to changes in customer preferences and failure to appreciate new trends 	<ul style="list-style-type: none"> ⇒ Code of Ethics ⇒ Integrated Policy of Management Systems ISO 9001, ISO 14001, OHSAS 45001 and ISO 50001 ⇒ ISO 9001 Quality Management System ⇒ Occupational Health and Safety Management System ISO 45001 ⇒ UNI CEI ISO 13485 Management System ⇒ GSP Procedure ⇒ User manual and Service manual ⇒ Data protection statement for the Technogym website and mywellness® account ⇒ Lead Generation Policy ⇒ Global Data Protection Policy ⇒ Retention and Cancellation policy for mywellness® cloud ⇒ Information Security Policy ⇒ Policy on the "Use of email, Internet, company digital tools and remote computer controls"
 Aspects relevant to personnel	<ul style="list-style-type: none"> ⇒ Discrimination against employees ⇒ Loss of key skills for implementing the strategy 	<ul style="list-style-type: none"> ⇒ Code of Ethics ⇒ Global Team Development (GTD) Manual ⇒ Quick Reference Guide: Talent Acquisition Process
 Aspects relative to respect for human rights	<ul style="list-style-type: none"> ⇒ Inadequate working conditions, for example cases of child labour, salubrity of working environment, discrimination, personal health and safety, freedom of association and collective bargaining 	<ul style="list-style-type: none"> ⇒ Code of Ethics ⇒ 231 Management Model ⇒ Occupational Health and Safety Management System ISO 45001 ⇒ Contractual clauses for acknowledgement and acceptance of the Code of Ethics and 231 Management Model ⇒ Supplier assessment checklist

DECREE AREA	PRINCIPAL POTENTIAL RISKS	CONTROL SYSTEMS AND TOOLS
 <p>Aspects relative to the fight against corruption</p>	→ Inadequate negotiation, stipulation and execution of contracts for the sale of goods and services to private individuals	→ Code of Ethics → 231 Management Model
	→ Inadequate selection, negotiation and stipulation of agreements with partners (traders and distributors) and suppliers	→ Technogym Vision Book
	→ Inadequate management of economic and financial transactions	→ Integrated Management System and related procedures for the rating, qualification and selection of suppliers, management of procurement and suppliers
	→ Inadequate management of relations with directors, employees or third parties involved in legal proceedings	→ GSN process

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

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

With regard to human rights aspects, there are no significant risks, given the type of company. Regarding the supply chain, 75% of suppliers are based in Italy, and assure compliance with current legislation. As Technogym has adopted a structured *supply chain assessment process*, on-site audits and checks are carried out,⁴ to ensure continuous monitoring.

4.
See Chapter 8
"The supply chain" for more
details.

Systems for the management of company activities

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

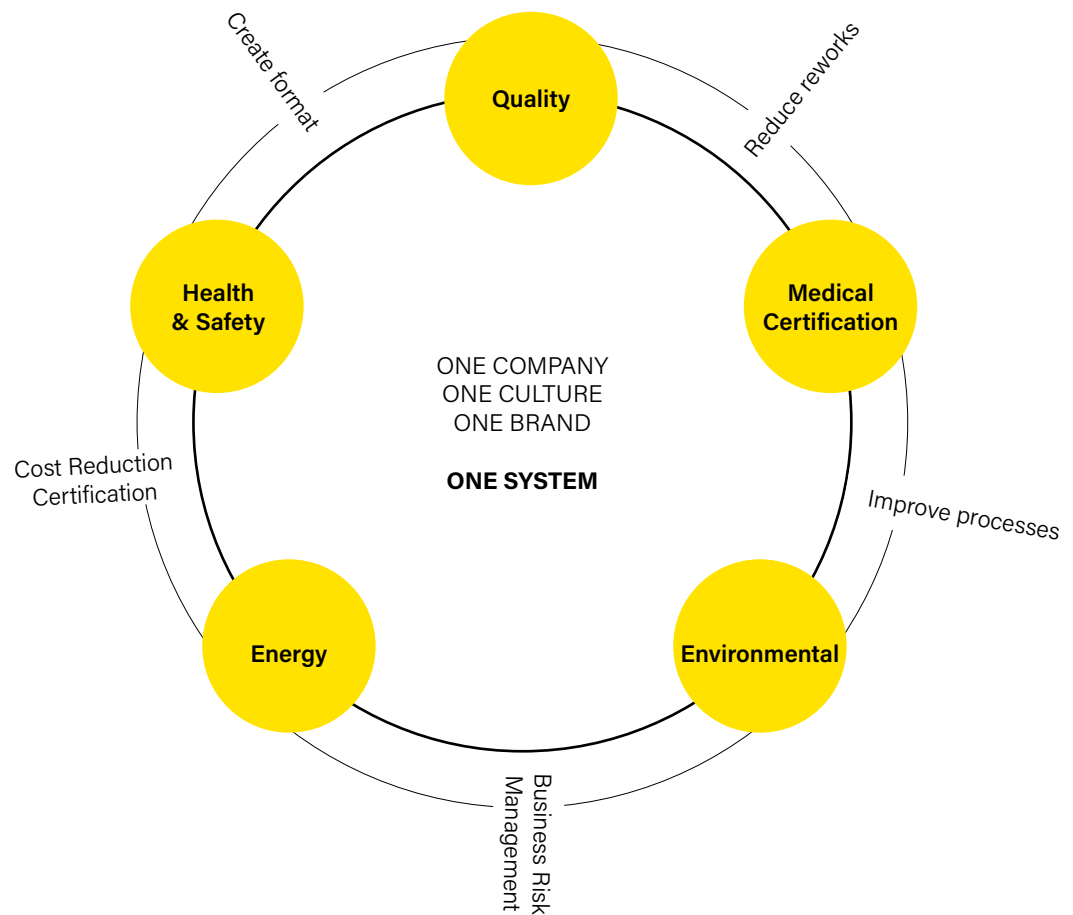
Technogym considers that certified management systems are fundamentally important in supporting the manufacture of outstanding products and services, which are designed to achieve full, unconditional customer satisfaction that fully respect people and the environment, with a view to continuous improvement.

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

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

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

In particular, the System includes the following certifications: Quality (ISO 9001:2015), Medical Devices (ISO 13485:2016); the Environment (ISO 14001:2015); Energy (ISO 50001) and Occupational Health and Safety (ISO 45001:2018) relative to Design, production, installation and servicing of wellness and functional rehabilitation equipment for Technogym S.p.A. and Technogym Eastern Europe.



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



WELLNESS AS A SOCIAL OPPORTUNITY

Wellness as a social opportunity

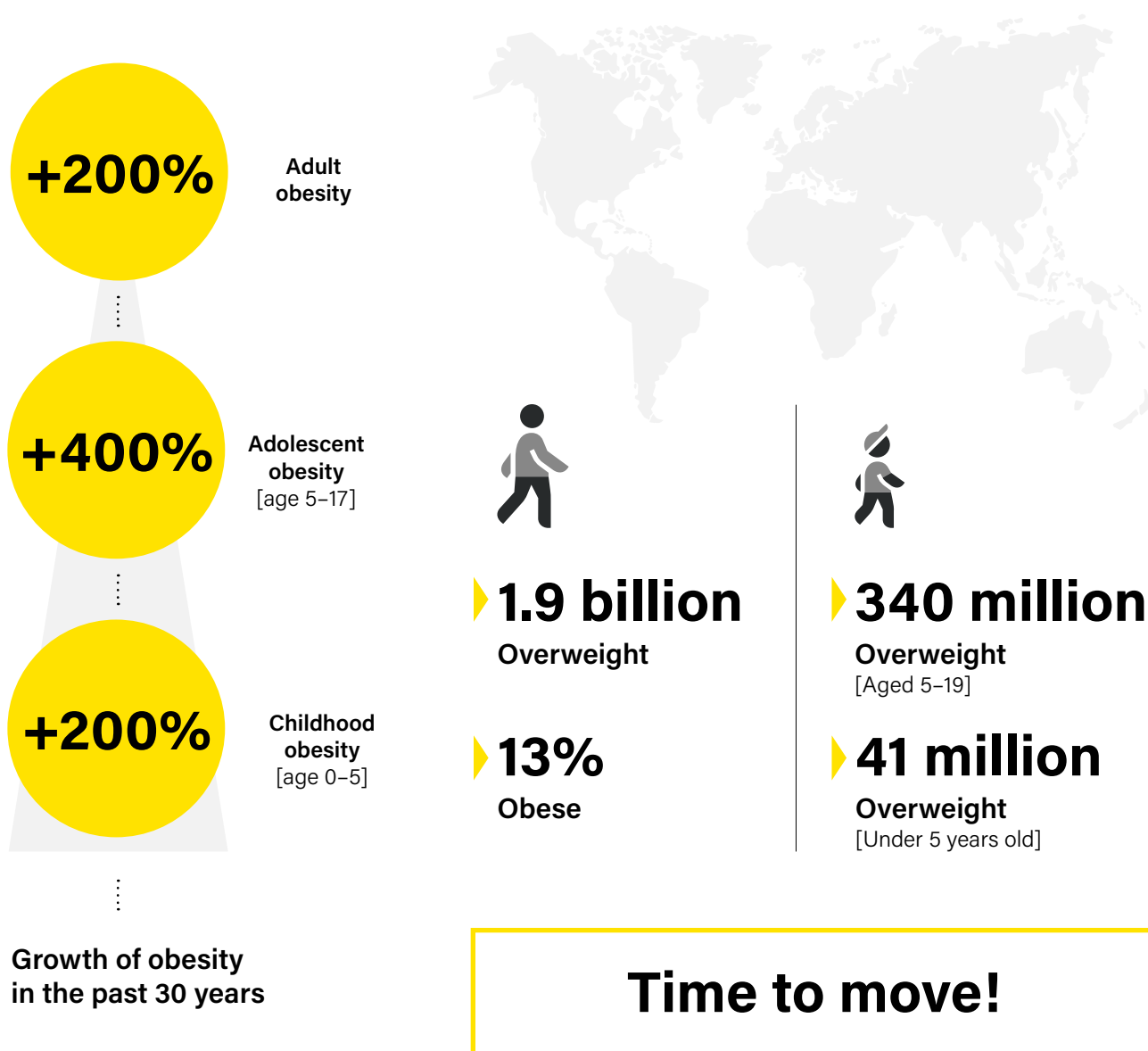
[MATERIAL TOPIC: PROMOTING THE WELLNESS LIFESTYLE IN THE COMMUNITY]

[Article 3 (1) Italian Legislative Decree 254/16 – Social issues]

4.1

SCENARIO DATA

Global obesity, a social and collective issue



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

5.
See Chapter 6 for more details.

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 programmes, 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 programme according to the specific requirements of each person.

4.4

PROMOTING THE WELLNESS CULTURE

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

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

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

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. More recently, the Wellness Congress was held in Shanghai in 2018 and in Tokyo in 2019.

4.5

THE 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 and improve the quality of life of its citizens, building on the economic, intellectual and cultural capital of the Romagna region, already naturally suited to living well. In support of the initiative, Technogym has granted access to its competencies and structures and organised concrete activities as well as meetings and thematic discussions to facilitate networking among all the stakeholders in the area.

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

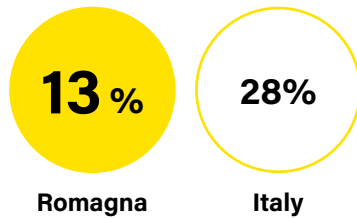
Thanks to its multi-stakeholder approach, Wellness Valley involves more than 250 public and private organisations from the local area, who are actively committed to the project: public institutions, doctors, schools, universities, businesses, hospitals, gyms, sports clubs, hotels, spas and event organisers.

In May 2018, the second edition of the Wellness Valley Report was presented at the Wellness Valley Stakeholder Meeting at the Technogym Village. The study highlighted the individual and collective benefits of the project in terms of health, economic development and local promotion. The report presents a very significant piece of data: the population the Wellness Valley is the most active in Italy. In fact people in Romagna are 10% more active than the national average.

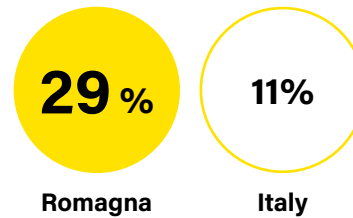
The third edition of the Wellness Valley Report presented in September 2019 also included other data demonstrating the actual impact of the project on the lifestyle and health of the population.

- › In Romagna, 13% of the population is sedentary, compared to a national average of 28%
- › 29% of the population uses a bicycle to get about each day, compared to a national figure of 11%. 51% of the population in Romagna get about each day on foot, compared to a national average of 40%
- › 40% of doctors in the Region prescribe physical activity as treatment, compared to a national average of 30%
- › Population at risk of disability due to chronic disease: Romagna 10.2%, compared to a national figure of 20.8%.
- › In Romagna, the number of companies active in the wellness sector went up by 12%, compared to the total number of companies, which went down by 7%

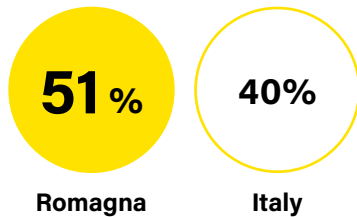
Being sedentary



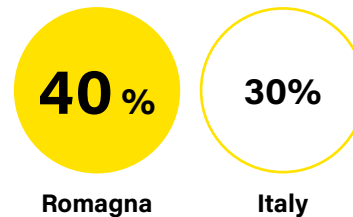
Getting about by bicycle



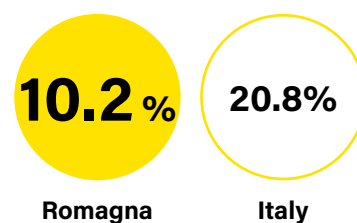
Getting about on foot



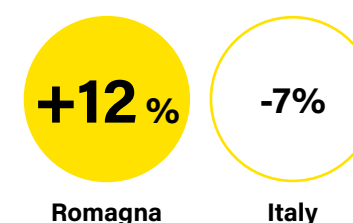
Prescription to do physical activity



Population at risk of disability due to chronic disease:



Companies active in the wellness sector



In May 2019, the Wellness Week was held across the Romagna region. This 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 its active commitment to the Wellness Valley project, Technogym was invited to sit on the "Healthy Cities & Communities" round table promoted by the World Economic Forum in 2019, with the aim of creating a sustainability model for large cities and states, focused on a culture of healthy life styles and benefits for individuals and communities alike. Back in January 2016, the World Economic Forum presented "The Future of Healthy" study during the annual forum in Davos, which identified Wellness Valley as an international benchmark in a wellness ecosystem which promotes long-term sustainability, placing people and their quality of life centre stage.

Initiatives in the local area

The Romagna area and Cesena in particular is a priority in Technogym's social responsibility strategy. This priority is put in place through a programme of dedicated activities and initiatives involving Technogym, the main promoter and supporter in the wider context of the Wellness Valley project.

In the fields of **education and training**, Technogym makes its expertise available to a whole host of local entities, to disseminate the Culture of a Wellness Lifestyle in various sectors.

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.

This commitment led the Emilia-Romagna regional government to add the prescription of physical exercise to its health care system from 2014 for the prevention and treatment of the most common chronic diseases, thus establishing the first truly working model in Italy, and among the first in Europe.

Since 2016, through an agreement signed with the Medical Association of Forlì-Cesena, later extended to the entire region, Technogym has hosted a "Training course on exercise therapy" at its own Wellness Campus for graduates in medicine and surgery who are specialising in general medicine. Thanks to this activity, Technogym has helped to fill a training gap and "train up" a new generation of doctors in exercise therapy as an integral part of their cultural and professional expertise.

The course, coordinated by Technogym's Medical/Scientific Research department, focuses on the prescription and administration of Adapted Physical Activity (APA) and Adapted Physical Exercise (APE) specifically to treat the main chronic pathologies of our TIMES, with particular attention paid to cardiovascular, dysmetabolic, muscular skeletal and respiratory tract diseases.

Each year, around 100 junior specialist doctors attend the two-day training course, comprising:

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

Besides providing expertise free of charge, trainers and the Technogym Village with all its teaching and sports' facilities, Technogym pays all the costs of this training programme, that also includes education on healthy eating with the participants eating meals at the T-Wellness Restaurant in 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.

The Wellness University

Since its early years, Technogym has worked together with Bologna University to research and develop materials, products and solutions that are increasingly innovative and sustainable put on the market in Italy and abroad.

This partnership was stepped up and gained more importance from the early nineties onwards, when Alma Mater of Bologna opened university campuses in Romagna, and apart from as technical/scientific issues, began to teach a Culture of Wellness.

As indicated in last year's Report, the Romagna Multi-Campus of Bologna University now offers over 50 three-year degree, two-year specialisation degree and master's courses on Wellness covering various areas - physical education, nutrition, biotechnologies, architecture, training science and much, much more.

In particular, during the 2017-2018 academic year, Bologna University, inspired by Technogym, started its two-year specialisation degree course "Wellness Culture: Sport, Health and Tourism" in English, with the aim of training professionals to develop and adopt strategies, projects and initiatives promoting Wellness in all contexts: businesses, public organisations, cities, States, sports' and cultural associations. In its first year, 6 students enrolled on the course, 12 in the 2018-2019 academic year and 27 in the 2019-2020 academic year.

Technogym regularly opens its doors to students on the Wellness Culture Degree Course for training days covering various aspects of Wellness Culture and on 26 March 2020, the Technogym Village will host the first session of the Wellness Culture Course, which we will report on in the 2020 Non-Financial Statement.

Higher training for local tourism and marketing managers

Since 2017, Technogym has partnered the ITS Foundation "Turismo e Benessere" (Tourism and Wellbeing) to train highly qualified managers in the tourist industry and promote the local area. In particular, each year it hosts two training days at its Wellness Campus for the two-year "Marketing 4.0, Tourism and Territory" and "Hospitality Manager" courses, attended by workers who are studying and school leavers eager to join the world of work through fast-track training. During the training days, when Technogym meets all the logistics and hospitality costs, participants learn about the Wellness Lifestyle, its main benefits on health, the economy and tourism, the Wellness Valley project and how to "build" Wellness experiences that benefit tourists.

Technogym's social commitment to the local area is also reflected in a number of **projects, events and initiatives** created for the entire population of Cesena and Romagna, with the aim - as already mentioned - of contributing to improving the quality of life of the local community. These projects take place annually and directly involve Technogym as promoter, supporter or financial sponsor.

Wellness parks

After initially being tried out in 2011 in the town of Cesena, the “Wellness Parks” project soon became a constant on the wellness scene in Romagna, and has since grown steadily involving more and more towns, guaranteed hours of physical activity and people attending.

The “Wellness Parks” format, that Technogym supports by paying all costs with a contribution of €15,000 each year, is quite simple and guarantees a complete schedule of free, physical activity in the main parks of towns and cities involved, from April to September each year, with the direct commitment of local fitness clubs that provide their most qualified trainers. The winning formula boasts an extensive range of courses, repeated over time, creating a habit of physical activity, which is recognised as key to adopting an active life style.

The figures in the Wellness Valley Report 03 show the project has grown up until the present day, with 70 towns involved in the 2019 edition, 810 hours of free physical activity and 65,000 people attending. Since 2015, the formula trialled in the Wellness Valley area has become increasingly requested by other towns and cities in Italy, breathing life into a true, national network.

Gioca Wellness

Compared to the “Wellness Parks” which are aimed at the entire population, the “Gioca Wellness” (Play Well) Projects are for children aged between 1 to 9 who go to pre-school and primary school in Cesena, to tackle the onset of child obesity. Project takeup by schools is voluntary and independent. Technogym makes an annual contribution of €30,000 to the project, paying for qualified instructors who go to the schools, guaranteeing around 2,000 hours of physical activity. The project is free to schools and the families.

The project target (children aged between 1 and 9 years) was defined based on an in-depth study, showing that this age range is one of the most critical for a child’s healthy, balanced development, that the increasing problem of child obesity develops at around 5 years of age, and that pre-school and primary schools are affected the most from the lack of time spent on physical activity.

The “Play Wellness” approach to child obesity is geared towards selecting and educating the main players involved in the growth process of children: the child herself, her parents and the teachers. For this reason, the project is based around a variety of teaching tools, developed together with lecturers from Bologna University and the Cultural Association of Paediatricians of Romagna, to transform lifestyle into a subject of everyday study:

- › a lifestyle notebook for the young students;
- › a guide to raising healthy children, for parents;
- › a Wellness Lifestyle teaching toolkit, for teachers;
- › around 2,000 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.

Wellness Pyramids for healthy growth in younger generations

In keeping with its commitment to contributing to healthy growth in younger generations, Technogym started up a partnership in 2019 with the Cultural Association of Paediatricians of Romagna, to study and develop “Wellness Pyramids for children”. The Pyramids are tools for parents, teachers and doctors to use to understand and immediately explain the best lifestyle for children based on the three dimensions of Wellness: physical activity, nutrition and a positive mental approach.

Thanks to the scientific contribution from the paediatricians, the Wellness Lifestyle was classified to cover four age groups: 0-1 years 1-6 years, 6-11 years and 11-14 years. An additional pyramid for the 14-18 years age group is currently being developed.

Technogym's financial support for the project, equal to €5,000 for 2019, enabled the scientific processing of the Pyramids, their graphic development and a first print run of 10,000 copies distributed extensively to 150 paediatricians in the Cesena area.

Piedibus

"Piedibus" is the education project for an active lifestyle encouraging children to walk to school. The project centres around primary school pupils in the Cesena area, who walk the last kilometre of their journey to school, accompanied by volunteer parents, along specific, protected routes, creating a healthy habit among the children.

In 2019, Technogym supported the Piedibus project in the Cesena area, making a contribution of over €5,000 to develop the material necessary to put the project in place and guarantee the children's' safety along the route.

Thanks to the steadfast commitment of Technogym and the Wellness Foundation in fostering a Wellness Culture in the area, local organisations promoting and holding **events and initiatives** for the wellbeing of the population have increased. As a result, Romagna boasts a calendar of top-quality Wellness activities throughout the year.

Technogym is actively committed to supporting many of these initiatives.

Alzheimer Marathon and Diabetes Marathon

Amateur sports events to raise awareness of disease, promoting prevention, collecting funds for research and supporting sick people and their families. This is the philosophy behind Maratona Alzheimer and Diabetes Marathon, the two marathon events held in the Wellness Valley, with the direct involvement of Technogym.

Both initiatives combine a sporting competition with a number of side events dedicated to everyone who wants to be involved, but not actually take part in the race. Over the years, communities with thousands of people have formed, interested in being a part of these important movements to support people fighting disease and alleviate the pain of sick people and their families.

Technogym is a part of these communities, with a large number of staff from its headquarters taking part in the events, as well as direct donations to the "Amici di Casa Insieme" and "Romagna Diabete Onlus" associations, for a total of €15,000.

Cesena in Wellness

In 2014, the amateur sports' association Time To Move organised "Cesena in Wellness", a three-day event, usually held during the third weekend in September, bringing together a good number of sports centres, fitness clubs and wellness centres in the Cesena area. The result is a calendar of numerous physical activities for all ages and skill levels. The aim of "Cesena in Wellness" is to create another opportunity to champion Wellness and an active lifestyle among the population outdoors, in a welcoming, relaxed environment.

Thousands of people from Cesena and the surrounding area took this chance to try out different sports and enjoy physical activity, learning about the benefits for their health. Plus scientific info seminars were held, as well as special events for children and healthy eating and relaxation sessions.

As main sponsor of the event, Technogym plays a key role, not only in making a financial

commitment of €5,000, but also in providing equipment for the different activity areas and qualified expertise for the information sessions.

Romagna Initiative

With a view to helping the local area and community, adopting a “team spirit”, Technogym was one of the founding members of Romagna Initiative in 1996. This 13-company Consortium based in Romagna, aims to endorse sport and culture in the area, with a considerable focus on activities that affect younger generations.

Through an annual sum of €30,000 paid to the Consortium, Technogym makes a considerable contribution to supporting over 60 initiatives, ranging from associations, to sports and cultural events, benefiting over 10,000 young people.

4.6

LET’S MOVE FOR A BETTER WORLD

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.

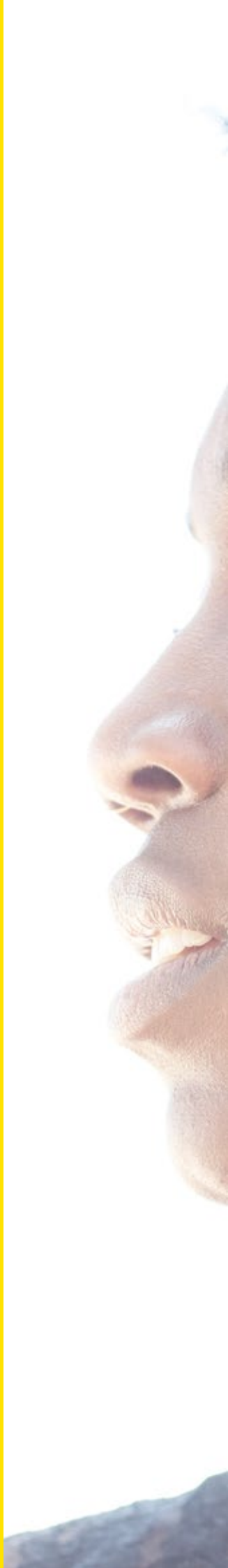
Thanks to its connected equipment, Technogym can measure the amount of exercise performed in each fitness club, and allows individuals to donate their training, measured in MOVEs – Technogym's unit of measurement for movement – on the mywellness® cloud, Technogym's cloud platform. When the pre-defined 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 2019 edition reached 1373 Fitness and Wellness clubs in 32 countries, involving more than 200,000 people. During the three weeks of the campaign, the participants accumulated 766 million Moves corresponding to 345 million calories expended, corresponding to around 49,306 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 programmes, and for ordinary people, who can live a longer, happier life thanks to regular physical exercise.

WELLNESS AS A GLOBAL MOVEMENT







Wellness as a global movement

Let's move for a better world is Technogym's campaign to move the world, to fight the health risks related to a sedentary lifestyle. A global movement that promotes regular physical exercise as a social opportunity.

Moments of true innovation are those when there is a before and after. Before 1993, training came under the category of fitness, a hedonistic pursuit focussed on physical form, only accessible by athletes and bodybuilders. In 1993, Technogym introduced for the first time ever the concept of **Wellness as a balance between body, mind and spirit**, taking it into the sphere of something for the collective good. Wellness according to Technogym is far more than physical activity. It is a philosophy of life based on three principles: regular physical exercise, a healthy diet and a positive mental attitude. A change in concept which today is even more important, in the attempt to tackle one of modern society's greatest problems, the continual rise of obesity in the world and the onset of disease related to a sedentary lifestyle. That's why **Wellness is a social opportunity** to embrace and a **culture** to foster, to achieve concrete goals such as increasing life expectancy and improving the quality of life, increasing personal efficiency at work and the network of social relations.

But how can we turn an opportunity into reality? Making a difference each day, first with individuals and small groups, then with local communities and on to involving large numbers at international level. **Moving together, to move the world.** That's the vision behind the campaign **Let's move for a better world** - in its 6th edition in 2019, involving over 196,000 people in 32 countries. Different aged men and women with diverse training needs, who chose to take part in a **global movement against sedentariness**, motivating other people to join them.

MOVE
TOGETHER
TO MOVE
THE WORLD

LET'S MOVE
FOR A BETTER
WORLD









Informing, inspiring, rewarding; this is the formula behind the campaign's increasing success.

Fitness and wellness clubs the world over have involved local communities, providing data and information to create an awareness of the negative impact a sedentary lifestyle can have and identifying an entity in their own area active in promoting physical exercise and a healthy lifestyle. People were invited to train at the centres taking part, turned into Wellness Hubs for the occasion, involving their friends and family and breathing life into an initiative that has got bigger from year to year, from 20,000 participants in the first edition to nearly 200,000 in 2019. The stimulus for taking part was the chance to see the actual effects of training: all people involved were able to **donate their "movement" to a social cause**. The more active the users are (movement is measured in Move, the unit of measurement created by Technogym) the more they contribute to the collective donation of their fitness club to a local, non-profit organisation.

THE VISION OF A HEALTHIER PLANET IS A SHARED VISION

The success of this - **global and intergenerational movement** - is further proof of the vision that a health planet is a shared vision and only together can we make a difference. This concept was also reaffirmed during the latest **World Economic Forum** - the most important political/economic meeting in the world, bringing together Heads of State, as well as economic, cultural, political and scientific leaders from across the globe to the Swiss town of Davos - when the Wellness Valley Romagna project was presented as a concrete example of a local ecosystem dedicated to personal health and wellbeing.



CUSTOMER
FOCUS

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, a place conceived and designed to offer staff, customers, partners, institutions and the media a true wellness experience.

The Technogym Village is a key part of the Group's strategy in championing a culture of wellness as a social opportunity and also in training and developing professionals across the industry. Each year, the Village welcomes more than 30,000 people from all over the world, from the sectors of fitness, wellness, sport, architecture, medicine and communications, 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 Technogym Village is a cultural centre, an innovation and production hub and home to the Company's headquarters. It also has production facilities and a Wellness centre with a state-of-the-art gym, convention centre, library and a restaurant with wellness and health as its theme.

The Technogym Village comprises three main components: the production facilities, the area dedicated to the Research and Innovation Centre and company offices and the T-Wellness Centre: a vast wellness centre open to sector operators from all over the world, where they can try out the latest products, take part in training activities and experience the **Total Wellness Solution** - an integrated made-to-measure package for operators and end users that includes:

- > Fitness equipment, wellness and sport;
- > Cloud platform and digital products;
- > Services (After Sales, Training, Interior Design, Marketing Support and Asset Infrastructure).

The T-Wellness Centre also includes a store open to the public, to purchase products for the home.

5.2

SUSTAINABLE CUSTOMER CARE

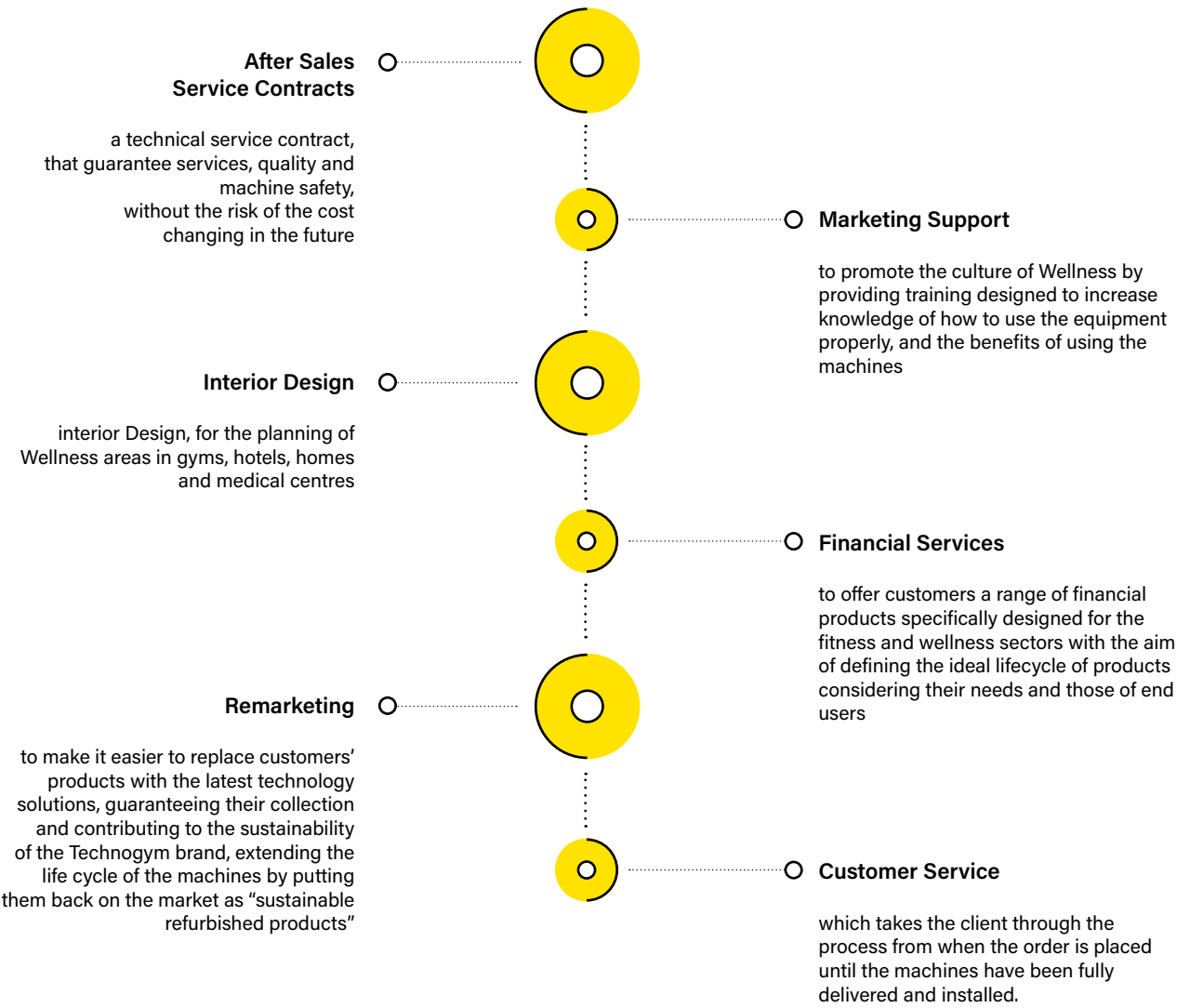
[Article 3 (2 c) Italian Legislative Decree 254/16 – Health and safety]

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 wellbeing as an opportunity for economic development in the region.

Customer services

The Total Wellness Solution offers services and programmes to give professional operators a wide range of tools supporting their business, to guarantee customer satisfaction and retention and safety in the long term.
In particular, the Group offers:



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





Information and training on the correct use of machines

[Article 3 (1) Italian Legislative Decree 254/16 – Social issues; Art. 3 (2 c) Italian 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.

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 2019, 500 people from various countries attended training courses at the Technogym Village, with a total of 7,760 training hours delivered. Plus regional training sessions were held in 2019, involving 134 people, for a total of 2,040 training hours. The total of more than 9,000 training hours demonstrates the Group's strong commitment to its subsidiaries and distributors, with the aim of guaranteeing that products are used correctly. Training content is also available in an online repository, which the whole of the commercial network can access remotely;
- › **Trainers**, who are guided on how to best use the machines in order to create the best possible experience for end users in terms of efficiency and safety. In 2018, more than 27,000 certifications were issued globally, taking the total number of certified trainers to more than 50,000. The increase compared to 2018 is thanks to the provision of distance training on products, as well as courses run either at the company's offices or in tailor-made format at the customers' premises, by a network of 500 Master Trainers (contracted to Technogym) based at all Technogym Subsidiaries.

End user health and safety [DMA 416]

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.

The service contract is fundamentally important, as it ensures a guarantee of product quality, safety and reliability throughout the product's lifecycle.

This is why Technogym offers service packages:

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

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

In 2019 there were **286 service** providers, 62% of whom were single-client, 36% were companies with a workforce of up to 10 staff, and 2% were businesses with more than 10 employees.

CONTROL

TOOLS

→ GSP Procedure

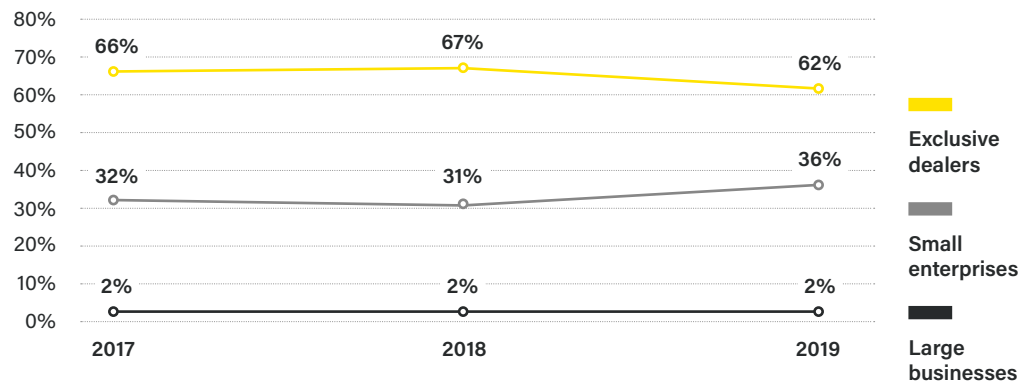
CONTROL

TOOLS

→ User manual

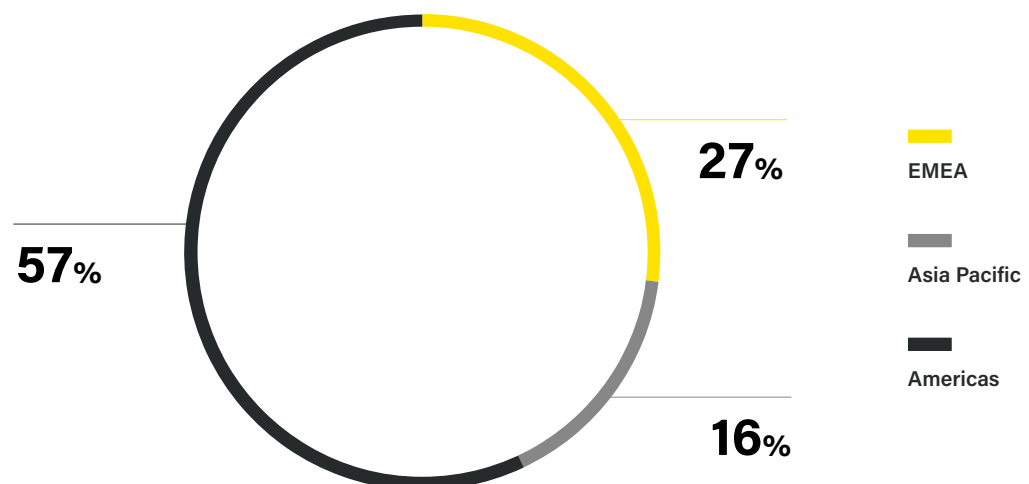
→ Service manual

Service providers by company size



At global level, distribution for 2019 did not change in particular, and was equal to 57% in the Americas, 27% in the EMEA region and 16% in Asia Pacific.

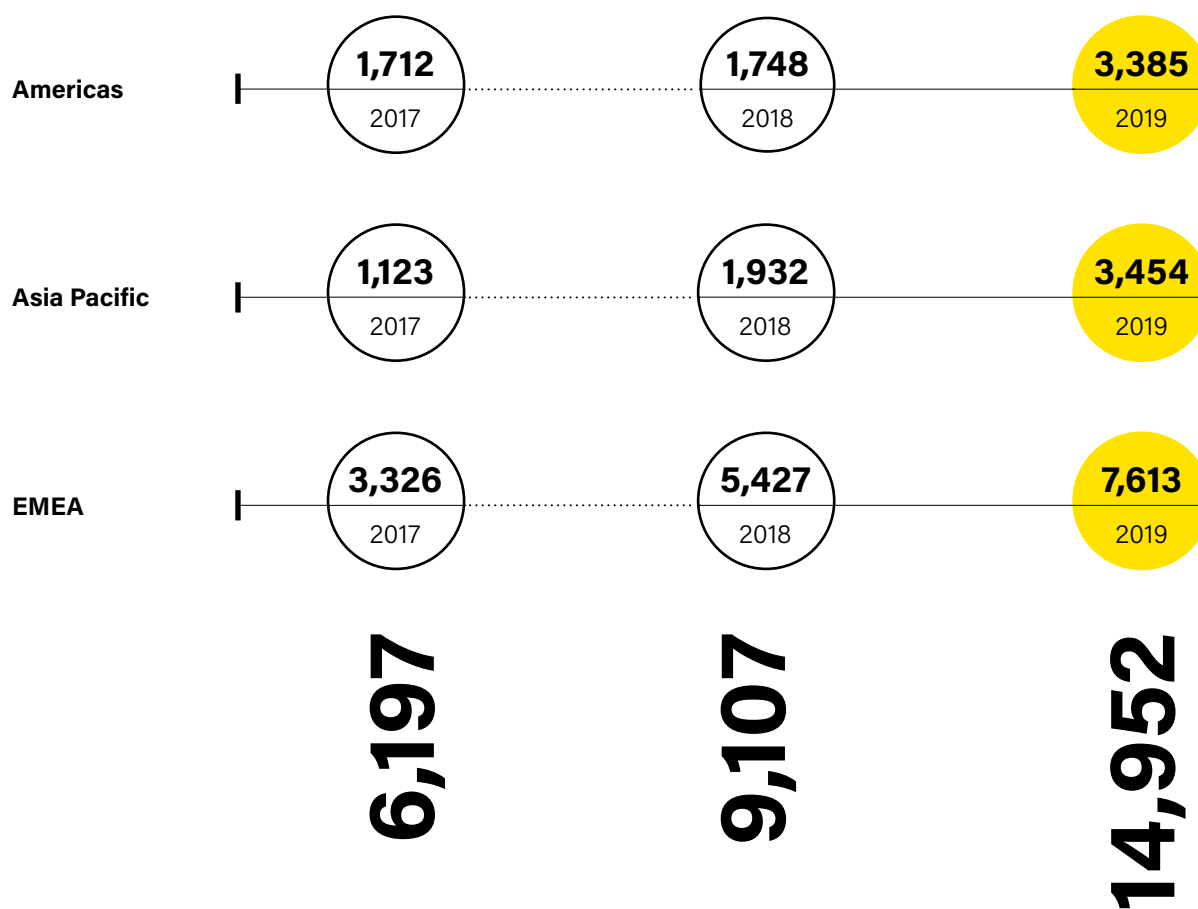
Service providers by geographical area



The service contract can be activated on all machines sold through the Group's subsidiaries; for machines sold through distributors, the network of support services is organised by the distributors themselves.

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. The Group's commitment is reflected by the **15,000 training hours** delivered in 2019, **up by 64% over 2018**. This increase was mainly due to the adoption of digital delivery for training on its main product lines. The initiative has streamlined activities, achieving a greater training coverage worldwide. The number of live classes has decreased, with fewer transfers as a consequence, and the process has been centralised, with certification to ISO 21001:2018 in 2020.

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



Management of data

The use of Technogym equipment and services including the mywellness[®] open digital platform gives the end user permanent access to their data, at all times, allowing them to log on from different Technogym products and different stations, thanks to the system-integrated mobile app. Plus the data can be shared with fitness professionals, giving customers an “on the go wellness” experience, for custom access wherever they want and whenever they want.

On the subject of personal data protection, after Regulation EU 2016/679 came into force in the second half of 2018, the Group completed its plan to align with this Directive during 2019.

CONTROL
TOOLS
→ Data protection statement for the Technogym website and mywellness [®] account
→ Data Processing Agreement (template for the mywellness [®] platform and for the management of Technogym suppliers)
→ Information for employees and candidates
→ Policy on the “Use of email, Internet, company digital tools and remote computer controls”
→ Information Security Policy
→ Lead Generation Policy
→ Global Data Protection Policy
→ Retention and cancellation policy for mywellness [®] cloud
→ Launch of portability and cancellation system on the mywellness [®] cloud platform

In addition to appointing a Data Protection Officer (DPO), the plan revised and updated its privacy notice for customers, suppliers and employees, the definition of the process used to collect data processing consent, and the legal basis for processing which implies the adoption of all organisational measures, including a policy for email use, an information security policy, a data processing agreement which manages responsibilities for data processing between Technogym - as the processor - and the business customer, as the controller. In marketing, technical solutions were adopted to implement actions already identified in the Lead Generation Policy, which defines how to manage the personal data of customers and “leads” (people who have demonstrated an interest in our products and services) at events or conventions, using digital or non-digital touch points provided by the company for the collection and processing of marketing data (this is data that passes through the corporate website, digital applications and is then channelled into the CRM system). This policy is formulated in line with the *Global Data Privacy Policy* and the *Group Privacy Policy*, both of which will be updated in 2020.

Regarding the access and use of data on the mywellness[®] cloud platform, after developing new functions so that the rights established by the Regulation protecting users such as natural persons, could be exercised, various requests from data subjects on the deletion, portability of and access to their data, for example, were followed up.

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

Specifically, updates to personal data processing activities, in conjunction with the HR function, have been planned for the first quarter of 2020, with the intent of consolidating a culture of data protection and management within the Group, focusing on the specific aspects of each Department.

During 2019, security procedures to protect company assets, know-how, information and organisational reputation were modified. Similarly, in 2020, extensive training is planned to disseminate the values and content not only at a central level, but also to staff of foreign subsidiaries.

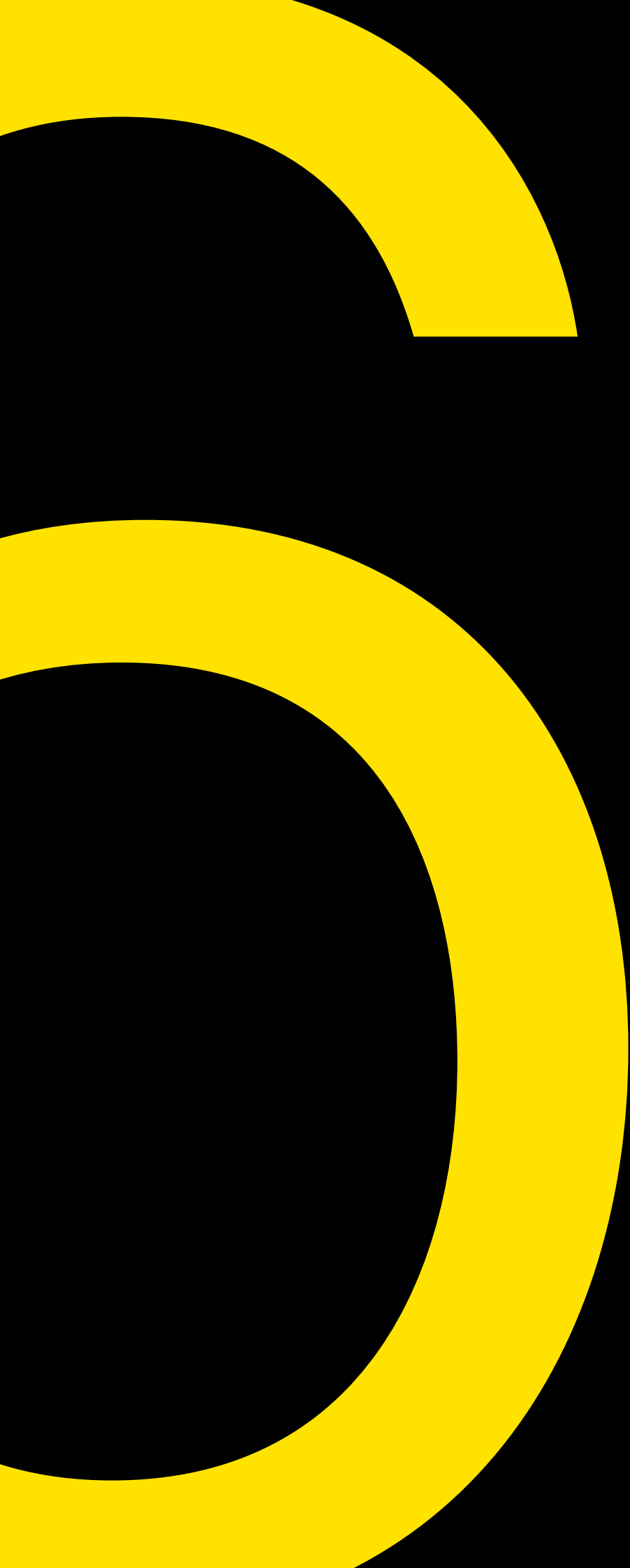
At the same time, to protect intellectual property and customer experience, the company security function and other departments began enforcement initiatives, at a national and international level, to identify, combat and offset product counterfeiting, which are put on the market or sold over the web.

Controls on IT security were run to evaluate and improve the general configuration of infrastructure and related services.

For the mywellness[®] cloud only, ISO 27001 certification will be adopted in 2020. This is an international standard that sets out the requirements for an information security management system that is also recognised outside the EU and is valid for the whole spectrum of business information and not only personal data, which is already covered by GDPR compliance.

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





PRODUCT

6.1

INNOVATION

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

Technogym's offer is based on a wide range of products, digital technologies and services (in 2019, there were 259 different machine models on sale), designed to meet highly diversified needs ranging from training for professional and amateur athletes through to fitness, for everyone who wants to stay fit and have fun, and be healthy (rehabilitation and prevention programmes).

The development process 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.

That is why 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 process to develop new products and services starts from the study of end user needs and emerging sector trends. Ongoing analysis of the market, of trends in similar and other sectors, and relations with industry opinion leaders and the scientific community are fundamental.

Besides ideas and concepts developed in-company, through the Research and Development and Scientific Research and Innovation Departments, and thanks to a strategic network of top level professionals operating in various areas of the company's business (Health, Fitness & Sport), Technogym sources ideas, trends and needs from various business sectors, to use in the development of new products.

Technogym is also open to spontaneous ideas from the public, which can be submitted by inventors, enthusiasts or simply end users in 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]

Technogym has worked together with numerous Universities and outstanding Research Centres in Italy and abroad for years. The aim of these partnerships is to scientifically validate projects and innovation, and also back up the communication and promotion of a wellness lifestyle with scientifically proven data.

Besides supporting its own staff, Technogym works closely with a network of outstanding partners, including brilliant consultants in the field of biomechanics, sports medicine and rehabilitation, as well as many universities and research centres, the world over.

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.

Exercise is medicine

For the eighth year running, Technogym was a global partner of “Exercise is Medicine”, an initiative set up in the United States from a collaboration between ACSM (American College of Sports Medicine) and AMA (American Medical Association), now developed on an international level, whose objective is to promote the prescription by doctors of physical activity as a form of medicine for a number of disorders, and to train industry operators and trainers in providing therapies in the form of physical exercise programmes.

Technogym’s involvement with the initiative included the publication of new documents, participation in the annual convention held in Orlando (Florida) and the organisation of events in Italy and other parts of the world to train doctors and trainers.

Since 2019, it has stepped up the training held in partnership with ACSM, organising webinars and publishing articles.

In Italy, its partners:

- › **Padua University**, in particular the Laboratory of Neuromuscular Physiology of the Department of Biomedical Sciences led by Professor Marco Narici;
- › **Milan University**, and the **Laboratory of the Physical mechanics of locomotion** led by Professor Alberto Minetti;
- › **Tor Vergata University and the S. Raffaele Pisana Hospital in Rome** (through Professor Maurizio Volterrani);
- › **Perugia University**, and in particular the Laboratory of Biomechanics led by Professor Andrea Biscarini.

At international level, its partnerships with Loughborough University, Coventry and Florida Gulf University continued.

In 2019, a number of new international scientific collaborations started, including:

- › A research project on the effects of exercise on patients with prostate cancer, using T solutions, at the **Edith Cowan University** of Perth with Professor Robert Newton;
- › **Work with the Nazarbayev University** in Kazakhstan to create a Sports and Exercise Medicine Centre.

In general, Technogym has engaged with **more than 30** universities and research centres over the years, to evaluate proposed innovations.

Technogym has produced more than **290 patents** and **190 designs**, and has registered **394 national and international trademarks** including 15 patents, 30 designs and 4 trademarks deposited in 2019.

+30

Universities and Research Centres

290

Patents

190

Design

394

Trademarks

Functionality and safety controls [DMA 416]

The development process for new products consists of a series of phases that require periodic verification of the functional, biomechanical and physiological value of the machines, their effects on the end users, and on their structural and functional reliability to guarantee total final safety.

Each development process is managed by a “platform”, which is an interdisciplinary team in which each member manages various steps, according to specific procedures. The Quality Assurance Department is represented on this “platform” through 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.

Technogym also carries out user experience tests to make sure that the machines meet the user's expectations and to ensure that exercises can be done safely, comfortably and enjoyably. The prevention of injury and the avoidance of risks to health, which may result

from inappropriate posture or incorrect movements, are fundamental aspects in the design of the machines. [416-1]

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

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

The focus on the impacts of health and safety on end users is maintained throughout the product development process, with risk analysis assessments, medical/scientific and functional validations of products. The results are used to produce products that incorporate improvements designed to neutralise risks, guaranteeing safety and maximising the health benefits for end users.

During the production process, controls are carried out to guarantee that the functional components and each machine meet the final project requirements approved during product development. Full tests are carried out on each machine at the end of the process, to check that they are functioning correctly⁷. [416-2]

⁷
In 2019 there were no non-conformity issues (during the design stage) related to health and safety impacts of products or services.

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.

The Technogym University promotes the exchange and sharing of ideas and projects through various media, placing it at the heart of a network that can reach out to millions of people, promoting the Wellness Lifestyle to benefit the scientific community and experts from the fitness sector. By organising these training courses, conferences and presenting publications, the Group helps to develop a Wellness culture.

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

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

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

The dissemination of the Wellness culture also extends beyond the Technogym Village: in 2019 the Scientific Research and Innovation Division attended 41 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.

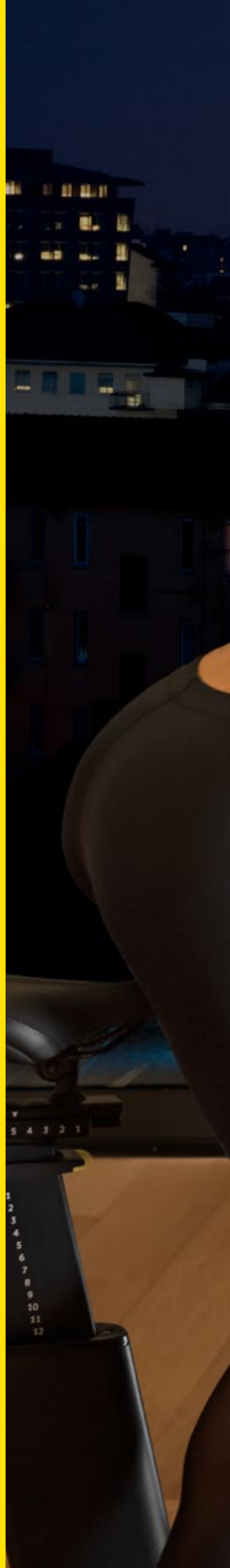








OPEN INNOVATION







Open Innovation

The Technogym Village is a hub for ideas, information and all-round competencies, from both within and outside. It is a world in a village where each day innovation and engagement with the most prestigious international universities takes place.

Engagement at all times with the outside world, opening up to a continual flow of ideas and information, knowing how to make the most of trends and identify needs. Being a sector leader means having the ability to attract skills, in a continual exchange between the Research and Innovation Centre and the outside world, to put in place a virtuous mechanism of **reciprocal contamination**.

The **Technogym Village** was conceived with this vision in mind: to be a centre of aggregation for the entire sector, a place for sharing, a hub for integrating far-reaching competencies. A **world in a village** where innovation springs to life each day thanks to meetings and exchange with sector operators, athletes, doctors, physiotherapists, architects and specialists in many different areas. Scientific research, product development and training are the three pillars on which Technogym has built and consolidated a new concept over the years, the concept of **Open Innovation** as a model for growth and a means for meeting the challenges of modern-day life.

OPEN INNOVATION IS A MODEL FOR BUSINESS AND GROWTH

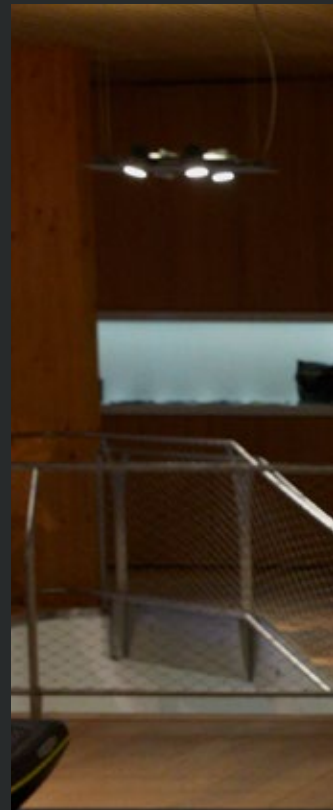
The beating heart of this network is the **Wellness Forum**, home to an innovative scientific research centre, the **T-Wellness Science Centre**, which attracts scientists and experts from different fields on a daily basis and works with prestigious universities and research centres at national and international level. The goal is to analyse the results of the latest scientific research in the field of medicine, physiology and biomechanics, to develop cutting-edge technological solutions that are effective for users with very different needs, ranging

from fitness to the treatment of specific pathologies. The centre also creates training programmes for users and sector operators, that are then delivered by the special **Wellness Institute** training school.

Innovation also means **continual product research**, starting from the premise that excellence is always a work in progress. **T-Research & Development** is the place where over 200 professionals including engineers, doctors, designers and developers work each day to improve the product, in close association with the Design Centre, seeking solutions that break down design and ergonomic barriers. The contribution made by external resources is also fundamental - from architects, physiotherapists, athletes and trainers - who with their knowledge and feedback can help further work in a research area that has so produced more than 290 patents and 190 designs, and has registered 394 national and international trademarks including 15 patents, 30 designs and 4 trademarks deposited in 2019.

A VIRTUOUS MECHANISM OF RECIPROCAL CONTAMINATION AND GROWTH

The **Technogym University** is Technogym's training **venue**, offering a wide range of courses for Wellness experts the world over, with the aim of providing information about its projects and the scientific knowledge gained at its research centres. A tool for sharing which is even more effective, thanks to the use of different channels and media, on and offline, at the centre of a network that can reach millions of people.





A NETWORK CAPABLE
OF REACHING MILLIONS
OF PEOPLE







HUMAN RESOURCES

[ART. 3 (1 D) ITALIAN LEGISLATIVE DECREE 254/16 - ASPECTS RELEVANT TO PERSONNEL MANAGEMENT; ART. 3 (1) ITALIAN LEGISLATIVE DECREE 254/16, PARA. E - HUMAN RIGHTS]

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

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 hours⁸. [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 wellbeing. 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 2020.

Our internal human resources management procedure clearly expresses the principles to be respected by anyone required to supervise the work and career pathways of their team. Anyone working as a manager is involved in specific training, to better understand their role within Technogym. In 2020 the “My Responsibility” project, mentioned in section 7.2, will continue, and will also be extended.

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.

8. 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.

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

In 2019, the Group employed 2,122 employees. 97% of them were employed on full-time contracts for Technogym S.p.A., while the figure was 77% for Technogym EE (impacted by periodic peaks in production), and 95% for the Rest of the World. [102-8]

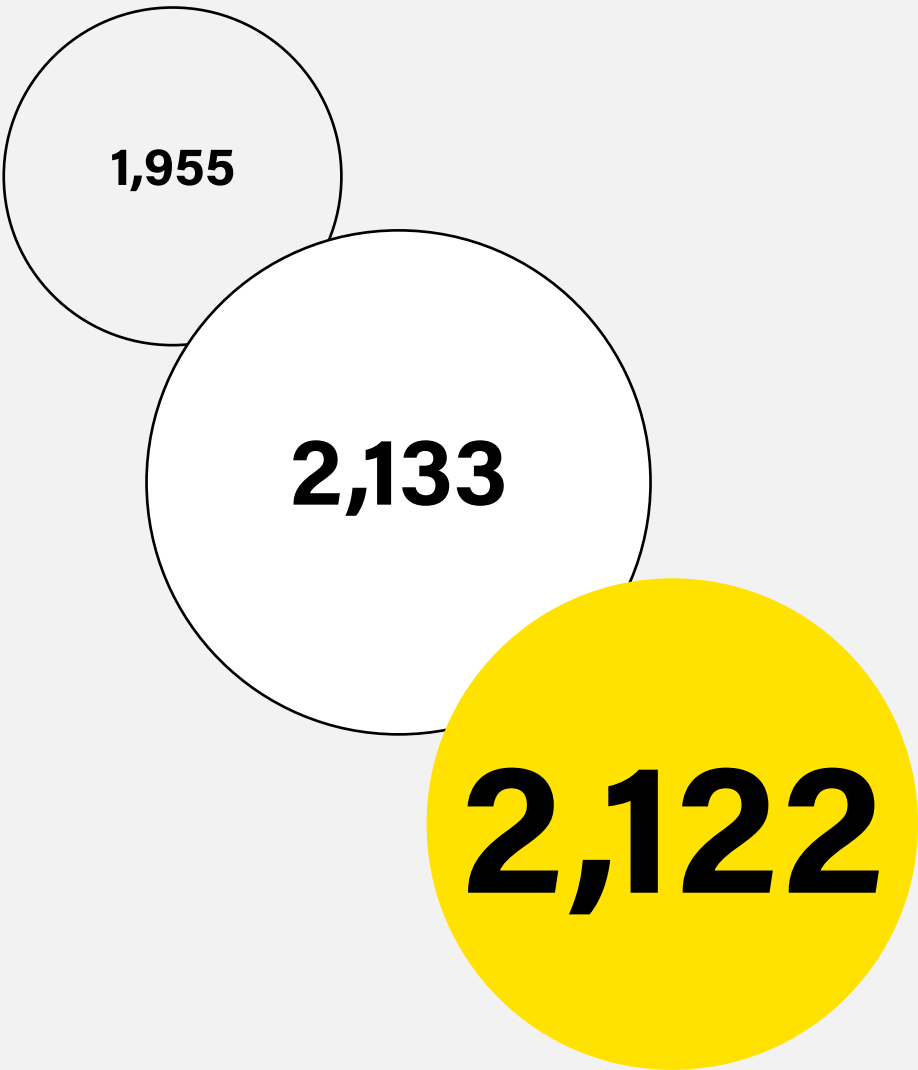
In 2019, the stable level of employment was confirmed by the increase in permanent contracts at Headquarters and at TGEE. At the production plant in Slovakia, there was a considerable increase in permanent contracts, despite seasonal production peaks which call for a greater flexibility compared to other subsidiaries. At sales branches, the employment rate is substantially the same as the previous year.



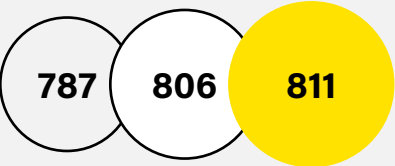
EMPLOYEES BY CONTRACT
TYPE AND GENDER



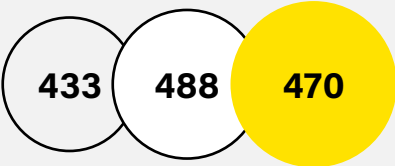
▶ Total headcount



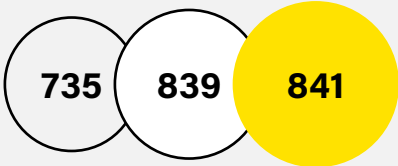
Technogym S.p.A.



Technogym EE



Subsidiaries



Employees on permanent contracts

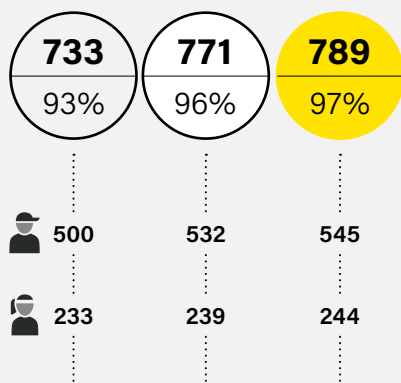


Men

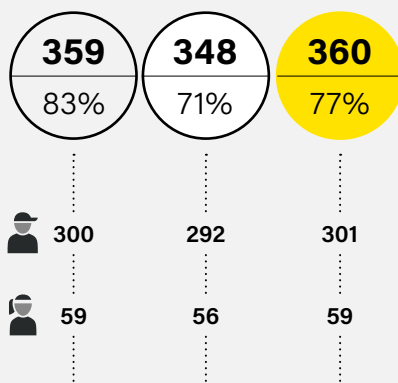


Women

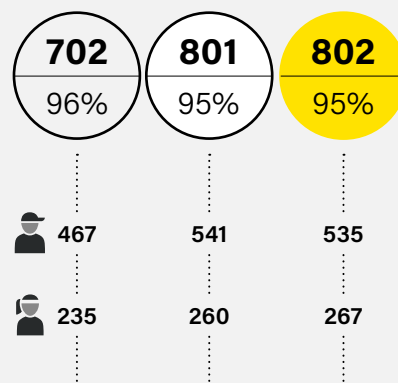
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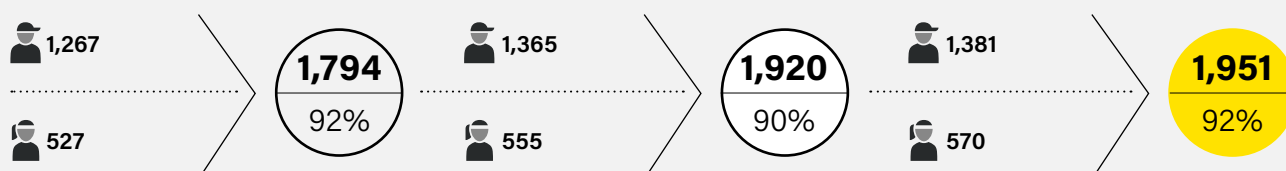
Technogym EE



Subsidiaries

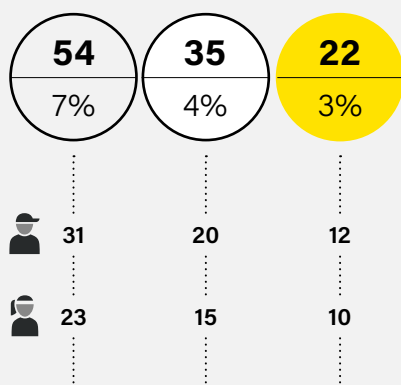


Total

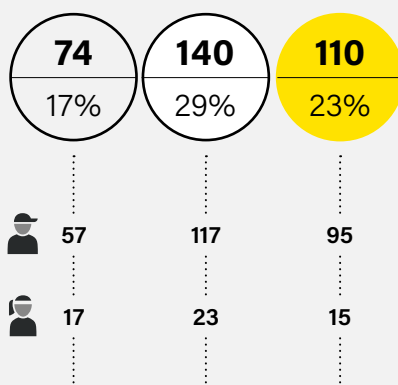


Employees on fixed term contracts

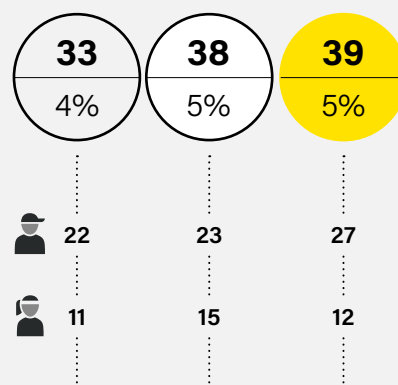
Technogym S.p.A.



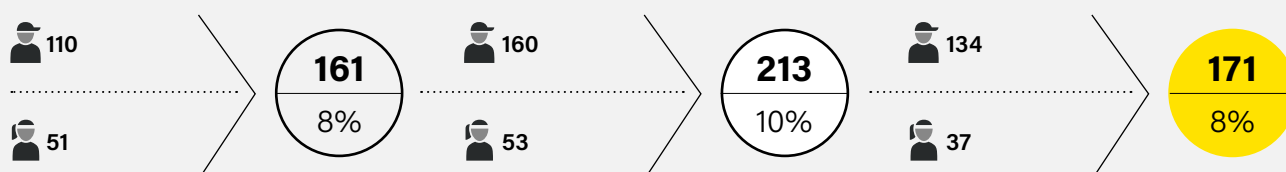
Technogym EE



Subsidiaries



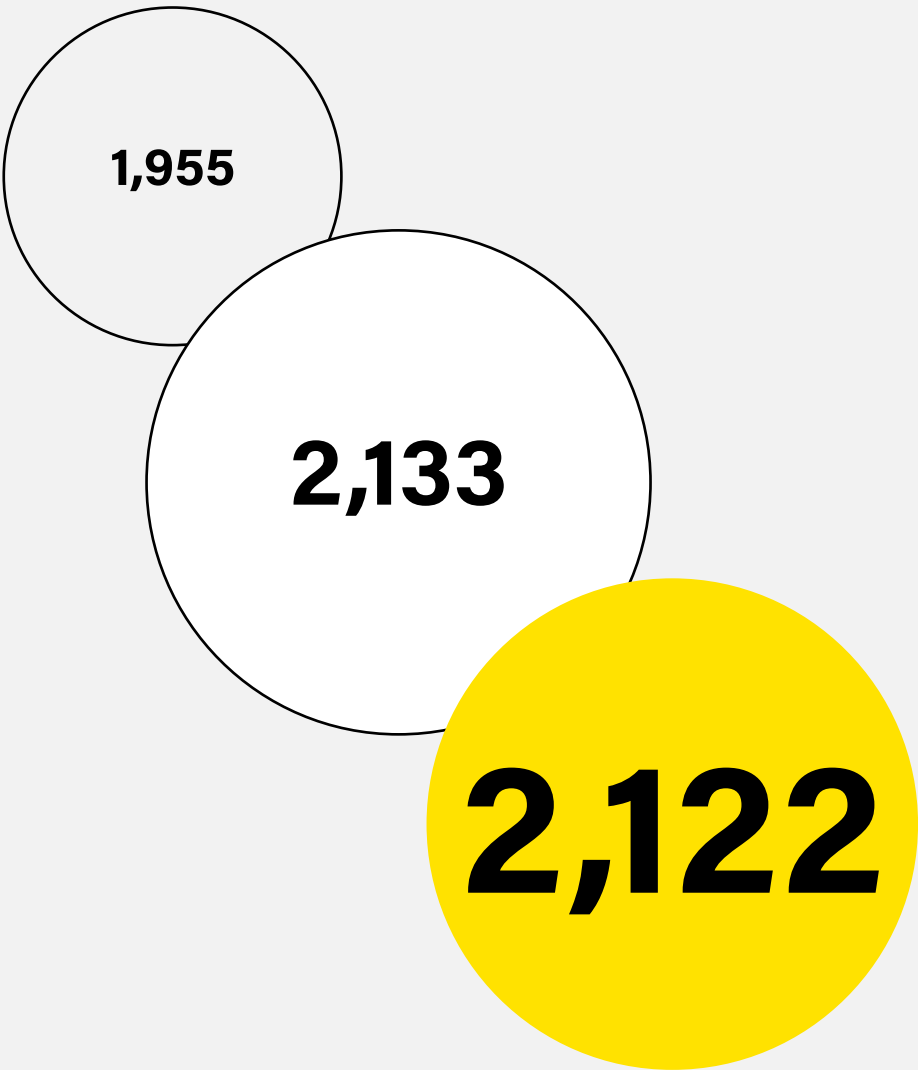
Total



FULL-TIME AND PART-TIME EMPLOYEES,
BY GENDER

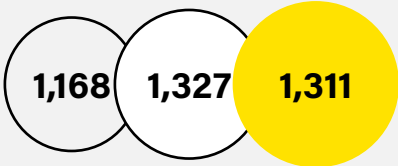
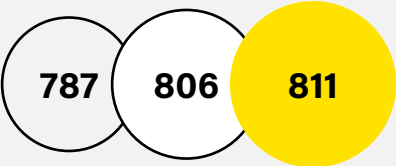


▶ Total headcount



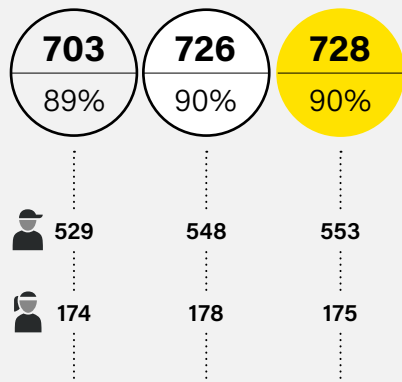
Technogym S.p.A.

Subsidiaries

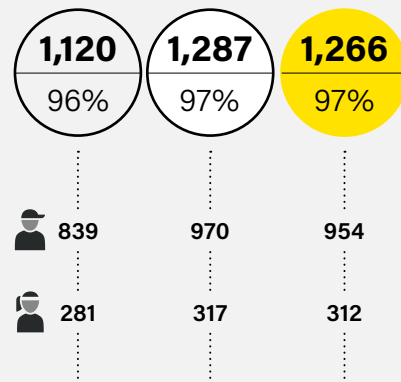


Full-time workers

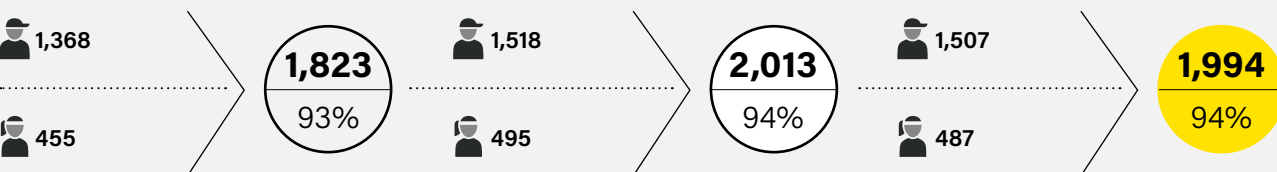
Technogym S.p.A.



Subsidiaries

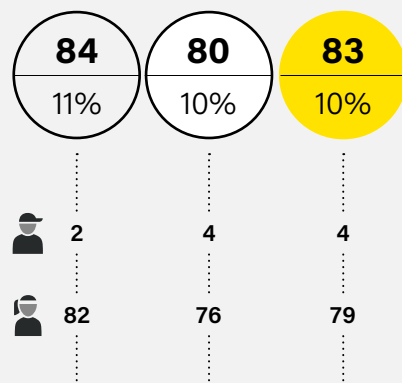


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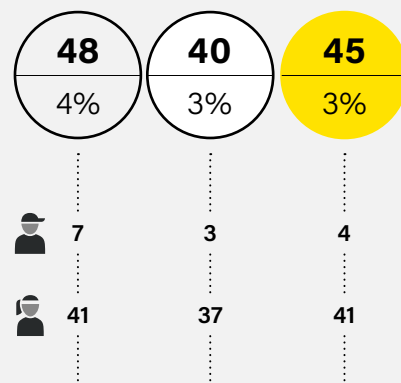


Part-time workers

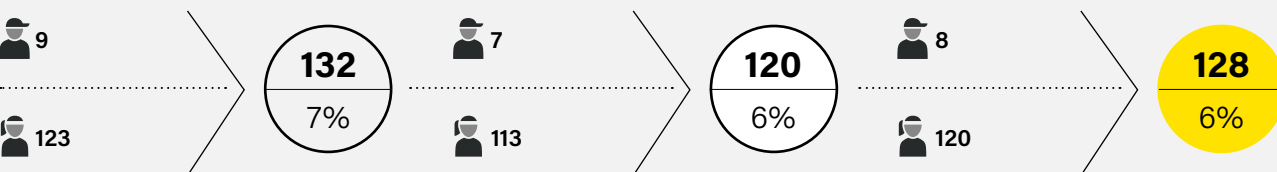
Technogym S.p.A.



Subsidiaries

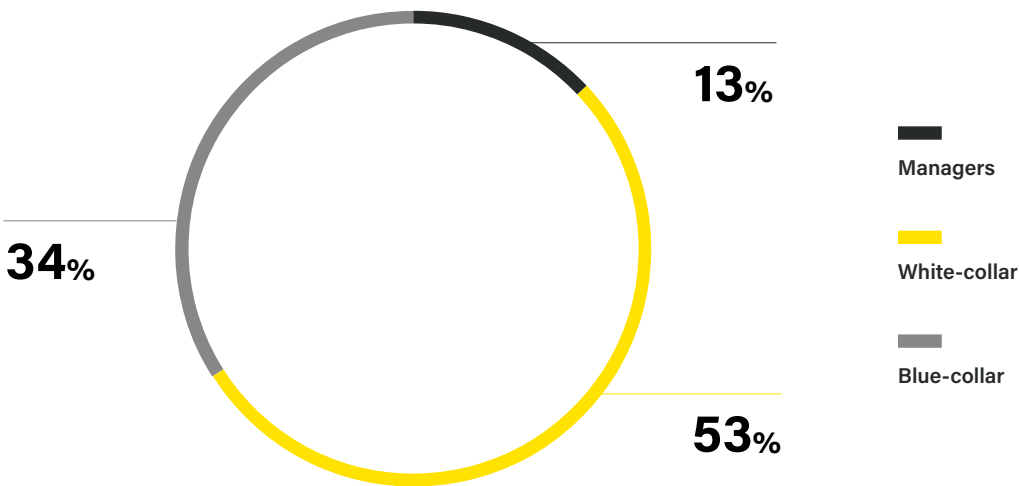


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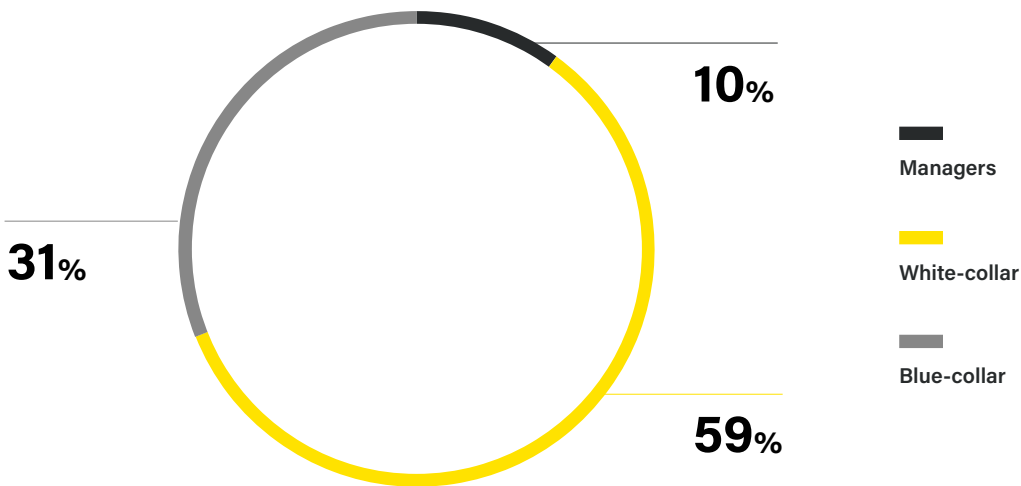


As regards employment category, at Technogym S.p.A. (offices and production site in Italy), 13% of personnel have a managerial role, 53% are clerical workers and 34% are manual workers. With regard to the rest of the world (sales branches and the Slovakian production site), 10% have a managerial role, 59% are clerical workers, while 31% are manual workers.

TG S.p.A.



Rest of the World



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

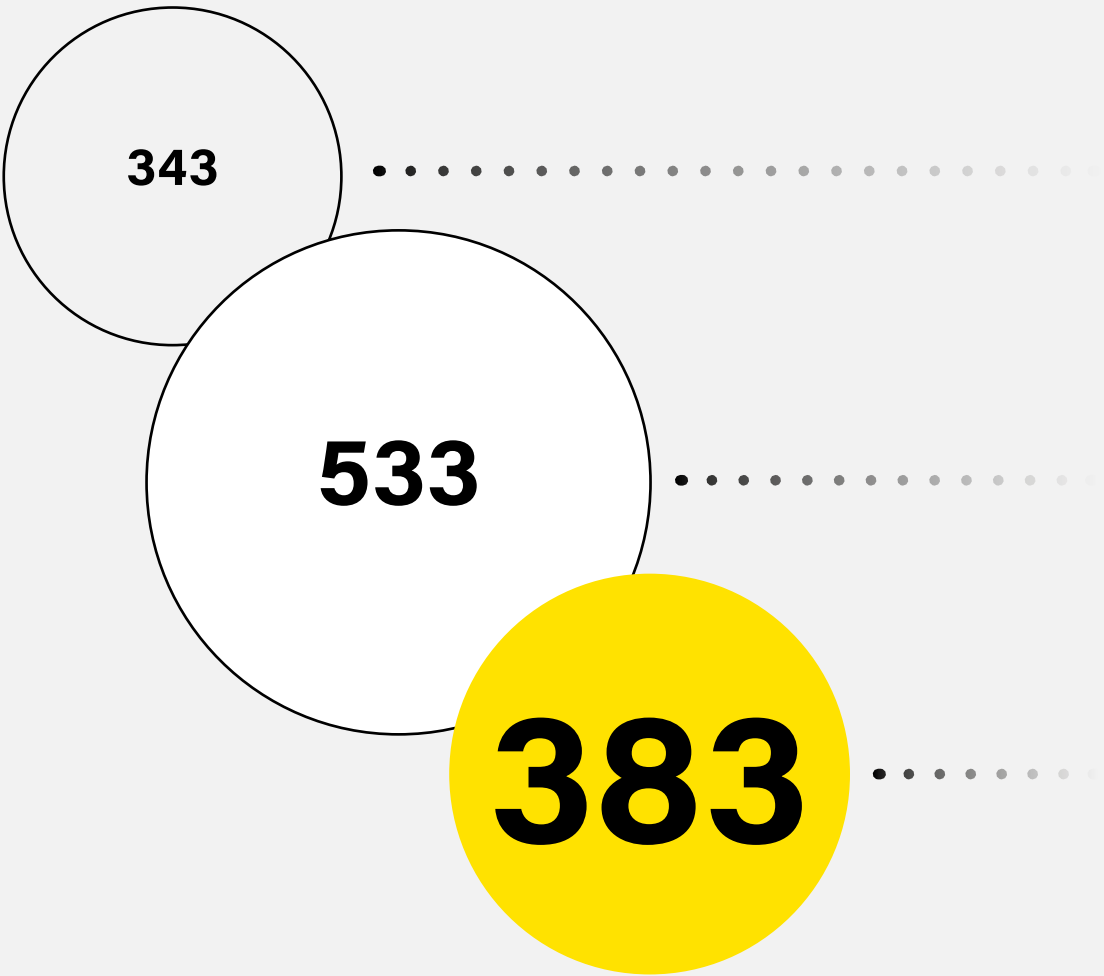
Overall, 383 people joined the Group in 2019, while 394 left it. The trend varied depending on geographical area ⁹. [401-1]



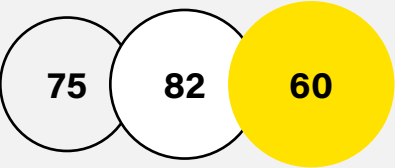
EMPLOYEES JOINING AND LEAVING
THE ORGANISATION, BY GENDER



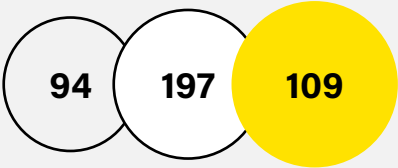
▶ Total employees hired during the year



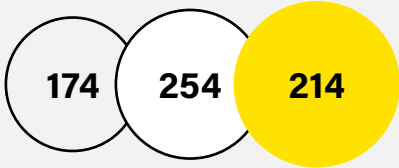
Technogym S.p.A.



Technogym EE



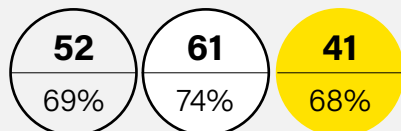
Subsidiaries



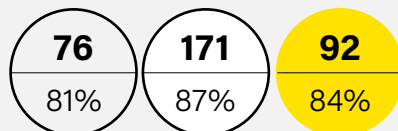


Men

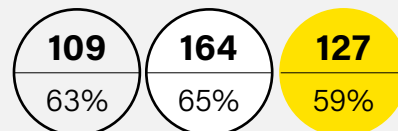
Technogym S.p.A.



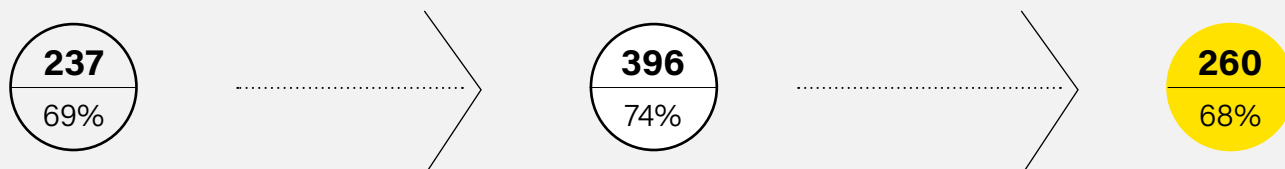
Technogym EE



Subsidiaries

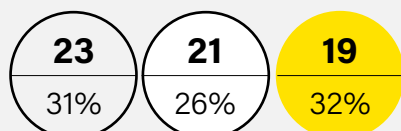


Total

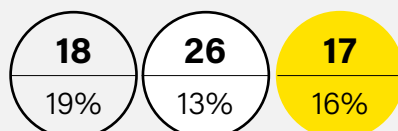


Women

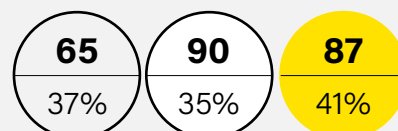
Technogym S.p.A.



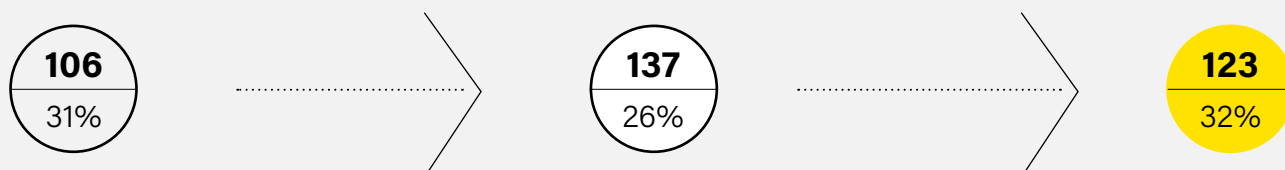
Technogym EE



Subsidiaries



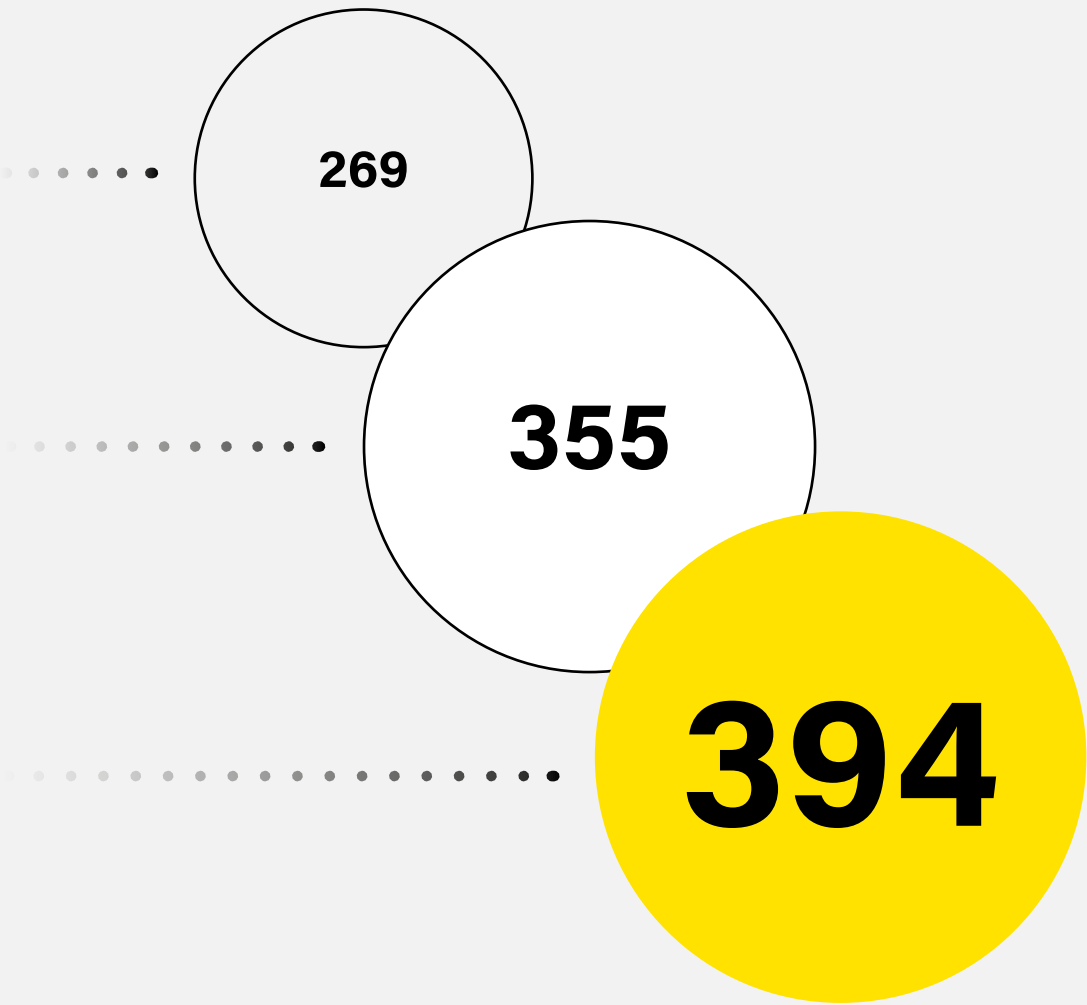
Total



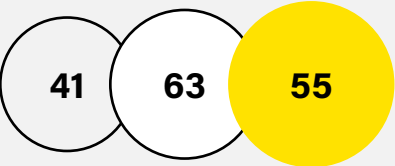
EMPLOYEES JOINING AND LEAVING
THE ORGANISATION, BY GENDER



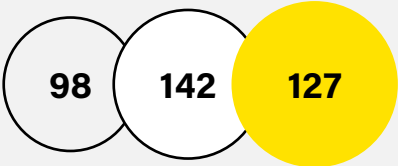
▶ Employees leaving the organisation
during the year



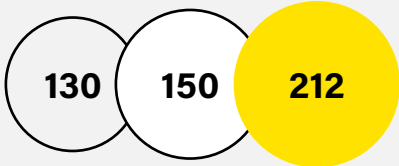
Technogym S.p.A.



Technogym EE



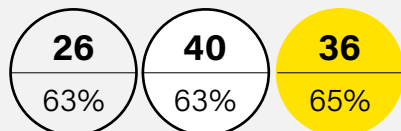
Subsidiaries



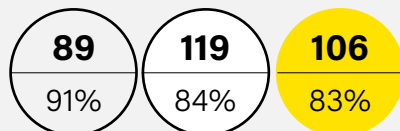


Men

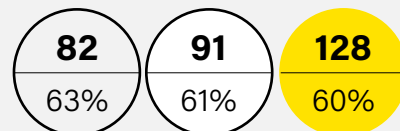
Technogym S.p.A.



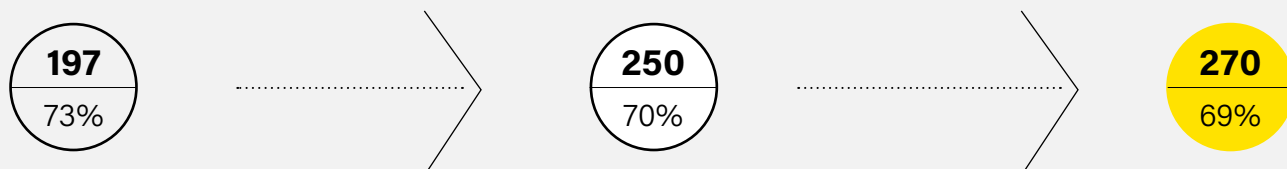
Technogym EE



Subsidiaries

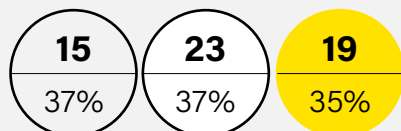


Total

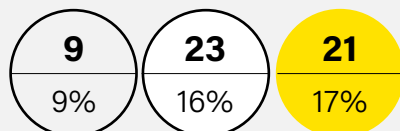


Women

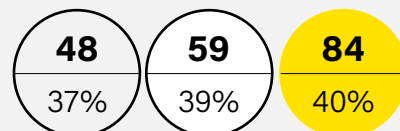
Technogym S.p.A.



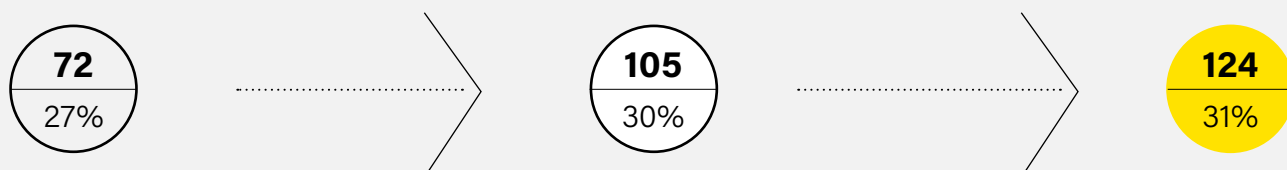
Technogym EE



Subsidiaries



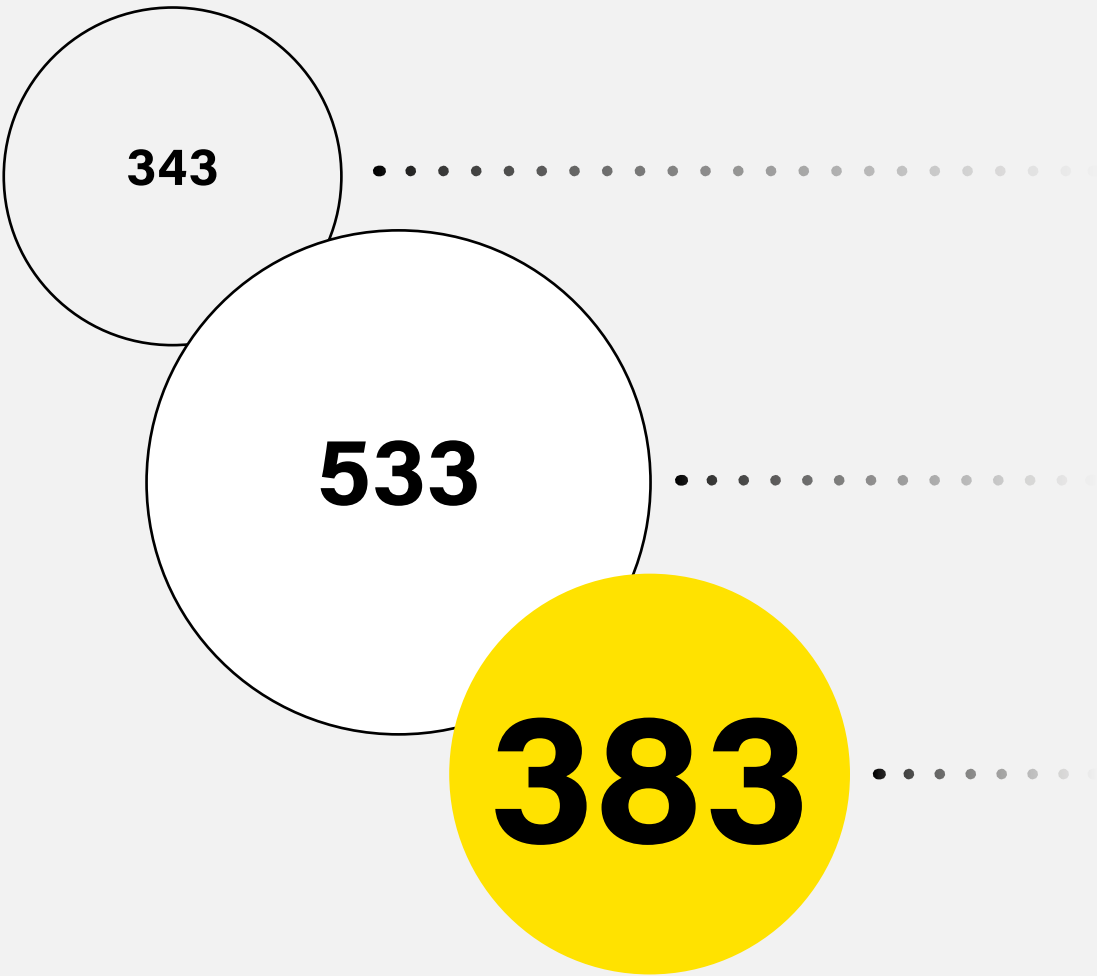
Total



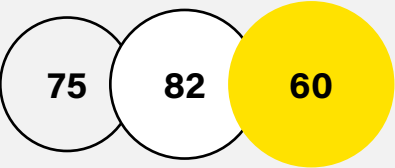
EMPLOYEES JOINING AND LEAVING
THE ORGANISATION, BY AGE GROUP



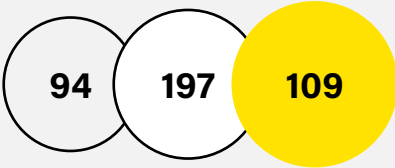
▶ Total employees hired during the year



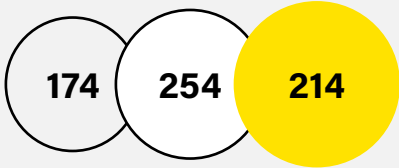
Technogym S.p.A.



Technogym EE



Subsidiaries

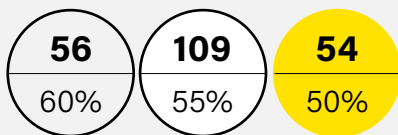


Under 30

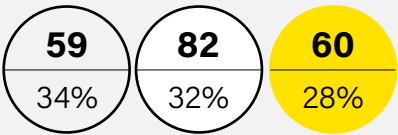
Technogym S.p.A.



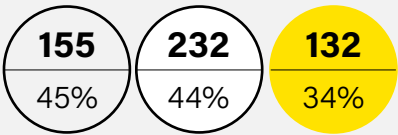
Technogym EE



Subsidiaries

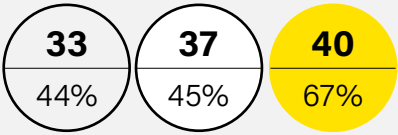


Total

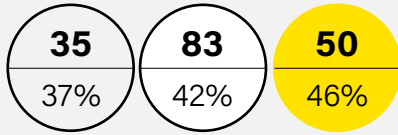


Aged 30 to 50

Technogym S.p.A.



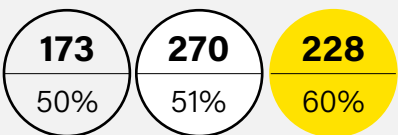
Technogym EE



Subsidiaries



Total



Over 50

Technogym S.p.A.



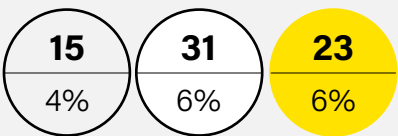
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Subsidiaries



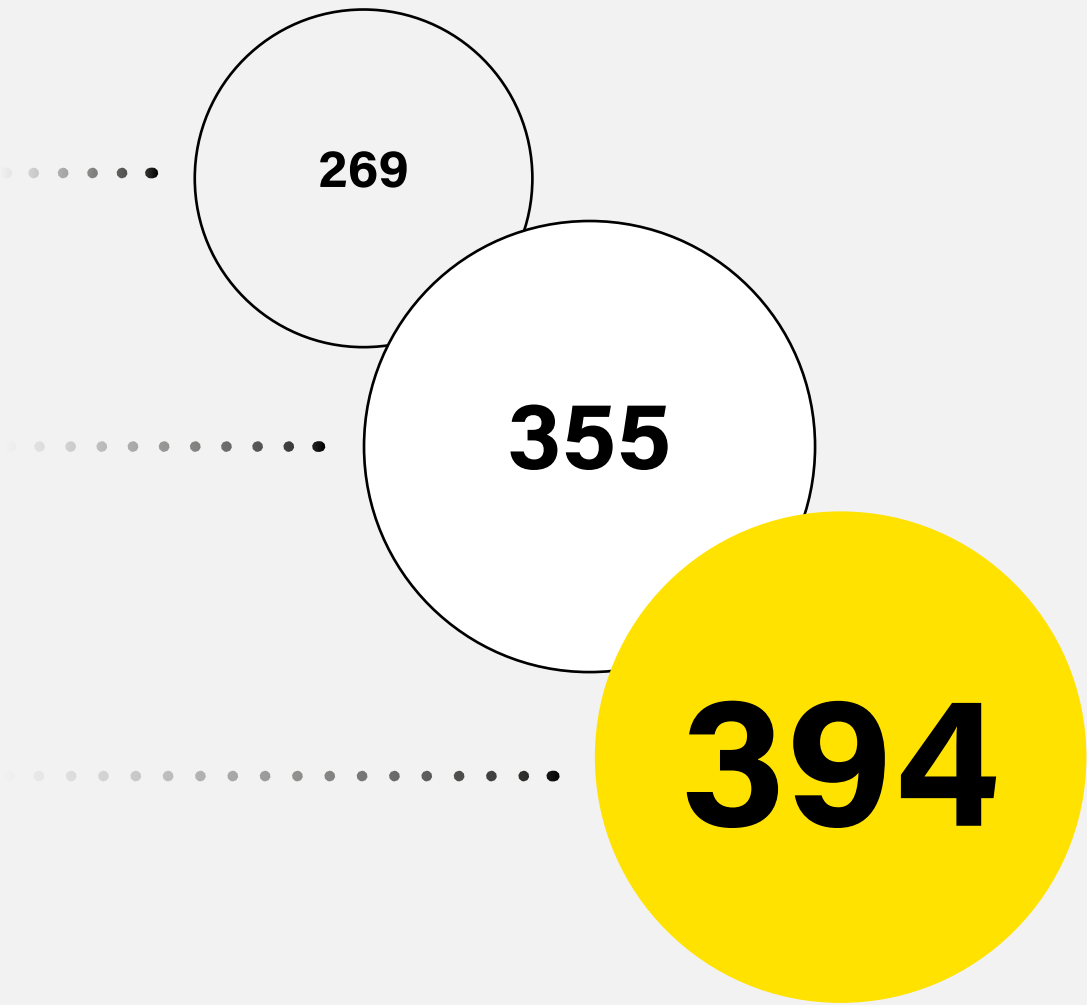
Total



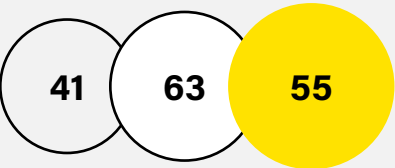
EMPLOYEES JOINING AND LEAVING
THE ORGANISATION, BY AGE GROUP



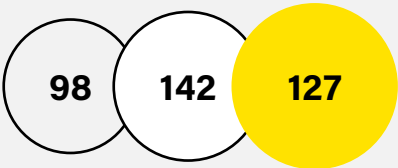
▶ Employees leaving the organisation
during the year



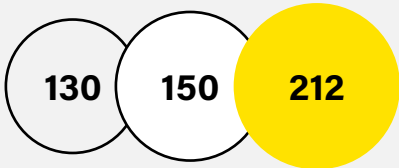
Technogym S.p.A.



Technogym EE



Subsidiaries

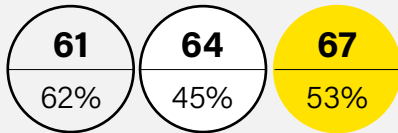


Under 30

Technogym S.p.A.



Technogym EE



Subsidiaries

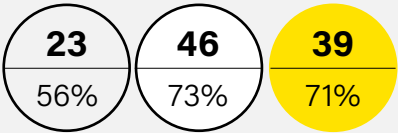


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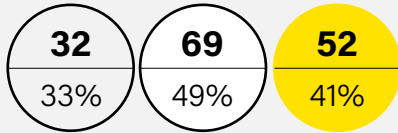


Aged 30 to 50

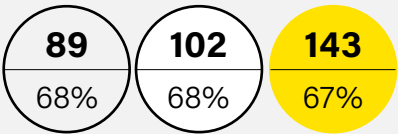
Technogym S.p.A.



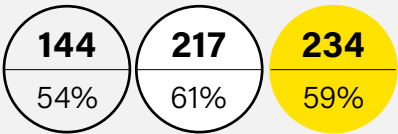
Technogym EE



Subsidiaries



Total

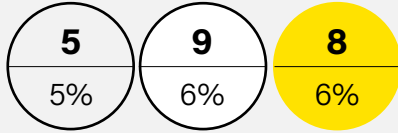


Over 50

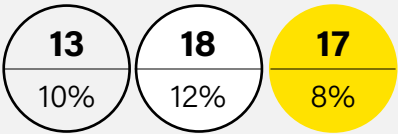
Technogym S.p.A.



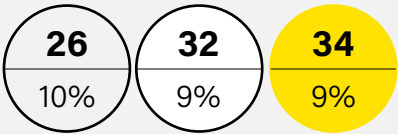
Technogym EE



Subsidiaries



Total



Compared to 2018, incoming and outgoing staff numbers were more balanced in 2019. In particular, out of the total number of employed persons, there was a considerable % increase in women (from 26% to 32%) while the men/women outgoing ratio stayed practically the same.

As for the segmentation of employees by age, in 2019 there was a shift in the employment figures for the 30 - 50 age group (+9%), to the detriment of the under 30 age group. The percentage of staff in the over 50 age group was stable. For outgoing staff, there was a slight change between the above age groups: + 2% for outgoing staff in the under 30 age group, and – 2% for staff in the 30 – 50 age group. The percentage of staff in the over 50 age group was stable.

10.
This is determined by the number of people leaving the organisation during the year, compared to the average headcount calculated on a monthly basis. Intercompany job rotation (internal mobility) - seen as a strength in the dimension of Group internationalisation - was not considered in the turnover rate.

Turnover rate (departures)¹⁰

Technogym
S.p.A.

6.8% [2019]

7.9% [2018]

5.3% [2017]

Technogym
EE

26.4% [2019]

31.2% [2018]

23.1% [2017]

Subsidiaries

24.6% [2019]

18.7% [2018]

18.8% [2017]

The turnover figures for 2019 reflect the different types of activity performed at the different Subsidiaries. The negative turnover rate for Slovakia is mainly driven by specific dynamics concerning peaks in production that require an increase in the workforce at certain times of the year. The same organisational trends characterise the production side of Technogym S.p.A. In 2019, there was a considerable decrease in turnover compared to 2018 both for Technogym EE (a drop of 4.83%) and Technogym S.p.A. (a drop of 1.17%), confirming the Group's commitment to promoting a stable working environment.

At sales branches, overall turnover went up compared to 2018, but was localised and limited to specific countries. On these markets, actions were taken to reorganise and boost efficiency, in order to increase the business in the medium/long term, resulting in an 5.3% increase in total turnover.

“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 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). [DMA 404]

Training

Training is an important way to develop and consolidate personal skills, while diffusing the Group's values and strategy. This is why the company organises training programmes through the Technogym University, with its internal trainers on main company processes, as well as cross-cutting training programmes based on developing soft skills or new expertise and information sessions on the Technogym culture, open to all staff.

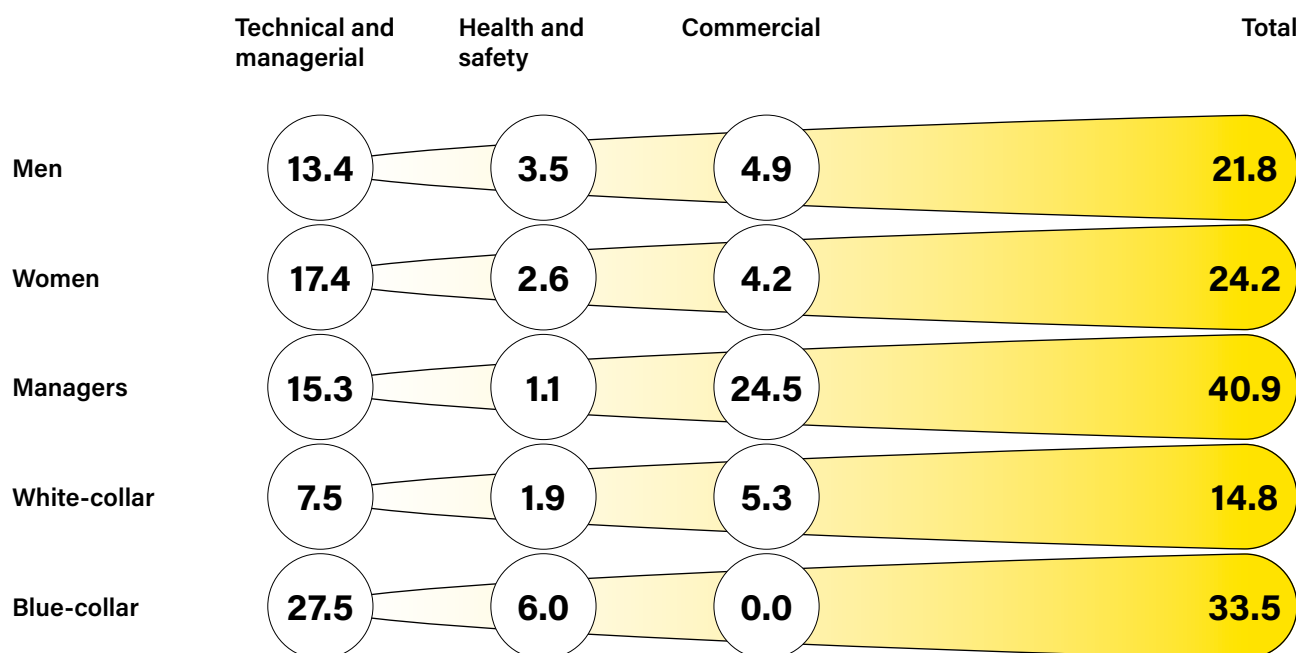
Technogym offers an annual, structured training plan. At the start of each year, Top Management, together with the HR Division, defines the training priorities for the year in line with the strategic objectives, the Technogym Vision and the company Skills Model. The annual training plan implements the training needs of staff, reported by their superiors. Needs are identified during the appraisal process.

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

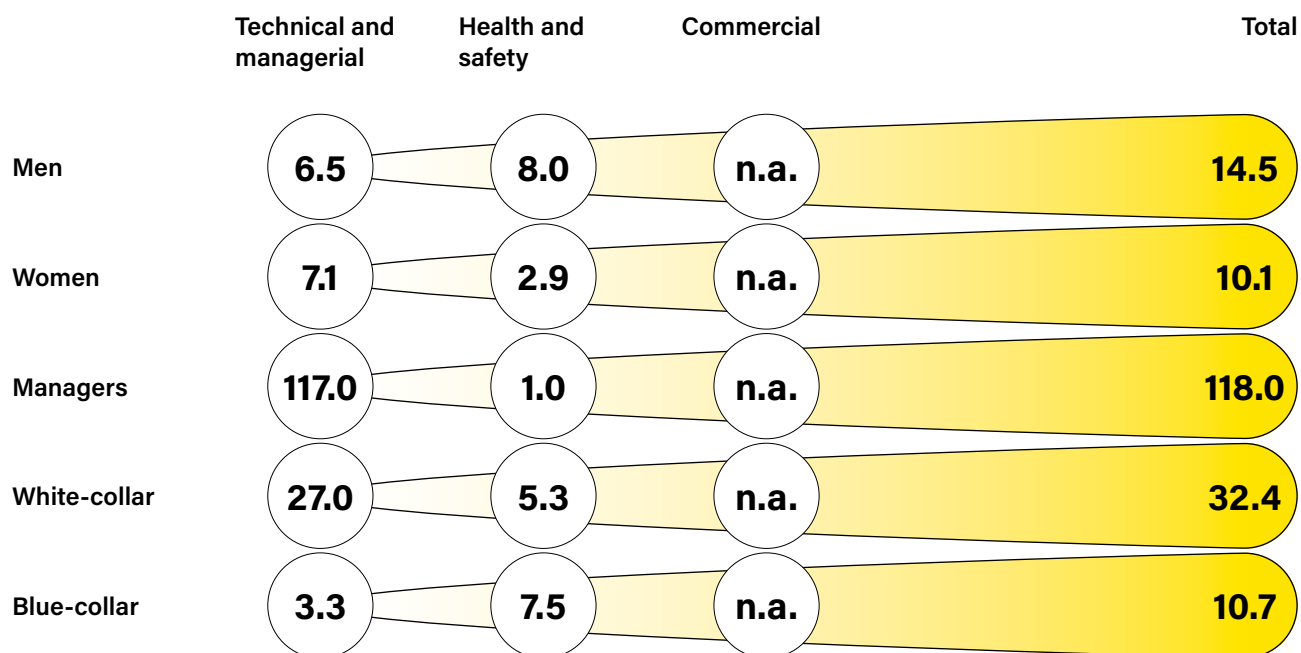
Training is categorised as follows:

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

**AVERAGE TRAINING HOURS 2019,
PER JOB CATEGORY AND GENDER, AT TECHNOGYM S.P.A.**

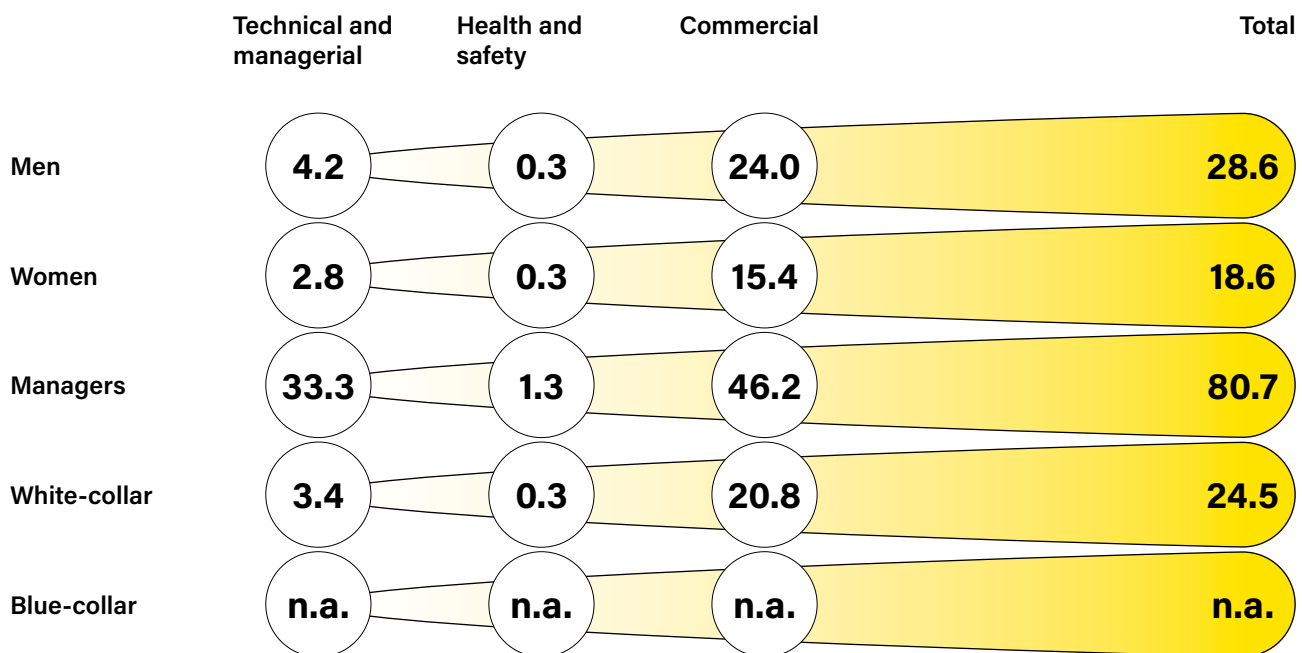


**AVERAGE TRAINING HOURS 2019,
PER JOB CATEGORY AND GENDER, AT TECHNOGYM EE ¹¹**



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

AVERAGE TRAINING HOURS 2019, PER JOB CATEGORY AND GENDER, FOR THE SUBSIDIARIES ¹²



12. The "manual workers" category does not include training hours as there are no employees in the subsidiaries included in this category.

In 2019, a new global platform was launched on company training offering a mix of e-learning, accessible to all staff.

Training for production departments was intensified, with the formal establishment of the "Skills School", for the practical training of production line operators, the creation of a dedicated training catalogue and continual on-the-job training in all departments.

In 2019, the "Building our Future" campaign offering high-level training and development for the company's future leaders was completed.

In keeping with the company's values and promoting a leadership culture at all levels, the Technogym model was produced and training activities provided, with workshops giving continuity to the "My Responsibility" project started in the previous year.

Development

Technogym's annual performance appraisal process enables the identification and implementation of training and development activities in order to improve performances, behaviours, and technical expertise, and select resources of a potential and talent *eligible* for individual development plans.

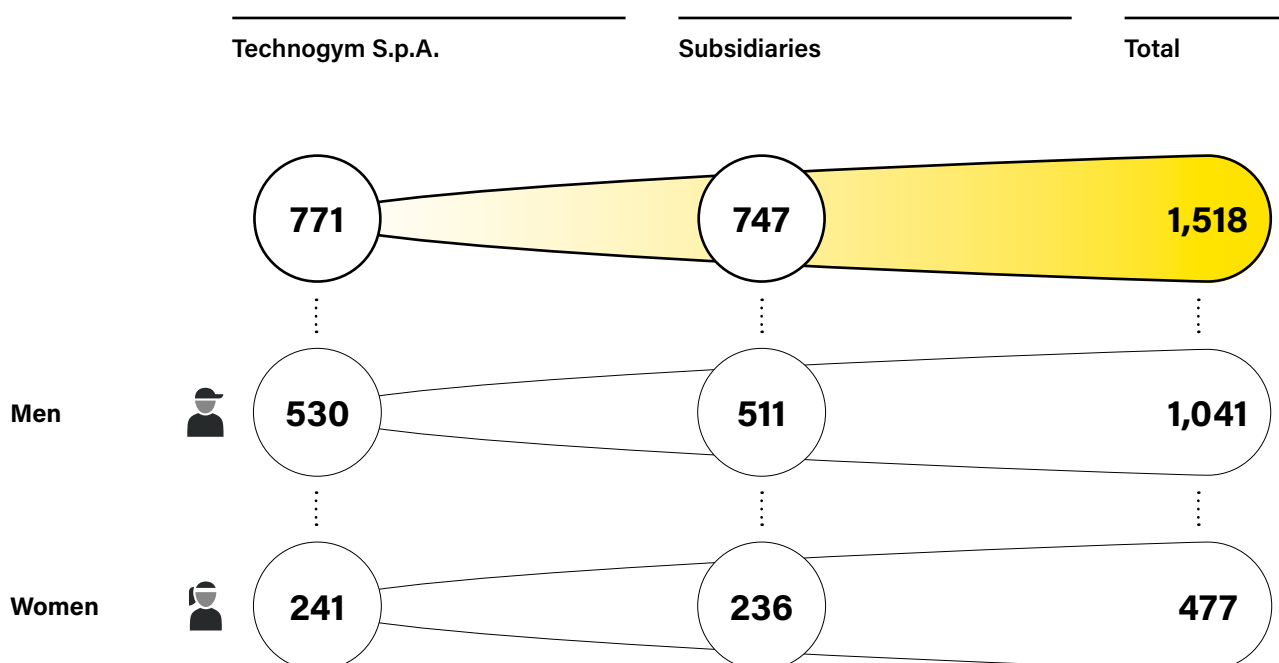
Performance appraisal is a strategic process used by the company to measure and assess the fulfilment of individual targets and behaviours in each role.

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

In 2018, a total of 705 *employees* were eligible for appraisal, of which 471 men and 224 women [404-3]. For 2019, the only figures available were for the eligible employees, as the appraisal process ends in April 2020.

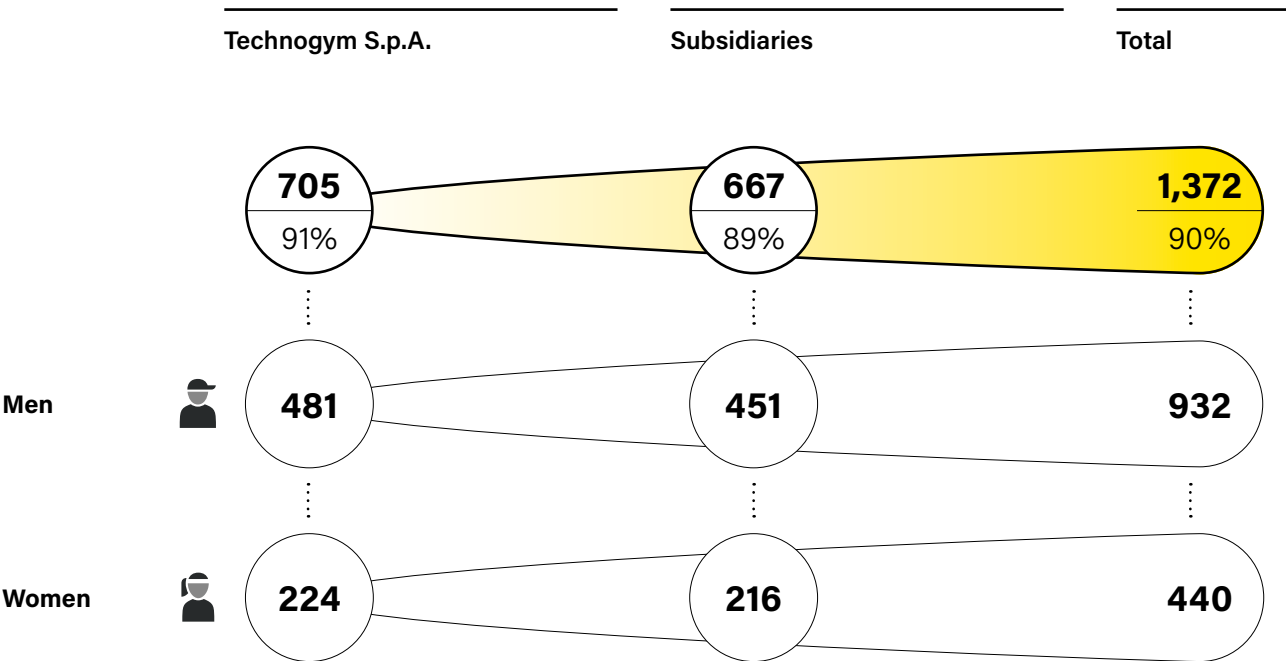
EMPLOYEES RECEIVING A PERFORMANCE APPRAISAL DURING THE YEAR, BY GENDER AND JOB CATEGORY, IN 2018 ¹³

Total number of *eligible* employees

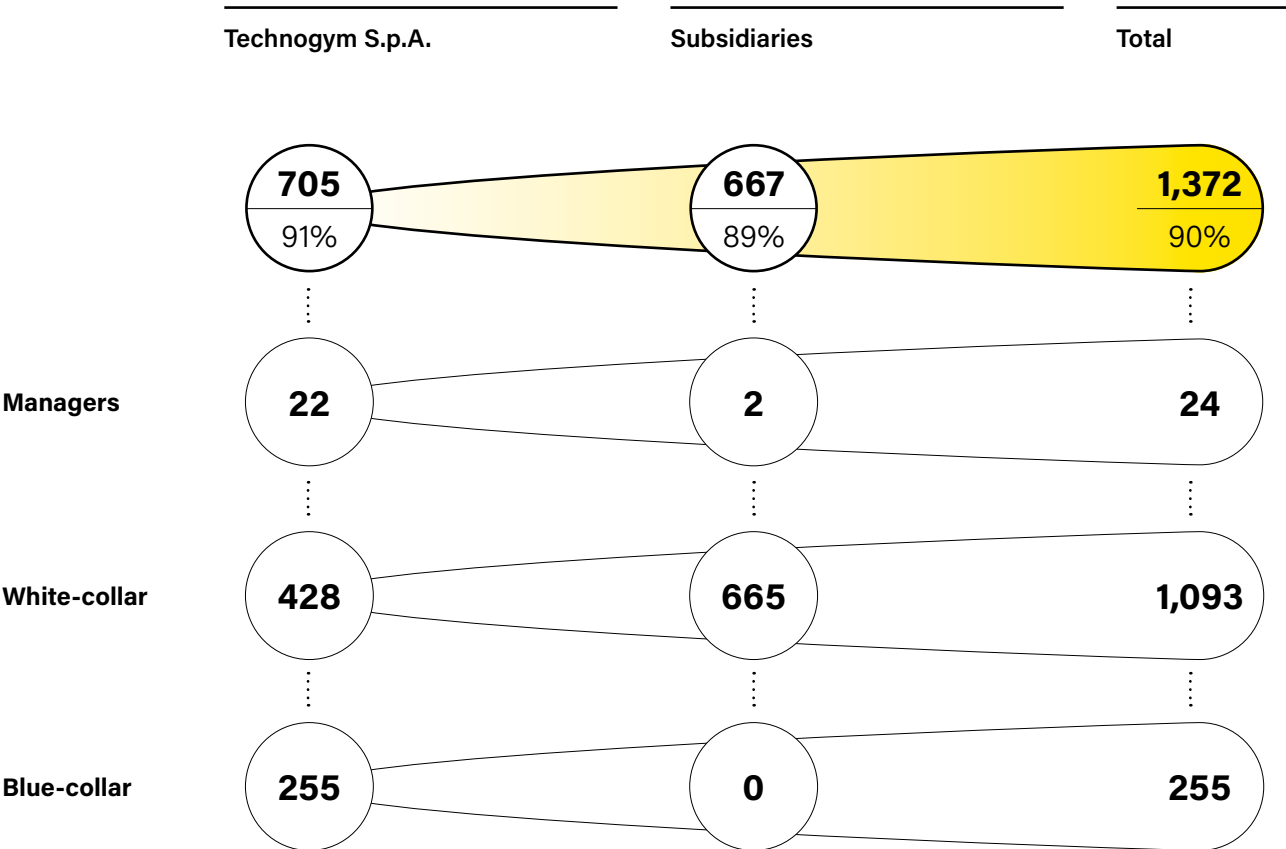


¹³. The perimeter does not include the Russian subsidiary.

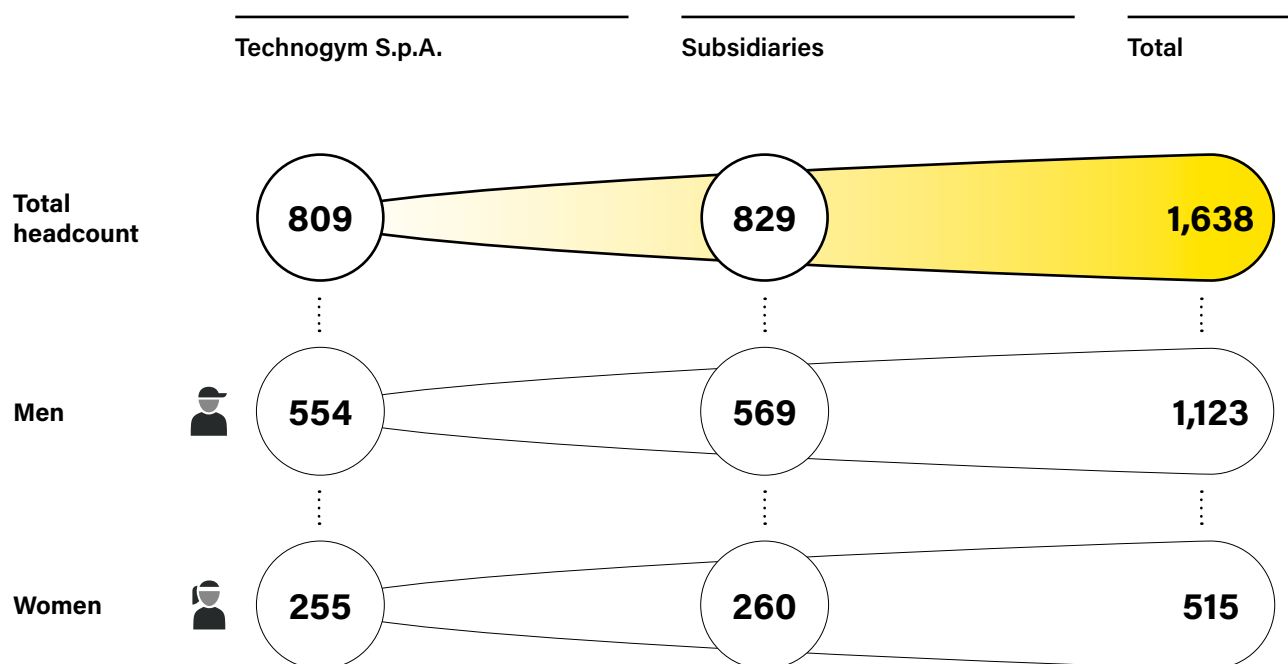
Total number of employees *appraised*



Number of employees *appraised*



EMPLOYEES ELIGIBLE FOR 2019



To ensure the sustainability of the organisation and to cover key roles, succession plans are drawn up annually. Based on these plans, individual development pathways are then designed, involving a growing number of staff from all company areas in 2019.

Remuneration 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 an excellent service 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 2019 salary plans were drawn up, based on the market surveys provided by a leading industry HR consultancy firm. These market surveys, together with the current weighting of roles, resulted in a mapping of guidelines in terms of salary policies, consistent with the company's business objectives and talent retention.

The annual salary review is conducted after defining the staff budget and appraisal process, with the aim of defining the fixed and variable salary components of each person.

The process involves HR and Function Managers. The HR Department and Function Manager define the percentage of the salary increase in relation to the total hours of each Area, the percentage of the population involved and the salary measures adopted.

The short-term variable component of remuneration is intended to reward the achievement of challenging targets and extraordinary results aligned with the company's strategy. This short-term variable component is meritocratic and designed to represent a direct link between remuneration and company and individual performance.

Long-term variable remuneration is only for key positions within the company, and is designed to align individual and company results with investor interests.

Technogym also offers company benefits in the form of non-monetary perks in addition to the other pay components. A series of measures was also launched to help achieve a work-life balance through the introduction of additional flexitime to help employees and their families.

The T-Welfare (Technogym-Welfare) project, launched in 2017, also aims to improve the quality of life of all staff and their families. The dedicated online platform offers a number of services, including prevention, welfare, the reimbursement of healthcare costs and schools fees for children, as well as opportunities including shopping vouchers, travel, leisure, relaxation and wellbeing initiatives. In 2019, the range of services offered through the portal was broadened.

To guarantee the quality of the work environment and company climate, Technogym has always run the "W4W" (Working for Wellness) programme, which includes a number of activities and services geared to wellbeing in-company. (For further details see the next section Working 4 Wellness).

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 discrimination¹⁴.

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

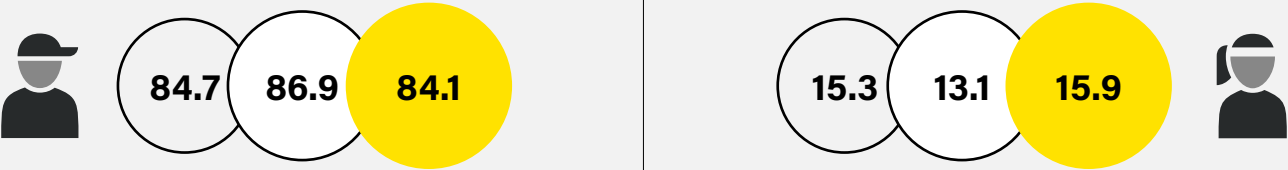
TOOLS

→ Code of Ethics

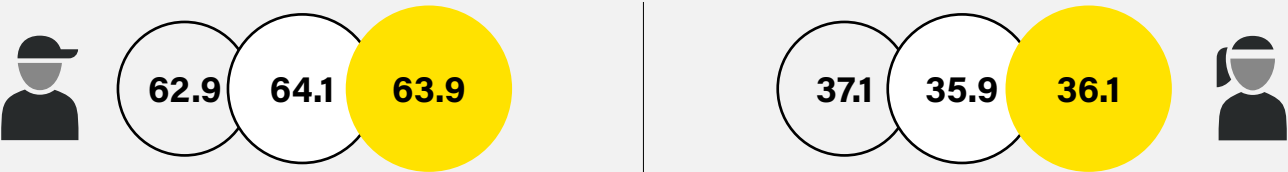
→ GTD Manual

¹⁴.
There were no instances of discriminatory behaviours from 2016 to 2019. [406-1]

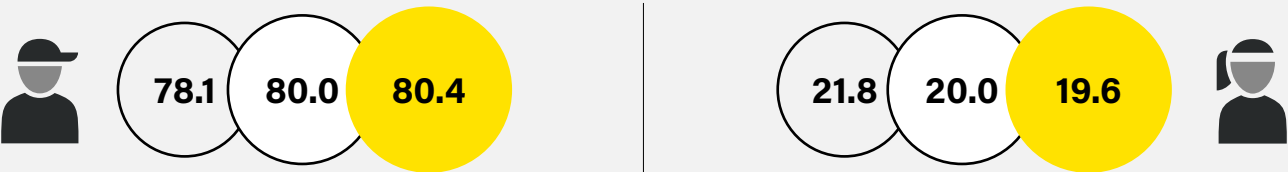
Percentage of Operations Committee members (%)



Percentage of clerical staff (%)



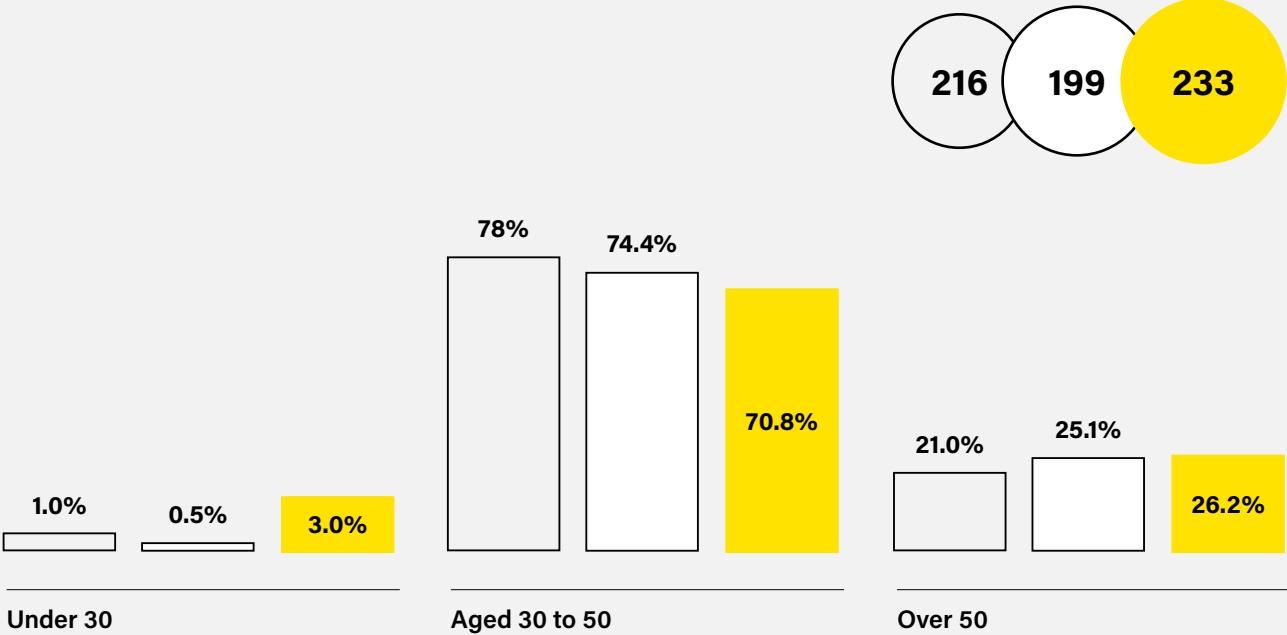
Percentage of manual workers and equivalents (%)



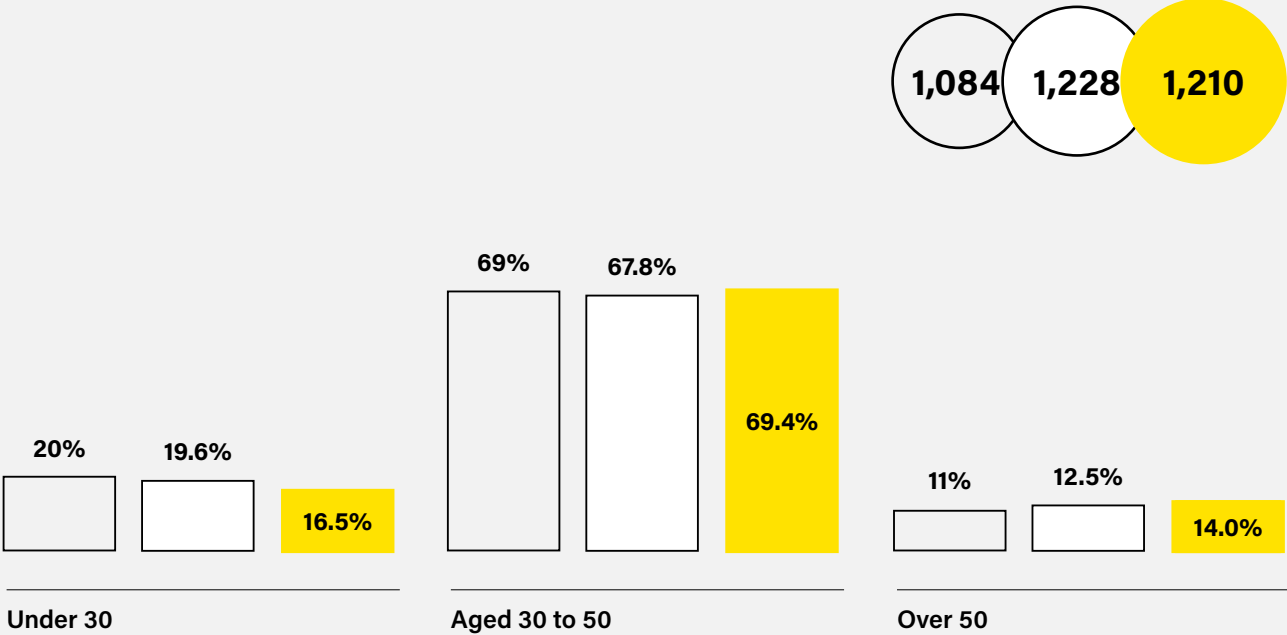
EMPLOYEES BY PROFESSIONAL CATEGORY
AND AGE GROUP



Total number of Operations Committee members



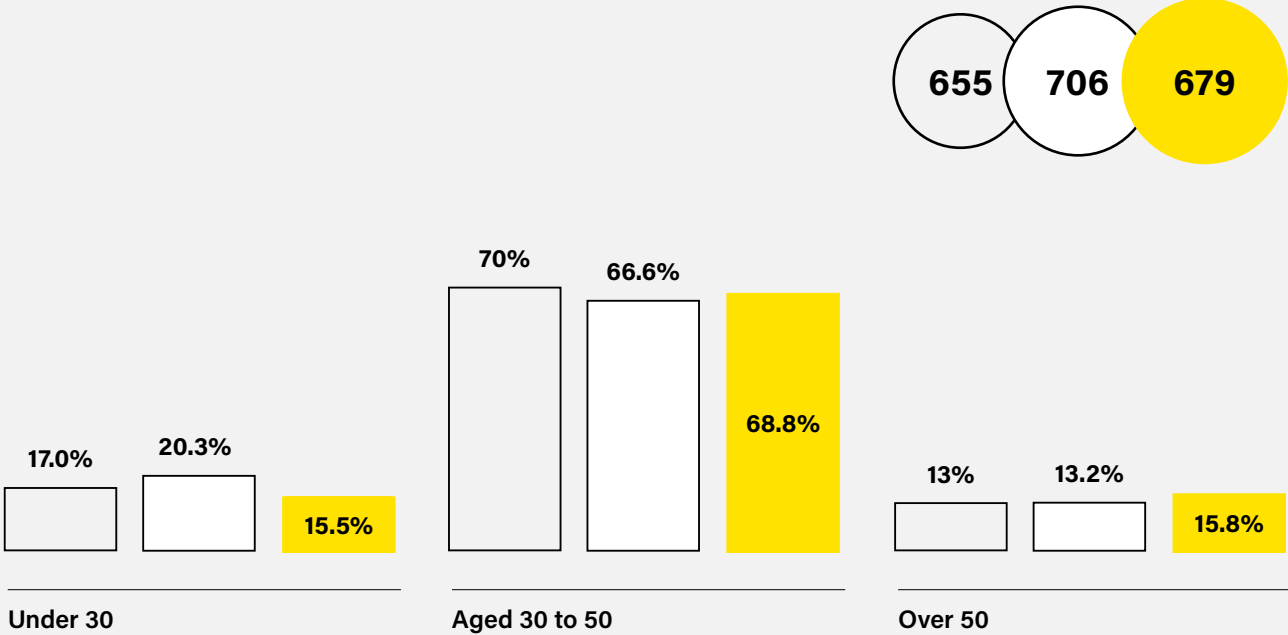
Total number of employees



**EMPLOYEES BY PROFESSIONAL CATEGORY
AND AGE GROUP**



Total manual blue-collar and equivalents



Finally, Technogym S.p.A. complies with the legal obligations applicable to the recruitment of people with disabilities, who are hired under direct agreements with local authorities and social cooperatives. The company regularly collaborates with the provincial authorities ¹⁵ 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.

¹⁵.
Technogym S.p.A. has made an agreement with the provincial authority for the period 2017-2019.

	2017	2018	2019
Number of employees with disabilities	24	25	28
Number of people provided for in the Provincial agreement (Art. 11)	8	7	3
Number of people employed under agreements with social cooperatives (Art. 22)	4	4	4
Number of employees hired, classified as disabled	1	3	0
Exemption quota recognised by the Provincial authority	10	10	14
Total shortfall	0	0	0

¹⁶.
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.

Engagement with social parties ¹⁶

“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 notice boards.

In 2018, company collective bargaining led to the signing of a new supplementary agreement. It provides not only for the payment of a performance bonus if certain productivity, quality, efficiency and accident reduction targets are met, but also gives the option of an hours bank that can be used to vary the working week depending on market requirements. It had introduced a series of benefits aimed at reconciling work-life balance and the possibility of converting the success bonus into various forms of welfare, chosen by the employee, thus expanding the access to T-welfare. During 2019, internal meetings and updates to communication touch points (Intranet, noticeboards, emails), disseminated the contents of the agreement on the PDR about new indicators and the chance to convert the bonus into Welfare mechanisms, and about additional leave for a work/life balance.

At the end of 2019, elections were held to appoint the new Trade Union Representative, who will hold the position for the next 3 years. The elections took place properly, encouraging workers to take participate in full compliance with legislation in force.

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

This is why Technogym has been running the “W4W” (Working 4 Wellness) programme for some time now, offering a complete set of activities and services for staff, which put their health and wellbeing at the centre, and aims to make the Wellness concept, supported by Technogym worldwide, a reality, by educating people to take regular exercise, eat a balanced diet and adopt a positive mental attitude. **Corporate Wellness is the core service in the “W4W” programme, offering all Technogym staff the chance to access the company Wellness Centre or wellness clubs offering special rates, plus medical check ups, customised training and educational programmes.**

As in previous years, Wellness Screening was organised in collaboration with leading medical centres. This annual medical check-up gives staff the chance to monitor their health over the years, and receive medical opinion and useful advice on how to stay well and prevent disease.

A **Wellness Ambassador** team was set up for the Corporate Wellness service. The team consists of Technogym people from all over the world who are willing to promote and engage the co-workers in transmitting the values and culture that form the principles for our Corporate Wellness. Our team of ambassadors is constantly involved in all the main internal communications relating to Corporate Wellness, including training on specific products, solutions and company formats.

The 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.

The service generates benefits for all the stakeholders involved: for employees, in terms of their wellbeing, personal health and engagement, for Technogym in terms of productivity, and for clients and end users thanks to greater expertise and experience with the product and target sector.

The “W4W” programme also features the **Technogym Restaurant**, with a special menu designed together with a nutritional expert. Well-balanced dishes are on offer, prepared with seasonal, high quality ingredients with a low salt and saturated fat content. Fresh seasonal fruit and vegetables are always available. Since this year, the new **T-Take Home** service has been available, so all Technogym S.p.A. staff can book dinner directly from an app, pick it up, take it home and enjoy a meal with their families.

“W4W” initiatives include the annual “Wellness Championship”, a team competition held for the production lines and based on a number of indicators, including “MOVEs”, efficiency, improvement suggestions and the absenteeism rate. The winners of the competition are awarded a team building experience.

The “W4W” programme also features:

- › **Special agreements** with stores, services and associations in the local area for staff and their families;
- › **A tax advice service:** offering professional support to manage staff’s tax matters;
- › **A Master Policy:** a supplementary health policy for HQ staff with more than 10 years’ service with the company, that provides cover extending to their families too.



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

Health and safety at Technogym are part of the value chain. Focusing on and improving the health and safety of staff and workplaces is not just a way for Technogym to comply with laws and regulations and reduce operational and reputation risks – it is one of the levers through which the company adopts its mission. The governance of health and safety combines with the wellbeing promoted by the organisation and is part of a wider-ranging project in the interests of staff and the external social context.

Despite the presence of several high-risk operations (staff working at altitude, electricians, workers using lifting equipment and handling and storing materials,¹⁷ etc.), the Group has not seen any serious accidents or occupational diseases occurring, nor any significant exposure to operators to chemical and biological risks, and this is evidenced by the trend in the number of days lost due to accident, and occupational disease statistics 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. For Technogym, rules are not a limit, but an opportunity to give it an advantage.

In 2006, Technogym implemented a health and safety management system certified to OHSAS 18001, which was combined with ISO 45001 certification in 2018. Technogym periodically defines objectives and areas for improvement to increase the effectiveness of its actions and efficiency of its organisation, in order to prevent incidents, accidents and professional disease and create a safe, healthy environment, in line with staff expectations.

Our organisation is committed to improving its ability to govern its system of health and safety controls at all times, by monitoring a set of indicators used to control health and safety, identifying factors that emphasise the proactivity of the people who work for us. One of the core elements of the system is the promotion of a common culture of safety in the workplace, and health and safety knowledge, by means of training initiatives, so that each staff member champions health and safety and is actively involved in improvement. Training is carried out across all areas, with a particular focus on production department workers as they have more exposure to the risk of accidents in the workplace.

In 2019, more than 2,638.5 training hours were delivered in Italy, on health and safety issues, while in Slovakia total hours added up to 5,297.

All employees and staff, primarily those operating at the production site, are trained to become involved in improvement and are encouraged to report any risks they may notice, following structured procedures. All reports of potential hazards 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**), used to encourage a proactive report, which also measures reported information. [403-4]

Thanks to the participation of various areas of the company, the organisation can take a proactive approach, and progress towards continuous improvement in relation to established indicators and cultural change.

¹⁷ At Technogym EE, the painting and cleaning operatives, and from 2018 also the upholstery workers, are considered high-risk.

CONTROL

TOOLS

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

Workers are represented by the Workers' Safety Representatives, who are part of the company's Workers' Council. The three Workers' Safety Representatives have a specific number of hours to carry out audits and manage prevention and protection activities; they also join in with consultation and continual improvement groups and meet periodically. [403-1]

In 2019, in Italy, there was no increase in accidents compared to the previous year, out of a total of two events not directly attributable to work activities. Against a considerable increase in the number of hours worked, the accident frequency rate fell.

	Technogym S.p.A.			Technogym EE		
	2017	2018 ¹⁸	2019 ¹⁹	2017	2018	2019 ²⁰
Total number of employee accidents	4	7	7	0	1	2
Men	2	4	4	0	1	2
Women	2	3	3	0	0	0
Total number of occupational diseases	0	0	0	0	1	0
Total number of work-related fatalities	0	0	0	0	0	0
Working days lost	38	141	142	0	27	72
Men	9	84	44	0	27	72
Women	29	57	98	0	0	0
Accident frequency (total) ²¹	3	5.40	5.31	0	1.50	2.56
Men	Na	Na	4.26	Na	Na	2.97
Women	Na	Na	7.93	Na	Na	0.00
Gravity indicator ²²	Na	0.11	0.11	Na	0.04	0.07
Men	Na	Na	0.05	Na	Na	0.09
Women	Na	Na	0.26	Na	Na	0

18. At TG S.p.A. there were two incidents involving temporary personnel.

19. For 2019, data on indicators related to Health and Safety were reported by gender, so cannot be compared with 2017 or 2018, when aggregate data was used.

20. See the previous note.

21. The frequency index is calculated considering: (Total no. of accidents / No. of hours worked *1,000,000).

22. The severity index is calculated considering: (No. of days lost through injury and occupational disease/total hours worked)*1,000 according to UNI 7249:2007.

HUMAN POTENTIAL: PEOPLE AT THE CENTRE







Human potential: people at the centre

Working 4 Wellness is the Company Welfare programme according to Technogym, a unique scheme for workers' health and quality of life based on three Wellness pillars: physical activity, a proper diet and a positive mental attitude.

Putting **people at the centre** - their **energies**, **competencies** and **values** - is a strategy widely shared by leading companies in all sectors. For Technogym, a leading light in the wellness industry throughout the world, this premise is even more important.

In fact, **physical/psychological wellbeing in the workplace and company performance** are closely related and have a positive impact on the life of employees and staff, setting off a virtuous, self-fuelling mechanism where people's energy spreads to the team and organisation itself.

But what do we mean when we are talking about **company welfare**? We mean a set of initiatives and services for staff to improve their work environment and their wellbeing and that of their family - in different areas, from health to free time. Initiatives that have proven benefits, not only in terms of an increase in productivity and decrease in absenteeism, but that also improve the **company's image**, strengthen its sense of **belonging** and its **appeal**.

It comes as no surprise that company welfare

has become a strong point for many companies the world over. The latest international studies show that over 79% of multinationals offer their staff programmes dedicated to health. A survey conducted by the World Economic Forum shows that for companies with 10,000 employees or more, the adoption of a corporate wellness project can save 22 million dollars in health costs and lost productivity.

PUTTING PEOPLE AT
THE CENTRE:
THEIR ENERGIES,
COMPETENCES AND
VALUES

Against this backdrop, a company like Technogym - which has made it its mission to **foster a culture of Wellness** throughout the world - is exemplary, thanks to its choice of embracing a philosophy of Wellness first and foremost at its company, starting from the people who contribute each day to creating and supporting our reputation as **The Wellness Company**. In the eyes of Technogym, company welfare stems from synergic action taken on three fronts that correspond to the **three pillars** of Wellness: physical activity, a proper diet and a positive mental attitude. **W4W - Working For Wellness** - is a unique programme for the health of our staff that includes access to a cutting-edge gym and outdoor sports activities, free medical check-ups and the first company wellness restaurant in the world.

Each day, the T-Restaurant serves up breakfast before work, and lunch with three menus catering for different requirements: **Mediterranean, Organic and Vegetarian** - all prepared with **fresh ingredients, without saturated fats and with a low salt content**. The menu, **devised by Technogym's Scientific Department** offers well-balanced dishes, prepared with seasonal, high quality ingredients. Fresh seasonal fruit and vegetables are always available. Plus, sustainability is embraced each day in food choices too, selecting local produce as far as possible and avoiding waste, improving the quality of life, starting from the local area. In fact each day, Technogym donates unused meals to local organisations involved in social projects.

With a nod to work life balance, the T-Restaurant offers all staff a "Take Home" service, where they can collect fresh, balanced meals from the company restaurant at the end of the day, to eat at home.





W4W - WORKING FOR WELLNESS: A COMPLETE PROGRAMME FOR STAFF WELLBEING



PHYSICAL/MENTAL
WELLBEING
AND
COMPANY
PERFORMANCE
ARE STRICTLY RELATED



Today, the **Technogym Village** is an outstanding example for businesses that want to invest in company welfare projects, and in fact each year Technogym welcomes numerous enterprises inspired by this innovative person-centric model.

The Company Wellness Centre offers all staff free, customised training programmes, supervised by professional instructors, with a wide range of both individual and group activities and courses. On Saturdays, the gym is open to friends and family members of Technogym staff. The role of **Technogym Ambassadors** -, staff who are passionate and competent and invest their time in helping colleagues - is fundamental. As Davide De Remigis, Ambassador since 2017, says: "it's not just a great way to train together with colleagues and motivate each other, it's also an excellent change to test out equipment that will then go on the market, as product experts able to suggest modifications and improvements".

Besides encouraging physical exercise for health and prevention, the training programmes in the gym are flanked by an annual medical check-up scheme, with blood tests and check-ups to give staff an idea of their health and suggestions on what to do to improve their own physical and mental wellbeing. A winning combination - training and prevention, as demonstrated by a number of surveys and data showing that a lifestyle centred on Wellness can improve or maintain health over time.

In addition, Technogym's "Working for Wellness" platform offers staff a wide range of services for the individual and families, including legal advice and special rates for healthcare services at facilities nationwide, special-rate purchases, sports and cultural activities. To celebrate 10 years' service with the Company, Technogym gives its staff a special package of benefits including supplementary health insurance and special conditions for requesting an advance on post-employment benefits.

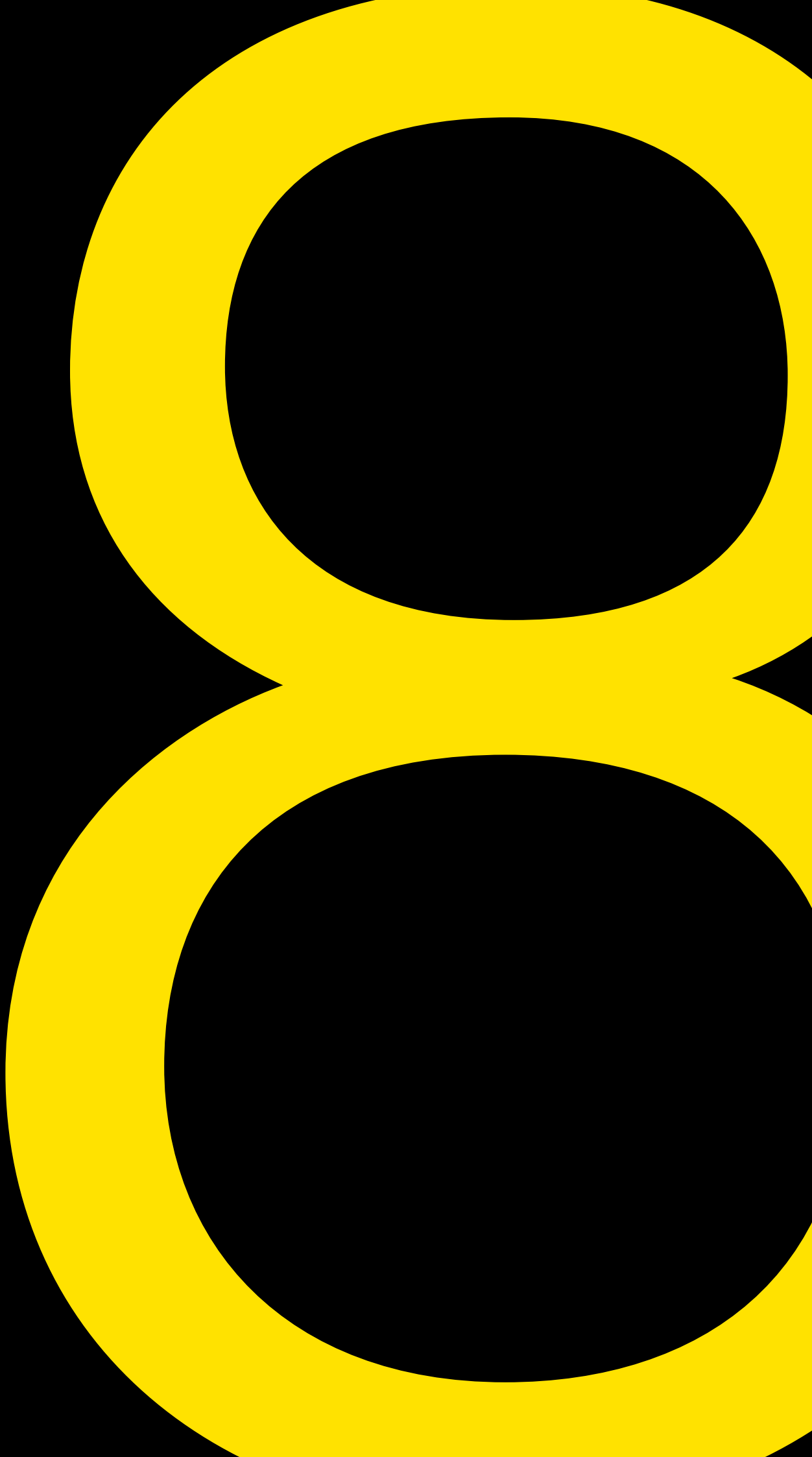
The Technogym Village is immersed in and fully engaged with the local territory - promoting a cultural programme that hosts schools, conferences, healthcare institutes and local associations- and welcoming the families of staff who can come to the wellness centre and visit the entire site at weekends. Over the Christmas period, "Father Christmas at Technogym" was held, inviting 500 children of staff to a day at Technogym to receive a Christmas gift, visit their parents' workplace and take part in "Gioca Wellness" - the Wellness Foundation programme focussed on exercise and health for younger users. Christmas is also the time for the traditional Christmas Dinner, to exchange Christmas wishes and reward staff who have been with the company for 20 years.

Investing in the concept of **Human Potential** also means motivating staff and making the most of their abilities and vocation through a **training** programme that promotes personal and professional growth. The **Technogym University** organises information sessions open to all staff, besides an annual training plan produced by Human Resources, combining the company strategic objectives with employees' training needs. Training is based on different methods including the assignment of new projects, continual feedback, coaching and mentoring and e-learning, which was stepped up in 2019, through the launch of a new global platform accessible to all company staff. This is a further step in consolidating a sustainable business strategy in which Technogym is keeping up with the changing times of the world of work.

These initiatives have led the company to be recognised worldwide - by the most prestigious mass media and through important awards, including "Best Place to Work" - as leader for the quality of its workplace and services for its staff. Each year, 25 thousand people from all over the world visit the Technogym Village to study this unique model and draw inspiration from it. The over 8,000 CVs the company receives each year are another indicator of the company's appeal.







THE SUPPLY CHAIN

8.1

SNAPSHOT OF THE SUPPLY CHAIN

“To guarantee constant improvement and steady growth of its supplier relations, Technogym has defined its reference values and specific policies for developing its supplier base” [102-9]

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

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

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

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

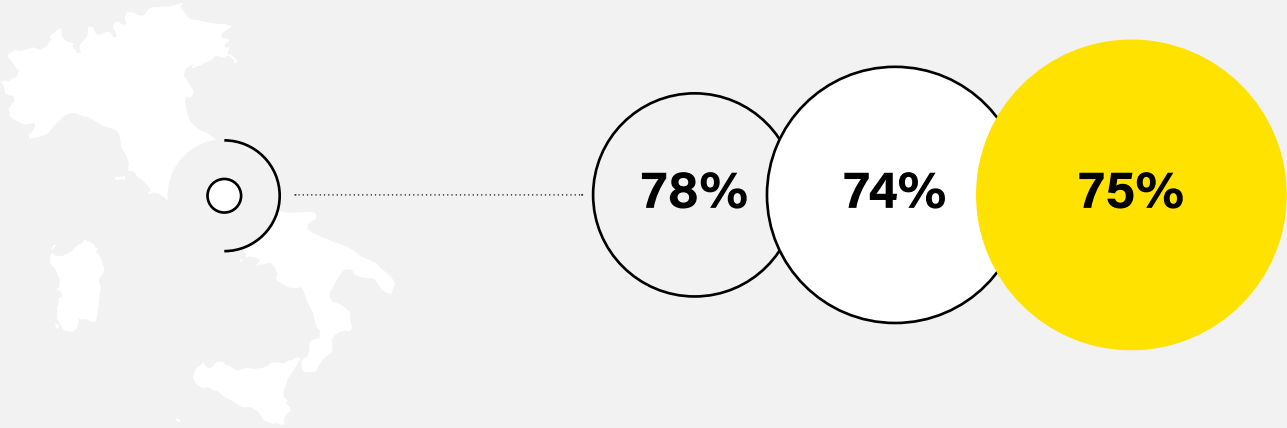
Technogym's supply chain is divided into suppliers who provide “bill of materials” supplies, some of which are particularly strategic to Technogym's success, including those that contribute directly to product creation, and “indirect” suppliers who provide other services or materials, as well as the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

Technogym S.p.A. and Technogym EE S.r.o. used a total of 946²³ suppliers in 2019, up on the figure of 893 in 2018. The supplier base is stable. The slight changes in numbers over the years are of no particular interest as the changes relate to non-strategic supply units.

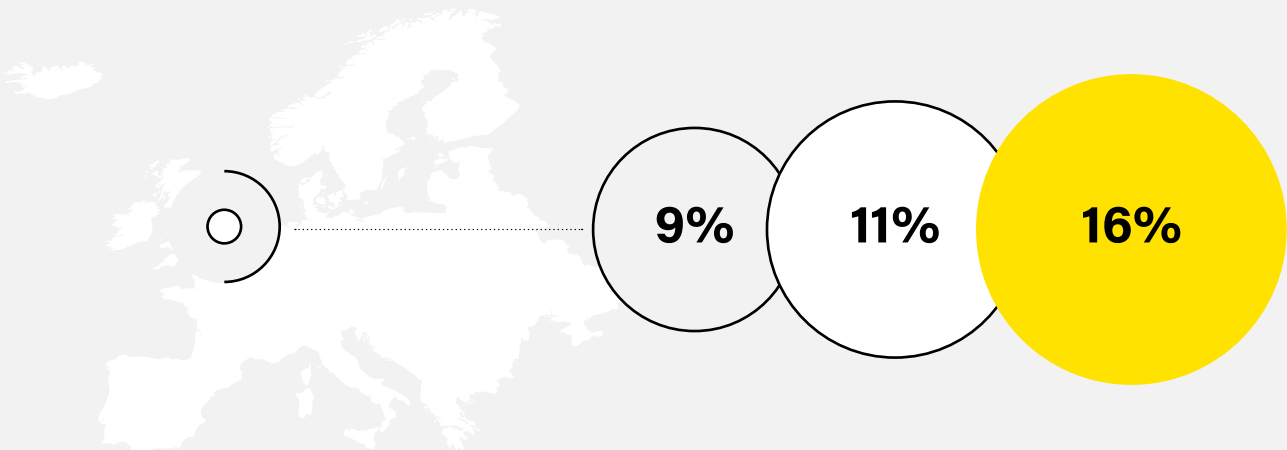
Technogym's supply chain is mainly in Italy, with **75%** of its suppliers **based in the country** in 2019. Remaining purchases were distributed across Europe (16%), up on the figure of 2018, and the rest of the world (9%) down on the figure for 2017 and 2018.

23.
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.

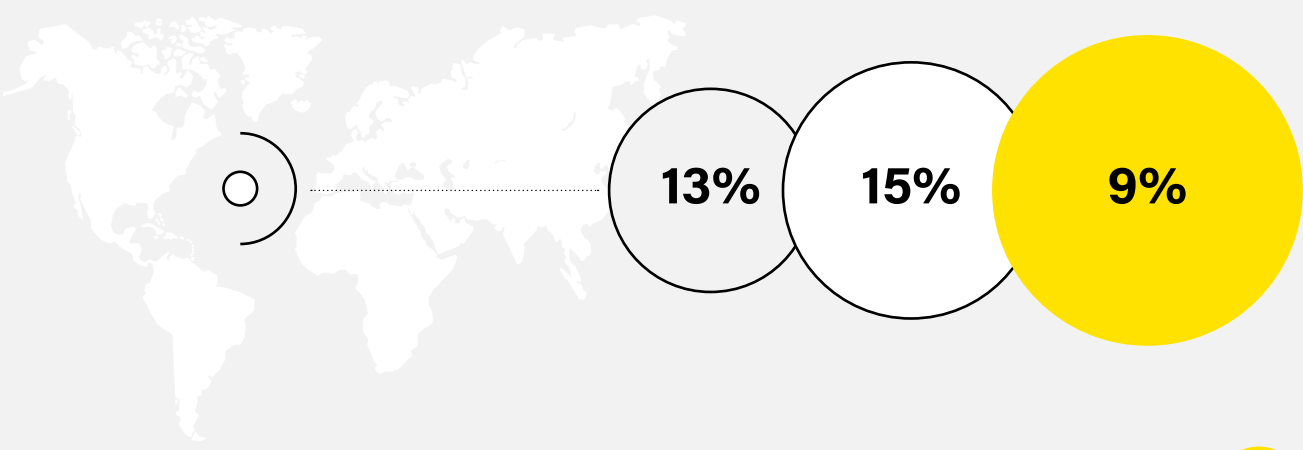
Purchases from Italy



Purchases from Europe (excluding Italy)



Purchases from the Rest of World



24.
The term "local" indicates that
the companies are based
in Italy.

In Italy, Technogym mainly works with small and medium enterprises (SMEs) and local businesses²⁴; 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, ensuring a quality of work and respect for people and protection of workplaces.

	2017	2018	2019
Total purchases for production activity (Euro)	228,529,753.00	249,422,394.04	248,332,914.91

Purchases for production operations only, for 2019, amounted to €248,332,914.91, generally in line with 2018.

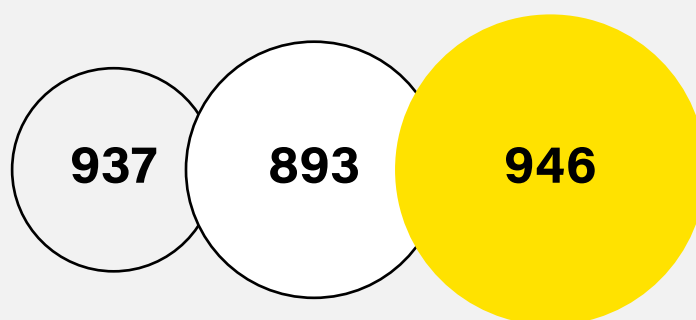
During 2019, Technogym reclassified some of its product categories, in relation to updates to the supplier monitoring process. This allowed for improved, more efficient control along the supply chain, making it clearer and more typical of the Group's core activities.

In this regard, the deviations shown per single item in the next tables are the result of these analyses. In particular, suppliers of products for pre-assembled mechanical units have been reclassified from category 1 *Metal work* to category 8 *Other*, with a change in turnover from €75,913,793.25 in 2018 to €49,785,491.16 in 2019.

Suppliers of custom electronics, electromechanical items, wiring and motors have also been reclassified. Specifically, in previous years these suppliers were classified under product category 4, apart from specific products for custom electronics, which were grouped in the current product category 6 and renamed *Electromechanical items, wiring and motors*. This led to an increase in turnover from category 6 of €2,268,187.21 in 2018 to €13,382,780.16 in 2019, and a number of suppliers equal to 51 from the 9 in 2018. The suppliers in category 6 *Adhesives*, were reclassified under category 5 *Plastic Materials*.

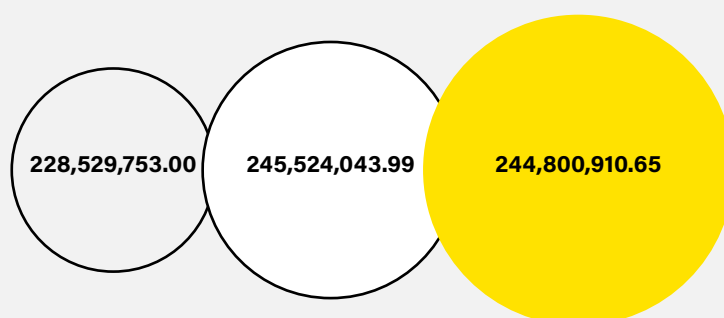
Suppliers per product category²⁵

25.
Suppliers with an amount of
more than €10,000



	2017	2018	2019
Total suppliers in category 1 Metal structures	52	53	43
Total suppliers in category 2 Machining	64	77	77
Total suppliers in category 3 Upholstery	30	31	30
Total suppliers in category 4 Custom electronics	50	49	23
Total suppliers in category 5 Plastics	61	70	77
Total suppliers in category 6 Electromechanics/wiring/motors	9	9	51
Total suppliers in category 7 Powder coating	5	5	5
Total suppliers in category 8 Other	666	599	640

Purchases, by product category



	2017	2018	2019
Total purchases for category 1 Metal structures	61,545,953.00	75,913,793.25	49,785,491.16
Total purchases for category 2 Machining	18,137,626.00	21,666,424.42	27,255,526.61
Total purchases for category 3 Upholstery	10,890,062.00	12,397,249.55	12,149,649.29
Total purchases for category 4 Custom electronics	48,140,525.00	43,882,886.05	38,522,651.78
Total purchases for category 5 Plastics	27,312,533.00	31,267,469.66	38,452,498.24
Total purchases for category 6 Electromechanics/wiring/motors	1,845,534.00	2,268,187.21	13,382,780.16
Total purchases for category 7 Powder coating	3,053,749.00	2,922,208.43	2,470,261.93
Total purchases for category 8 Other	57,603,771.00	55,205,825.41	62,782,051.48

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

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

CONTROL
TOOLS

- Code of Ethics
- 231 Model
- "Supply management" procedure
- Procedure for the "Management of obligations related to works and temporary contracts, and temporary mobile sites"
- Procedure for "Supplier Qualification and Rating"
- Procedure for the "Qualification of manufacturing and production approval processes"

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**, that ensure a **higher level of protection for health and the environment**, limiting the use of chemical substances in the production process and reducing the relative risk. With the REACH Directive, it is possible to obtain additional and more comprehensive information on the hazardous properties of products handled, on the risks related to explosion and the safety measures to adopt, while the RoHS Directive establishes restrictions on the use of certain hazardous substances in the manufacture of various types of electrical and electronic equipment.

Monitoring during 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.

CONTROL
TOOLS

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

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

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

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

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

By carrying out site assessments, Technogym can specifically evaluate:

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

The Group also audits the suppliers' management systems such as ISO 9001, ISO 14001, ISO 45001, AITF 16949 (ex ISO/TS 16949), and SA 8000. In 2019, 18% of suppliers at Group level had ISO 9001 certification. In **Italy**, where most suppliers are located, **20% had ISO 9001 certification**, 3% ISO 14001 certification and 2% ISO 450001 certification in 2019. Plus 3 suppliers in Italy are also certified to SA 8000.



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

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

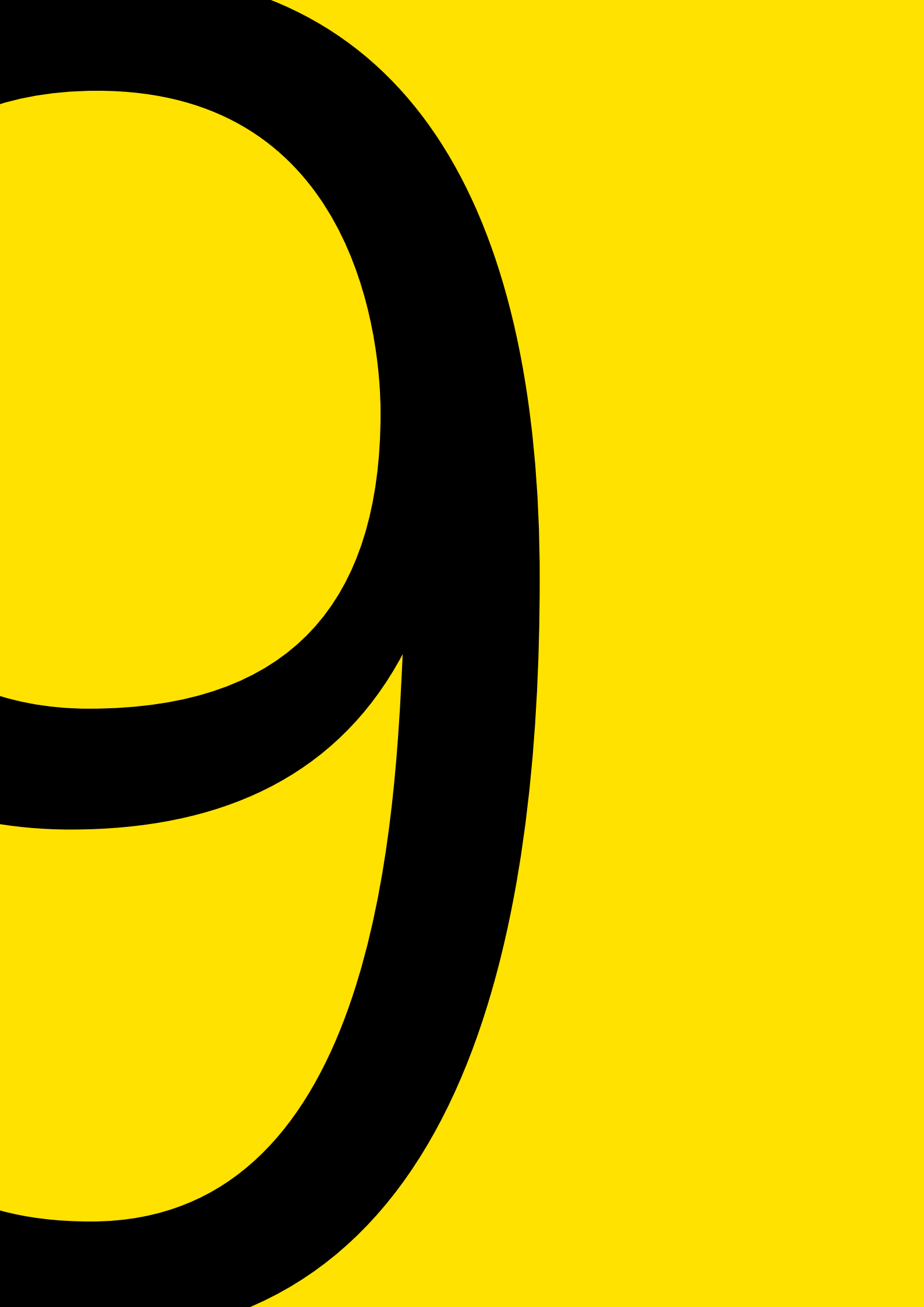
Among other things, suppliers need to comply with the regulations in force in their own countries with regard to minimum pay, hours of work, payment of overtime, freedom of association and anti-discrimination policies.

During this process **100% of new suppliers were assessed** on their environmental and social impact. They represent all the new product suppliers for 2019 (12), up on the figure for the previous three years (3 in 2017 and 5 in 2018). **The findings of our audits have never highlighted any adverse environmental or social impacts.** [308-1; 308-2; 414-1; 414-2]

In 2019, 14 audits were also conducted on long-standing Technogym suppliers, with no findings on environmental or social aspects made.

In addition to the above, and with a view to continual improvement and a focus on ESG aspects, the development of an integrated supplier monitoring platform is planned for 2020, which will provide details of the social and environmental conditions of suppliers, and an updated overview of their financial performance. This activity will help to consolidate risk management, encouraging specific controls of individual suppliers by type of supply and geographic area.





ENVIRONMENT

26.

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

[MATERIAL TOPIC: ENVIRONMENTAL WELFARE]²⁶

“The wellbeing 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”.

In line with its own Wellness philosophy related to promoting wellbeing, Technogym is continually committed to reducing its impact on the environment, which is an inextricable condition for guaranteeing the health and quality of life of people.

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

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

The 231 Model identifies “sensitive” activities for the purposes of environmental regulatory compliance. These activities include waste production and disposal procedures, the management of systems that generate atmospheric emissions and waste water, the management of chemicals and fuels that could lead to land, subsoil or water contamination²⁷.

To consolidate its monitoring and control system of 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 Slovakia²⁸.

In 2018 Technogym set up an Integrated Management System, which includes certification to ISO 9001, ISO 14001, ISO 45001 and ISO 50001, and ISO 13485. By defining a formal environmental policy, the system provides a framework for the setting and reaching of targets on quality, health and safety, energy and environmental efficiency. It also represents our concrete commitment to pursuing sustainability by measuring and preventing risk.

27.

The Technogym Group does not use chemical substances in the phase-in and phase-out process. As stated in the Chapter on the Supply Chain, Technogym requires its suppliers to comply with the REACH and RoHS Directives.

28.

The UK subsidiary also has ISO 9001, ISO 14001 and ISO 45001 certifications.

Energy consumption and CO₂ emissions [DMA 302; 305]

The energy consumed by Technogym S.p.A. is only for 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. It conducted 2 energy diagnosis exercises in 2015 and 2018, and in 2018 it completed the procedure for ISO 50001 certification purposes.

Instead, Technogym East Europe, because of its production operations and following the energy diagnosis carried out in 2018, is classified as an energy-intensive company.

As testimony to the Group's commitment to protecting the environment, the Technogym Village - which is home to the company's headquarters - was built in 2012, based on principles of bioarchitecture, which have enabled Technogym S.p.A. to receive 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.

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

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

The Group's strong growth is requiring greater efficiency in its processes and consumption. This is why the company regularly controls and monitors consumption, by implementing analysis and reduction projects. In 2019, this led to a general reduction in consumption, with a decrease equal to 3.7% of CO₂ emissions generated, compared to 2018.

Initiatives in 2019 include transferring the warehouse for finished products manufactured at the Slovak site from Portobuffolè (Treviso) to Malý Krtíš. This operation made it possible to improve and streamline logistics with positive effects on transport and distribution management. In particular, it was possible to eliminate the transport by articulated lorry of some 60,000 finished products manufactured in Slovakia to the Italian warehouse at Treviso, around 700 km away, with an average 3,000 journeys avoided, for a total of 2,100,000 km and approximately 700,000 litres of diesel fuel/saved, equal to 1,820.7 tons of CO₂ generated.

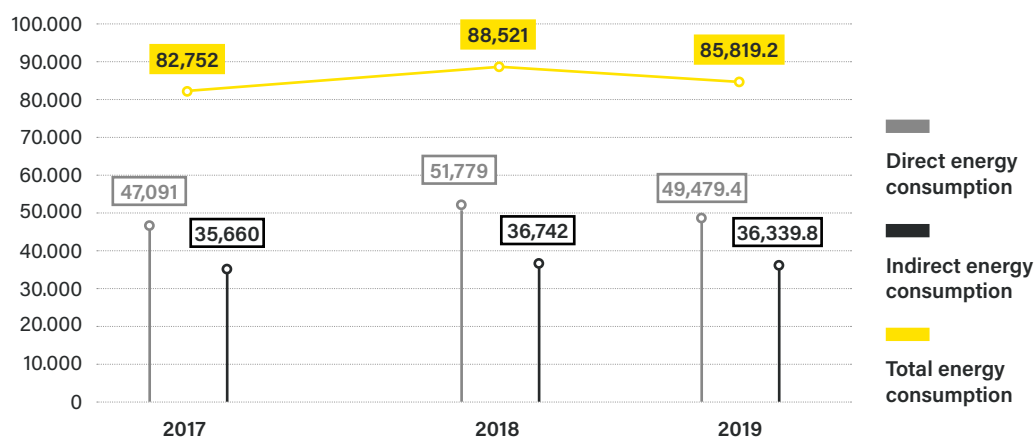
In 2018, an air conditioning system was installed at Technogym S.p.A., giving workers on the assembly lines comfortable working conditions which are unique in Italy. The design choice of installing an ultra-high efficiency, innovative cooling unit and activities to continually improve the performance of all plants made it possible to reduce electricity consumption at the Technogym Village in 2019, despite the increase in air conditioned areas and quality of the work environments.

CONTROL
TOOLS

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

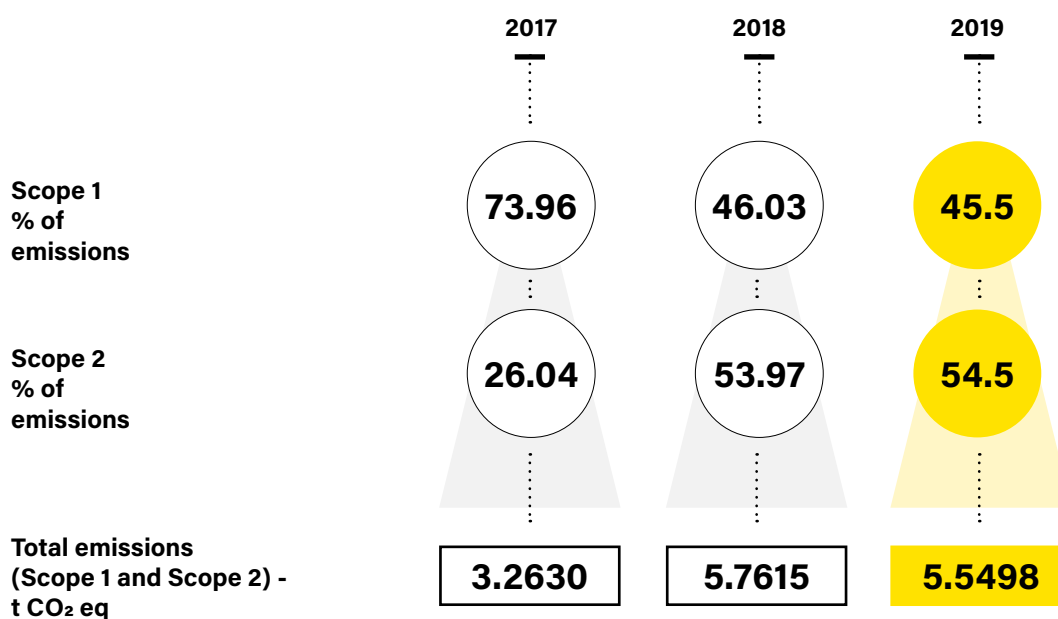
29.
Renewable energy
certificates were bought for
TG S.p.A. in 2017. For details
of consumption, see the
attachment.

Direct and indirect energy consumption (GJ) [302-1] ²⁹



30.
For details of consumption
and calculation procedures,
see the attachment at the
end of the chapter.

Direct and indirect CO₂ emissions (Tonnes of CO₂) [305-1; 305-2] ³⁰

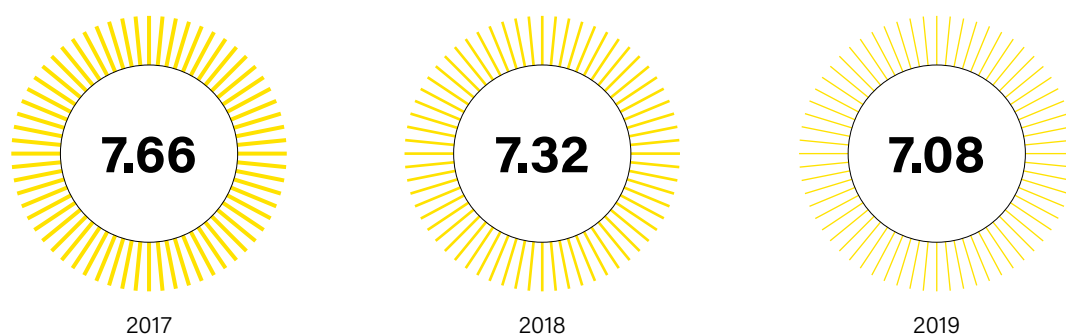


Changes in gas consumption at Technogym S.p.A. over the years relates to water used for sanitary facilities and services, given the increase in the number of personnel at the company. This consumption was offset by the particularly mild year which allowed reduced usage of the heating system at the site, thus saving on heating gas. This result was also made possible thanks to the insulating technologies at the Cesena site, and activities to continually monitor and maintain heating plants, to guarantee high levels of energy efficiency.

During 2019, Technogym EE, recorded a decrease in gas consumption due mainly to an improved efficiency which allowed for a lower use of plants, while producing the same number of machines, and a consequent reduction in consumption ³¹.

31.
As indicated in the 2018
NFS, the projects were also
implemented at the Slovak
plant in 2017 to recover heat
from the coating operations,
to be reused for assembly.

Energy intensity for Technogym S.p.A. [302-3]

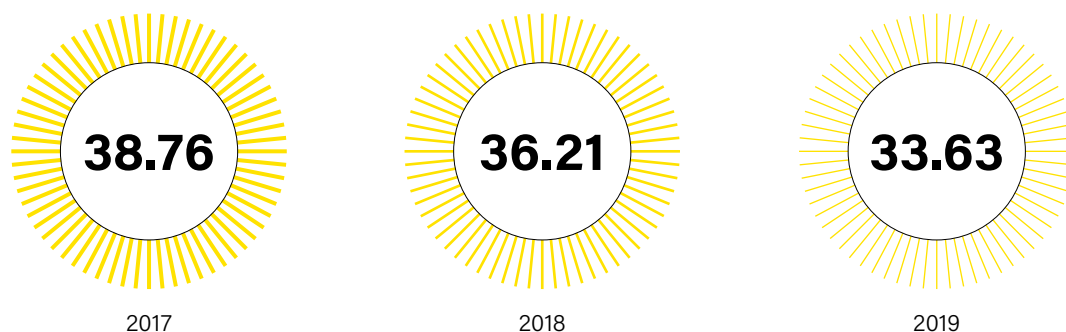


	Unit of measurement	2017	2018	2019
Energy intensity		7.66	7.32	7.08
Total energy consumed	kWh	10,154,275.54	11,246,013.13	10,495,884
Total hours worked ³²		1,324,950	1,537,309	1,483,251

32. The figure for 2018 and 2019 also includes an estimate of external consultants who work for the company all year round.

33. Because of the different nature of activities of Technogym S.p.A. and Slovakia, the energy intensity for Technogym Slovakia was recalculated for the three-year period, considering the number of standard hours and not the hours worked. Therefore, the figures between Italy and Slovakia are not comparable.

Energy intensity for Technogym EE ³³



	Unit of measurement	2017	2018	2019
Energy intensity		38.76	36.21	33.63
Total energy consumed	kWh	12,832,284.53	13,342,972	13,342,811
Total standard hours		331,072	368,519	396,723

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 2019, out of a total of 97 company cars, the number of conversions to methane went up compared to 2018, from 9 to 12³⁴.

Water consumption [DMA 303]

CONTROL

TOOLS

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

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 Italian production operations, as only assembly lines are present and most of the consumption is for civil use and irrigation of the Technogym Village grounds.

Drinking water comes from the mains, while the irrigation system for the Technogym Village grounds uses irrigation water supplied by the Consorzio Bonifica agricultural consortium of Romagna.

The Slovak 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 Slovak 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.

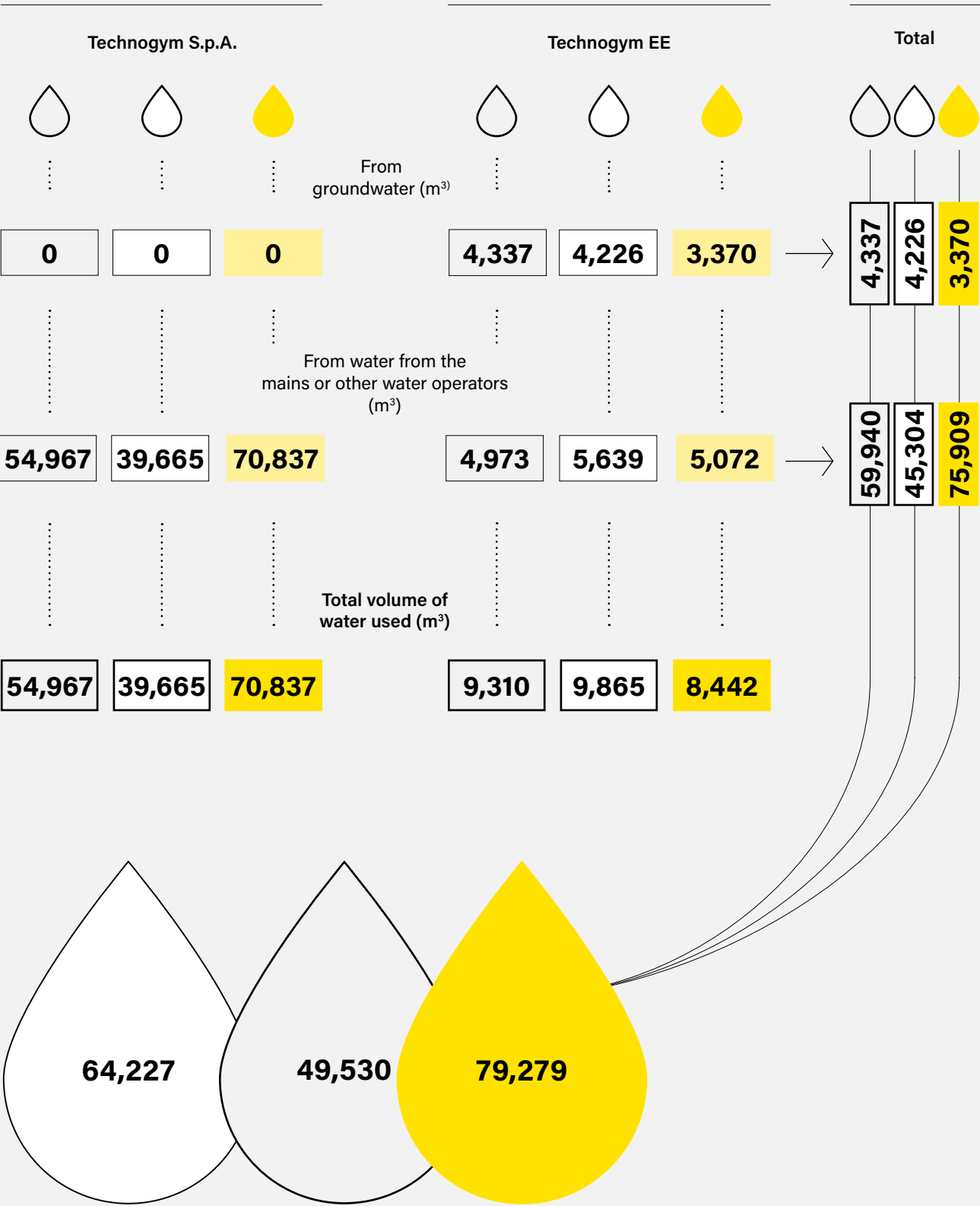
The changes in consumption of drinking water at the Technogym Village for Technogym S.p.A. mainly refer to facilities for employees and guests and the use of the gym and showers, while the use of irrigation water is affected by changes in climate factors.

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]

In 2019, the Slovak production site recorded a decrease in the use of groundwater, thanks to its elimination of the use of water for washing cooling during the coating process. The decrease was also recorded for water supplied by the service provider, following a change in the solvent used in the metal washing machines, which considerably reduced the water changeover rate in the tanks.

Water consumption

2017 2018 2019



35.
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.

Waste management³⁵ [DMA 306]

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

Most recycled waste consists of paper, cardboard, glass, food waste and WEEE. At the Slovak plant, in particular, 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.

Technogym maximises the use of recyclable components in its packaging, by using wood and cardboard where possible as indicated in the last section on products and packaging.

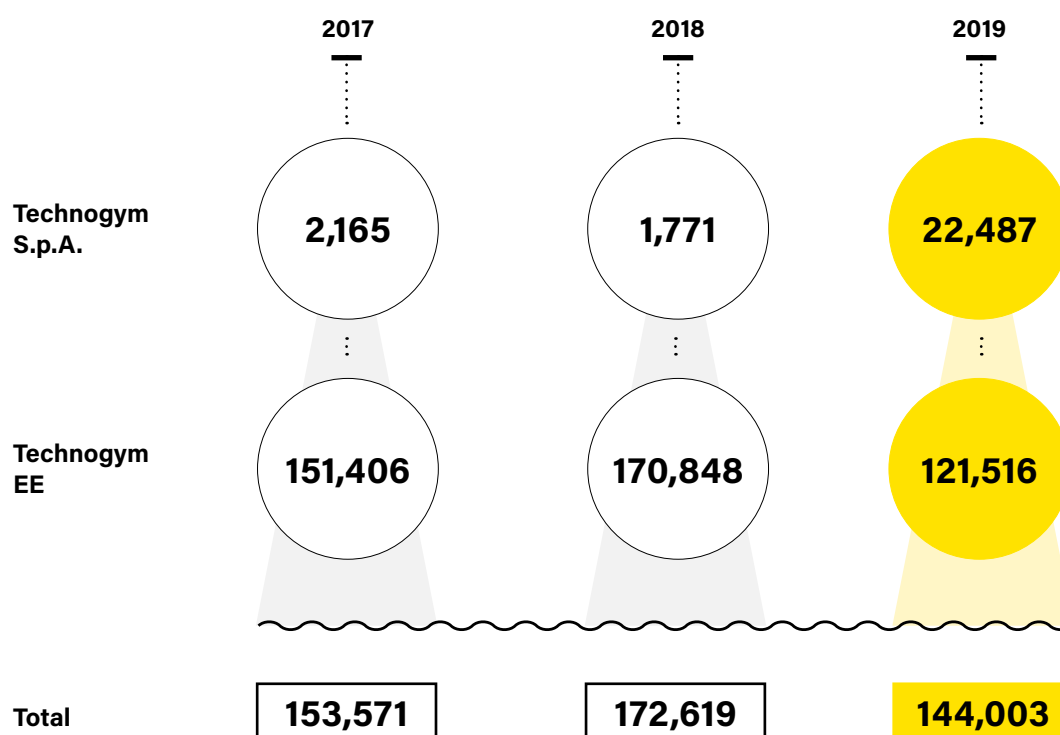
As regards 2019 data concerning the Technogym Village, the increase in hazardous and non-hazardous waste is due to exceptional campaigns to decommission products, which facilitated the correct sorting and disposal of various components, and also gave end users an additional service, eliminating the costs of disposal for them.

CONTROL

TOOLS

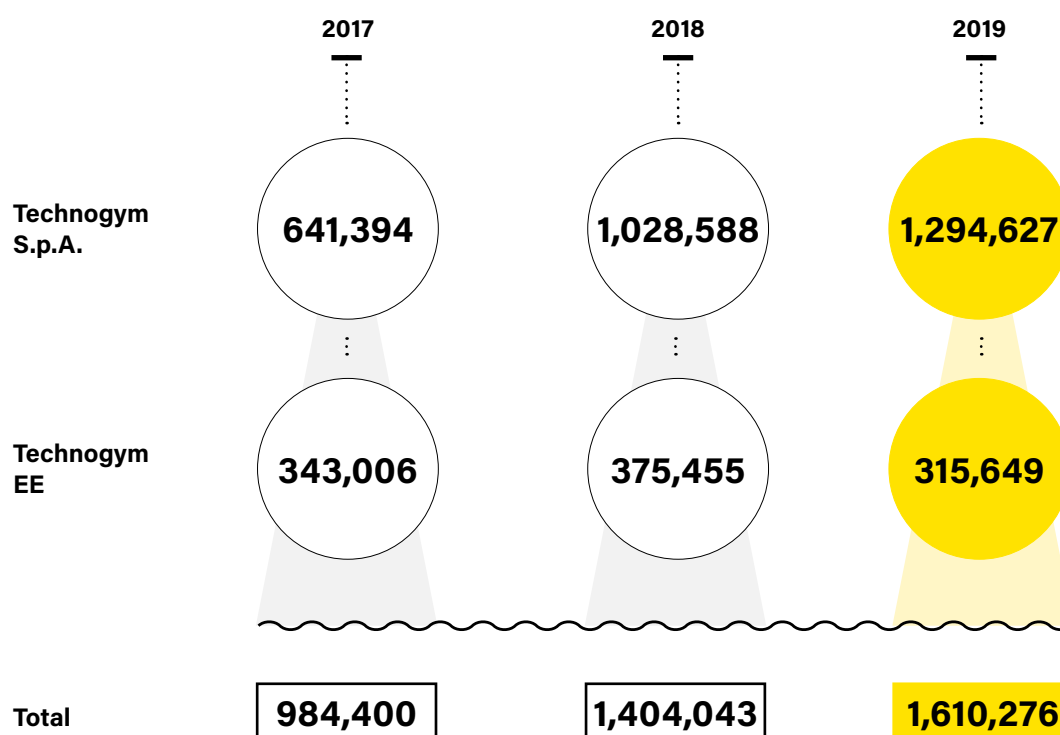
- ↳ Code of Ethics
- ↳ Integrated Environmental, Quality and Management Systems Policy ISO 9001, ISO 14001, ISO 45001 and ISO 50001
- ↳ 231 Model

Total weight of hazardous waste based on the following disposal methods (Kg) ^[306-2]



	Technogym S.p.A.			Technogym EE			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Total hazardous waste	2,165	1,771	22,487	151,406	170,848	121,516	153,571	172,619	144,003
Re-use	0	0	0	1,711	2,231	1,637	1,711	2,231	1,637
Recycling	0	0	0	0	0	0	0	0	0
Composting	0	0	0	0	0	0	0	0	0
Recycling, including energy recycling	1,565	1,454	22,030	2,539	3,991	2,202	4,104	5,445	24,232
Incinerator	0	0	0	0	0	0	0	0	0
Landfill	600	317	457	59,911	62,486	54,155	60,511	62,803	54,612
On-site storage	0	0	0	0	0	0	0	0	0
Other (Water for washing)	0	0	0	87,245	102,140	63,522	87,245	102,140	63,522

Total weight of non-hazardous waste based on the following disposal methods (Kg) ^[306-2]



	Technogym S.p.A.			Technogym EE			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Total non-hazardous waste	641,394	1,028,588	1,294,627	343,006	375,455	315,649	984,400	1,404,043	1,610,276
Re-use	0	0	0	0	0	0	0	0	0
Recycling	0	0	0	249,039	267,690	182,920	249,039	267,690	182,920
Composting ³⁶	0	0	0	2,006	2,130	2,320	2,006	2,130	2,320
Recycling, including energy recycling	635,214	976,204	1,273,683	11,271	8,175	6,708	646,485	984,379	1,280,391
Incinerator	0	0	0	0	0	0	0	0	0
Landfill ³⁷	6,180	52,384	20,944	80,690	97,460	123,701 ³⁸	86,870	149,844	144,645
On-site storage	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0

36. Data on composting was equal to 0 in the 2017 NFS.

37. Includes waste taken to special plants.

38. For the disposal of non-hazardous waste at landfill, the difference compared to 2018 is due to the fact that material from the worksite to build the new warehouse was disposed of.

TECHNOGYM “I AM GREEN”

Technogym “I am Green” is the initiative to reduce plastic and foster a strong awareness among staff, through correct waste disposal.

Starting from the second half of 2019, water dispensers were installed at the corner cafes in the Technogym Village, and staff have been encouraged to use refillable water bottles. Plastic bottles have been replaced with aluminium, and plastic cups and stirrers for coffee etc. have been replaced with biodegradable ones.



Environmental impact of products and packaging strategy

Our focus on the environment also extends to our products. Our catalogue contains various self-powered machines³⁹ 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.

Besides these products, Technogym's "Refurbish" service perfectly embodies its approach to the Group's Circular Economy. 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 as "suitable refurbished products"⁴⁰ contributing to a reduction in environmental impact and the use of raw materials.

Each machine is carefully disassembled and the components separated by type. 100% of the metal components are recovered and only the visible parts are re-coated using water-base products. Electronic components are disassembled, rectified, tested and used, were possible in the process or alternatively as spare parts⁴¹.

As a result of this process, 51% of eligible machines were refurbished in 2019.

In line with the UN's Sustainable Development Goals (SDGs) and in particular SDG 12 and SDG 13, this important refurbishing and reconditioning of machines has enabled Technogym to contribute to the recovery of materials which would otherwise be sent to landfill. This ensures that all materials that cannot be recycled are separated appropriately.

Environmental protection is an ongoing concern for Technogym, which always seeks ways to optimise its possible impact. This is why the responsible management of packaging is also part of the Group's sustainability strategy.

Aware of the possible excess of waste material from product packaging, the Group now has re-usable containers, to avoid shipments with paper and cardboard packaging.

This allows for a saving in packaging material equivalent to at least 500,000 m² in 2019, and a consequent saving of CO₂ emissions of 250 tons.

39.
The catalogue contains 8 self powered machines: Excite Bike, Excite Recline, Excite Synchro, Excite Vario, Excite Top, SkillRow, Group Cycle Connect, MyCycling.

40.
The process refers to the *Still Novo* product.

41.
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, as indicated in the dedicated section.

ATTACHMENT 1

ATTACHMENT 1

Direct and indirect energy consumption (GJ) [302-1]⁴²

42.
Green certificates were
bought for TG S.p.A. in 2016
and 2017.

	Technogym S.p.A.			Technogym EE			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Direct energy consumption	16,665	19,206	17,675.4	30,426	32,573	31,804	47,091	51,779	49,479.4
<i>From non-renewable sources</i>									
Natural gas for heating	10,740	12,503	11,243.8	29,896	32,042	31,335	40,636	44,545	42,578.8
Diesel	5,917	6,506	6,061	530	531	469	6,447	7,037	6,530.1
Petrol	8	15	21.98	0	0	0	8	15	21.9
Natural gas ⁴³	0	182	348.7	0	0	0	0	182	348.7
Indirect energy consumption	19,890	21,280	20,109.8	15,770	15,462	16,230	35,660	36,742	36,339.8
<i>From non-renewable sources</i>									
Electricity consumption	0	18,581	13,329.3	15,374	15,079	15,825	15,374	33,660	29,154.3
Cooling energy consumption	0	2,699	6,780.5	396	383	405	396	3,082	7,185.5
<i>From renewable sources</i>									
Electricity consumption	17,371	0	0	0	0	0	17,371	0	0
Cooling energy consumption	2,519	0	0	0	0	0	2,519	0	0
Total energy consumption	36,555	40,486	37,785.2	46,196	48,035	48,034	82,752	88,521	85,819.2

43. Data represents estimated consumption.

Direct and indirect CO₂ emissions (Tonnes of CO₂)⁴⁴ [305-1; 305-2]

	Technogym S.p.A.			Technogym EE			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Scope 1									
Natural gas for heating	514.33739	598.75621	538.44304	1,431.653	1,534.429	1,500.565	1,945.990	2,133.18538	2,039.01
Diesel	428.26245	470.77632	438.70219	38.378	38.414	33.968	466.640	509.19049	472.67019
Petrol	0.56457	1.01800	1.52870	0	0	0	0.56457	1.01800	1.5287
Natural gas	0	8.70086	11.2	0	0	0	0	8.70086	11.2
Total direct GHG emissions (Scope 1)	943.1644	1,079.37103	989.8801	1,470.0309	1,572.843	1,534.533	2,413.1953	2,652.21437	2,524.4131

	Technogym S.p.A. ⁴⁵			Technogym EE			Total		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Scope 2									
Location-based: Mains electricity	1,857.915	1,987.380	1,425.642	828.496	812.591	852.791	2,686.412	2,799.971	2,278.43
Location-based: Cooling energy	269.447	288.670	725.214	21.340	20.639	21.825	290.787	309.309	747.04
Total indirect GHG emissions (Scope 2)	2,127.362	2,276.050	2,150.856	849.836	833.230	874.616	2,977.198	3,109.280	3,025.47
Market-based: Mains electricity	0	1,987.380	1,425.642	828.496	812.591	852.791	2,686.412	2,799.971	2,278.43
Market-based: Cooling energy	0	288.670	725.214	21.340	20.639	21.825	290.787	309.309	747.039
Total indirect GHG emissions (Scope 2)	0	2,276.050	2,150.856	849.836	833.230	874.616	849.836	3,109.280	3,025.47

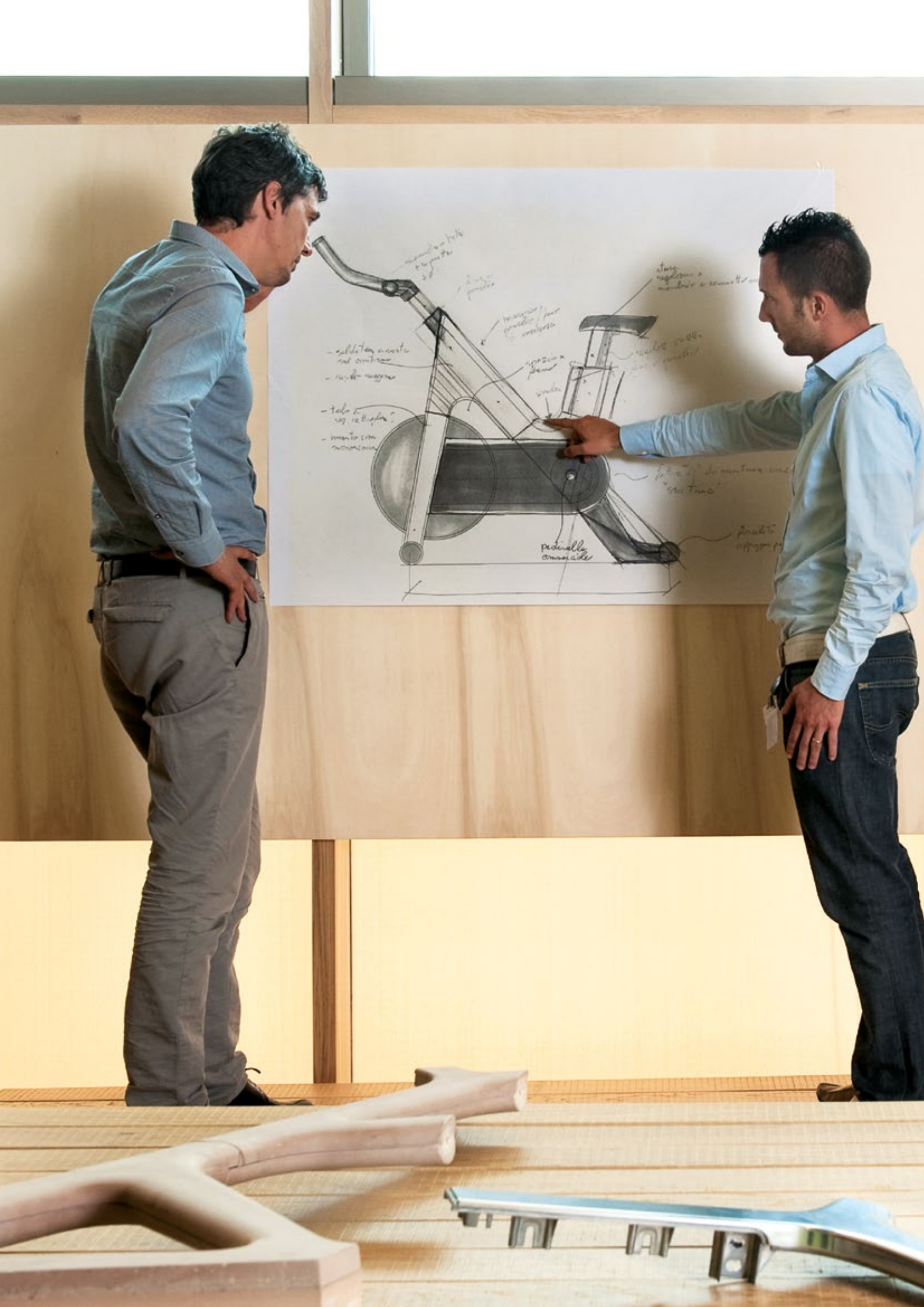
44. For the emissions factors, the "GHG Protocol tool for stationary combustion" was used (Version 4.7, World Resources Institute - WRI, 2015), provided by GHG Protocol. To calculate the GJ of energy consumed from kWh, reference was made to the unit of conversion supplied by the International Energy 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. The emissions factors provided in the GHG Protocol have been used as a proxy to calculate the emissions on a market-based method. Therefore the calculation of emissions according to the location-based method is the same as the market-based method.

45. Green certificates were bought for TG S.p.A. in 2016 and 2017.

THE CIRCULAR ECONOMY ACCORDING TO TECHNOGYM







The circular economy according to Technogym

With the launch of a specific programme for refurbishing its equipment, Technogym has taken another step towards sustainability, convinced that personal wellbeing can only be achieved if we also ensure the wellbeing of the planet.

Sustainability for Technogym is a broad-ranging concept, which encompasses a number of actions that aim to increase the wellbeing of the planet and its people. Sustainability means the pioneering choice of creating a campus - the Technogym Village, designed according to criteria of green architecture. Sustainability also means an awareness of daily actions - from sorted waste at an industrial plant and in offices, to eliminating plastic by installing water dispensers, and reducing environmental impact in workplaces.

With the launch of a specific programme for the **refurbishment** of used equipment, Technogym has added a fundamental piece to its development of a virtuous economic and industrial model, thanks to the adoption of principles based on a **Circular Economy**, which is a widely used expression, but its complete meaning is not always clear to us. According to a recent definition from the Ellen MacArthur Foundation, "circular" is a general

term for defining an economy conceived to be regenerative, as opposed to the prevailing economic model, the "linear" model.

This concept, when conveyed to the context of a company that produces machines, means a greater efficiency of processes and an extension of product duration.

The **Circular approach** according to Technogym means operating at all stages of a **product's lifecycle**: increasing maintenance services to extend product duration and offset obsolescence; reconditioning equipment entirely or partly to use as individual components; recycling components that can no longer be used correctly.

Refurbishing gives equipment a **second life**, guaranteeing the same quality standards as new equipment, with a sustainable result in financial terms - because the operator or purchaser can save over 50% on the purchase price, and in environmental terms - as a contribution is made to reduce impact and the use of raw materials.





In the refurbishment process, used machines not yet at the end of their life are collected from the market and taken to the Cesena site. Here they are refurbished; each machine is carefully disassembled and the components separated by type. Metal components are recovered 100% and only the visible parts are re-coated using water-base products. The mechanical and electronic parts are disassembled, rectified and tested to be reused. The product then goes back on the market, with a warranty of at least one year, giving buyers the chance to **make a real difference**, by reducing greenhouse gas emissions and the energy consumption from industrial production.

A CIRCULAR APPROACH MEANS OPERATING DURING ALL STAGES OF THE PRODUCT LIFECYCLE



With this approach, Technogym is in line with international sustainability frameworks, in which the UN has defined **17 sustainable development goals**, including guaranteeing health and wellbeing for everyone, promoting sustainable industrialisation and innovation, guaranteeing sustainable models of consumption and production. So a global Wellness culture means first and foremost protecting resources and environmental energies.

SUSTAINABILITY
FOR TECHNOGYM
MEANS
CONTRIBUTING
TO THE WELLBEING
OF PEOPLE AND
THE PLANET.

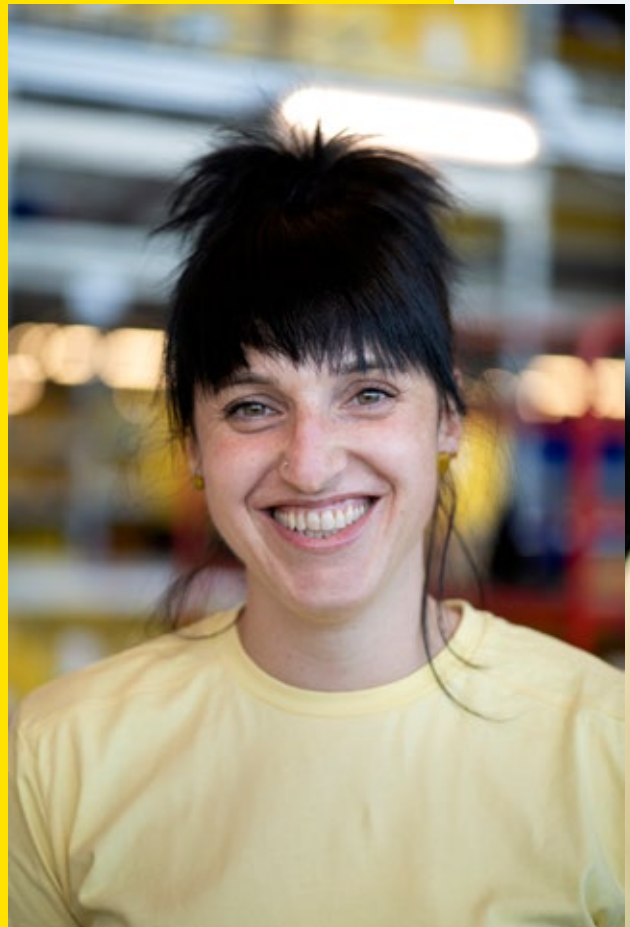






TABLE OF AREAS COVERED BY THE DECREE GRI STANDARDS

10 Table of areas covered by the Decree - GRI Standards

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

MATERIAL TOPIC	DECREE AREA	NFS CHAPTER	REFERENCE TO OTHER DOCUMENT	GRI STANDARDS	RISKS	CONTROL TOOLS
Lifetime Customer Care	Social aspects	Chapter 5 "Customer focus"		416 "Customer health and safety"; 418 "Customer privacy"	<p>Malfunction of equipment due to inadequate installation and/or maintenance service;</p> <p>Malfunctioning, construction defects or non-conformities with product technical and contractual specifications;</p> <p>Failure to respond to requests/needs/expectations of customers and the potential market;</p> <p>Lack of transparency in customer communications (marketing, labelling);</p> <p>Inadequate management of information systems and information security;</p> <p>Inadequate collection, storage and processing of personal data;</p> <p>Failure to respond to changes in customer preferences and failure to appreciate new trends.</p>	<ul style="list-style-type: none"> •GSP Procedure •User manual •Service manual •Information for employees and candidates •Policy on the "Use of email, Internet, company digital tools and remote computer controls" •Data protection statement for the Technogym website and mywellness' account •Lead Generation Policy •Global Data Protection Policy •Cancellation policy for mywellness' cloud
Personal Wellness solutions	Social aspects	Chapter 6 "Products"		416 "Consumer health and safety"	<p>Accidents, including major accidents, which may occur at production sites;</p> <p>Malfunction of equipment due to inadequate installation and/or maintenance service;</p> <p>Malfunctioning, construction defects or non-conformities with product technical and contractual specifications.</p>	<ul style="list-style-type: none"> •UNI CEI EN ISO 14385 •GSP Procedure

MATERIAL TOPIC	DECREE AREA	NFS CHAPTER	REFERENCE TO OTHER DOCUMENT	GRI STANDARDS	RISKS	CONTROL TOOLS
Employee wellbeing	Social aspects and personnel management	Chapter 7 "Human Resources"		102-8 "Information on employees and other workers"; 401 "Employment"; 402 "Labour management relations"; 403 "Occupational health and safety"; 404 "Training and education"; 405 "Diversity and equal opportunities"; 406 "Non-discrimination"; 407 "Freedom of association and collective bargaining"; 408 "Child labour"; 412 "Human rights assessment".	Accidents, including major accidents, which may occur at production sites; Discrimination against employees Loss of key skills for implementing the strategy	<ul style="list-style-type: none"> • Code of Ethics • Technogym Vision Book • GTD Manual • Occupational Health and Safety Policy • UNI CEI ISO 45001 Management System • Quick Reference Guide: Talent Acquisition Process <p>The quantitative data on the frequency of accidents as given in the text is based the UNI 7249:2007 standard</p>
Sustainable supply chain management	Aspects relative to respect for human rights	Chapter 8 "The supply chain"		102-9 "Description of the organisation's supply chain"; 204 "Procurement practices"; 308 "Supplier environmental assessment"; 412 "Human rights assessment"; 414 "Supplier social assessment.	Inadequate working conditions linked to cases of child labour, discrimination, salubrity of the working environment, personnel health and safety	<ul style="list-style-type: none"> • Code of Ethics • 231 Model • Contractual clauses for acknowledgement and acceptance of the Code of Ethics and 231 Management Model • "Supply management" procedure • "Management of obligations related to works and temporary contracts, and temporary mobile sites" procedure • "Supplier Qualification and Rating" Procedure • "Qualification of manufacturing and production approval processes" procedure • Application for RoHS certification and compliance with REACH regulations"

MATERIAL TOPIC	DECREE AREA	NFS CHAPTER	REFERENCE TO OTHER DOCUMENT	GRI STANDARDS	RISKS	CONTROL TOOLS
Environmental welfare	Environmental aspects	Chapter 9 "Environment"		302 "Energy"; 303 "Water"; 305 "Emissions"; 306 "Discharge and waste"	<p>Inadequate management of waste, of temporary deposits on the production site, and transfer of waste to third parties for transport/disposal/recycling;</p> <p>High level of atmospheric emissions from production operations;</p> <p>Contamination of land, subsoil and water, from the use of chemicals and fuels in the production operations.</p>	<p>•Code of Ethics</p> <p>•231 Model</p> <p>•Integrated Environmental, Quality and Management Systems Policy ISO 9001, ISO 14001, ISO 50001 and ISO 45001</p>



GRI-REFERENCED TABLE

GRI-referenced table

GRI STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 102: General Disclosures 2016	102-1 "Name of the organisation"	Chapter 1 "Technogym"			
GRI 102: General Disclosures 2016	102-2 "Activities, brands, products and services"	Chapter 1 "Technogym"			
GRI 102: General Disclosures 2016	102-3 "Location of headquarters"	Chapter 1 "Technogym"			
GRI 102: General Disclosures 2016	102-4 "Location of operations"	Chapter 1 "Technogym"			
GRI 102: General Disclosures 2016	102-5 "Ownership and legal form"	Chapter 1 "Technogym"			
GRI 102: General Disclosures 2016	102-6 "Markets served"	Chapter 1 "Technogym" Chapter 5 "Customer focus"			
GRI 102: General Disclosures 2016	102-7 "Scale of the organisation"	Chapter 1 "Technogym" Chapter 7 "Human Resources" Chapter 5 "Customer focus" Chapter 6 "Product"			For details on operations and total capitalisation, divided between payables and share capital, see the Annual Report
GRI 102: General Disclosures 2016	102-8 a. "Employees by contract type and gender"	Chapter 7 "Human Resources"			
GRI 102: General Disclosures 2016	102-8 b. "Full or part-time employees"	Chapter 7 "Human Resources"			
GRI 102: General Disclosures 2016	102-9 a. "Description of the organisation's supply chain, including main activities, products and services"	Chapter 8 "The 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	102-10 "Significant changes to the organisation and its supply chain"	Chapter 1 "Technogym" Chapter 8 "The supply chain"			There were no significant changes in the size, structure, ownership or supply chain

GRI STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 102: General Disclosures 2016	102-11 "Precautionary principles"	Chapter 3 "Corporate Governance System"			Technogym adopts a prudential approach to reducing the environmental impact of its production processes and products, according to principle no. 15 of the United Nations Rio Declaration
GRI 102: General Disclosures 2016	102-12 "External initiatives"	Chapter 4 "Wellness as a social opportunity"			
GRI 102: General Disclosures 2016	102-13 "External initiatives"	Chapter 2 "Sustainability at Technogym"			
GRI 102: General Disclosures 2016	102-14 "Statement from senior decision-maker"	Letter to Stakeholders			
GRI 102: General Disclosures 2016	102-16 a. "Description of values, principles, standards and norms of behaviour"	Chapter 1 "Technogym" Chapter 3 "Corporate Governance System"			
GRI 102: General Disclosures 2016	102-18 a. "Governance structure"	Chapter 3 "Corporate Governance System"		Reference is made to the Report on Corporate Governance and Ownership Structure for more details	
GRI 102: General Disclosures 2016	102-22 a. v. "Composition of the highest governance body including gender"	Chapter 3 "Corporate Governance System"		Reference is made to the Report on Corporate Governance and Ownership Structure for more details	
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 102: General Disclosures 2016	102-40 List of stakeholder groups	Chapter 2 "Sustainability at Technogym"			
GRI 102: General Disclosures 2016	102-41 "Collective bargaining agreement"	Chapter 7 "Human Resources"			
GRI 102: General Disclosures 2016	102-42 "Identifying and selecting stakeholders"	Chapter 2 "Sustainability at Technogym"			
GRI 102: General Disclosures 2016	102-43 "Approach to stakeholder engagement"	Chapter 2 "Sustainability at Technogym"			
GRI 102: General Disclosures 2016	102-44 "Key topics and concerns raised"	Chapter 2 "Sustainability at Technogym"			
GRI 102: General Disclosures 2016	102-45 "Entities included in the consolidated financial statements"	Guide to the Statement			
GRI 102: General Disclosures 2016	102-46 "Defining report content and topic boundaries"	Guide to the Statement			

GRI STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 102: General Disclosures 2016	102-47 "List of material topics"	Chapter 2 "Sustainability at Technogym"			
GRI 102: General Disclosures 2016	102-48 "Restatements of information"	Guide to the Statement			There are no amendments concerning restatements of information
GRI 102: General Disclosures 2016	102-49 "Changes in reporting"	Guide to the Statement			There are no significant changes in reporting
GRI 102: General Disclosures 2016	102-50 "Reporting period"	Guide to the Statement			
GRI 102: General Disclosures 2016	102-51 "Date of the most recent report"	Guide to the Statement			
GRI 102: General Disclosures 2016	102-52 "Reporting cycle"	Guide to the Statement			
GRI 102: General Disclosures 2016	102-53 "Contact point for questions regarding the report"	Guide to the Statement			
GRI 102: General Disclosures 2016	102-54 "Claims of reporting in accordance with the GRI Standards"	Guide to the Statement			
GRI 102: General Disclosures 2016	102-55 "GRI Content Index"	"GRI-referenced table"			
GRI 102: General Disclosures 2016	102-56 "External assurance"	"Report of the Independent Auditors"			
GRI 204: Procurement Practices 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 204 "procurement practices" (v. 2016)	Chapter 8 "The 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	205-2 c. "The total number and percentage of employees receiving anti-corruption training, divided by employee category and region"	Chapter 3 "Corporate Governance System"			
GRI 205: Anti-corruption 2016	205-3 "Episodes of established corruption and actions taken"	Chapter 3 "Corporate Governance System"			During 2019, non cases of corruption were registered
GRI 206: Anti-competitive Behaviour 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 206 "Anti-competitive behaviour" (v. 2016)	Chapter 3 "Corporate Governance System"			

GRI STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 206: Anti-competitive Behavior 2016	206-1 "Legal actions for anti-competitive behaviour, anti-trust and monopoly practices"	Chapter 3 "Corporate Governance System"			During 2019, no legal actions referred to anti-competitive behaviour or anti-trust were registered
GRI 302: Energy 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 302 "Energy" (v. 2016)	Chapter 9 "Environment"			
GRI 302: Energy 2016	302-3 a. "Indicate the energy intensity ratio for the organisation"	Chapter 9 "Environment"			
GRI 302: Energy 2016	302-3 b. "State the specific unit of measurement for the organisation (the denominator) chosen to calculate the ratio"	Chapter 9 "Environment"			
GRI 302: Energy 2016	302-3 c. "State the types of energy included in the ratio: fuel, electricity, heating, cooling and steam"	Chapter 9 "Environment"			
GRI 302: Energy 2016	302-3 d. "Indicate whether the ratio uses energy consumption within the organisation, outside it, or both"	Chapter 9 "Environment"			
GRI 303: Water 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 303 "Water" (v. 2016)	Chapter 9 "Environment"			The subsidiaries have not been included as it was not possible to obtain data for the whole boundary as some subsidiaries have a supply system that does not allow reporting according to GRI
GRI 303: Water 2016	303-1 Water withdrawal	Chapter 9 "Environment"			The subsidiaries have not been included as it was not possible to obtain data for the whole boundary as some subsidiaries have a supply system that does not allow reporting according to GRI
GRI 305: Emissions 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 305 "Emissions" (v. 2016)	Chapter 9 "Environment"	The source of emissions factors and global warming potential is the "GHG Protocol tool for stationary combustion" (Version 4.7, World Resources Institute (WRI), 2015), provided by GHG Protocol		The subsidiaries have not been included as it was not possible to obtain data for the whole boundary 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 CO ₂ "	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 boundary as some subsidiaries have a supply system that does not allow reporting according to GRI

GRI STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 305: Emissions 2016	305-2 a. "Greenhouse gas emissions from energy consumption (scope 2) per tonnes of Co ₂ "	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 boundary as some subsidiaries have a supply system that does not allow reporting according to GRI
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 boundary as some subsidiaries have a supply system that does not allow reporting according to GRI
GRI 306: Affluents and Waste 2016	306-2 "Total weight of hazardous and non-hazardous waste based on different disposal methods"	Chapter 9 "Environment"			The subsidiaries have not been included as it was not possible to obtain data for the whole boundary 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 "The 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 "The 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 "The 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 "The 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 "The 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 STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 401: Employment 2016	401-1 "Total number of hirings and turnover rate"	Chapter 7 "Human Resources"			The perimeter does not include Russia
GRI 401: Employment 2016	401-2 "Benefits provided for full-time employees, that are not provided to temporary or part-time employees"	Chapter 7 "Human Resources"			
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 b. "Workers represented on workers' councils for health and safety"	Chapter 7 "Human Resources"			The Subsidiary perimeter is not included
GRI 403: Occupational Health and Safety 2016	403-2 "State, for all employees and temporary workers in the organisation: Total number of accidents, accident frequency indicator, rate of occupational illness, working days lost, work-related deaths"	Chapter 7 "Human Resources"			The Subsidiary boundary is partially included.
GRI 403: Occupational Health and Safety 2016	403-2 b "For all workers at the company (excluding employees, temporary workers only), indicate: Total number of accidents, accident frequency indicator, working days lost, work-related deaths"	Chapter 7 "Human Resources"			
GRI 403: Occupational Health and Safety 2016	403-2 b "Describe the types of accident most frequently seen for workers at the company (excluding permanent employees)"	Chapter 7 "Human Resources"			
GRI 403: Occupational Health and Safety 2016	403-2 c "Indicate the system of rules applied to the recording and reporting of accident statistics"	Chapter 7 "Human Resources"			
GRI 403: Occupational Health and Safety 2016	403-3 "Description of workers with a high frequency or high risk of work-related accidents"	Chapter 7 "Human Resources"			The Subsidiary perimeter is not included
GRI 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 STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 404: Training and Education 2016	404-1 a. "Average annual training hours per employee, by gender and role"	Chapter 7 "Human Resources"			The Subsidiaries perimeter does not include Hong Kong
GRI 404: Training and Education 2016	404-3 a. "Percentage of employees regularly receiving performance and career appraisals, by gender and role"	Chapter 7 "Human Resources"			The Subsidiaries perimeter does not include Russia. A data collection system is currently being rolled out, which will ensure that data is available for the whole of this perimeter
GRI 405: Diversity and Equal Opportunity 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 405 "Equality and equal opportunities" (v. 2016)	Chapter 7 "Human Resources"			
GRI 405: Diversity and Equal Opportunity 2016	405-1 a. "Percentage of individuals on the governance/ management bodies by gender and age"	Chapter 3 "Corporate Governance System" Chapter 7 "Human Resources"			
GRI 405: Diversity and Equal Opportunity 2016	405-1 b. "Percentage of employees by job category, gender and age"	Chapter 3 "Corporate Governance System" Chapter 7 "Human Resources"			
GRI 406: Non discrimination 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 406 "non-discrimination" (v. 2016)	Chapter 7 "Human Resources"			
GRI 406: Non discrimination 2016	406-1 a. "Total episodes of discriminatory practices and actions taken"	Chapter 7 "Human Resources"			
GRI 407: Freedom of association and Collective Bargaining 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 407 "Freedom of association and collective bargaining" (v. 2016)	Chapter 7 "Human Resources"			
GRI 408: Child Labor 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 408 "Child labour" (v. 2016)	Chapter 7 "Human Resources"			
GRI 412: Human Rights assessment 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 412 "Human rights assessment" (v. 2016)	Chapter 7 "Human Resources" Chapter 8 "The supply chain"			
GRI 414: Supplier social assessment 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 414 "Supplier social assessment" (v. 2016)	Chapter 8 "The supply chain"			The subsidiaries are excluded from the perimeter as the production operations with the highest risks and impacts relate to the Italian and Slovakian plants

GRI STANDARDS	DESCRIPTION	NFS CHAPTER	DIRECT REFERENCE	REFERENCE TO OTHER DOCUMENT	NOTES
GRI 414: Supplier social assessment 2016	414-1 "Percentage of new suppliers assessed according to social criteria"	Chapter 8 "The 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 "The 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 "The 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 "The 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" Chapter 6 "Product"			
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 416: Customer Health and Safety 2016	416-2 "Incidents of non-compliance concerning the health and safety impacts of products and services"	Chapter 6 "Product"			
GRI 418: Customer Privacy 2016	Managerial approach according to GRI 103 (v. 2016) for Topic 418 "Consumer privacy" (v. 2016)	Chapter 5 "Customer focus"			
GRI 418: Customer Privacy 2016	418-1 c. "If the organisation has not identified any substantiated complaints, include a brief statement"	Chapter 5 "Customer focus"			



REPORT OF INDEPENDENT AUDITING FIRM

Report of Independent Auditing Firm



TECHNOGYM SPA

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

YEAR ENDED 31 DECEMBER 2019



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

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

To the Board of Directors of Technogym SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Technogym SpA and its subsidiaries (hereafter the "Group" or "Technogym Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 17 March 2020 (hereafter the "NFS").

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

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

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

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

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

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 I.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071232311 - Bari 70122 Via Abate Ginna 72 Tel. 0805640211 - Bergamo 24121 Largo Belotti 5 Tel. 035229991 - Bologna 40126 Via Angelo Finelli 8 Tel. 0516186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - Catania 95129 Corso Italia 302 Tel. 0957532311 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Piccapietra 9 Tel. 01029041 - Napoli 80121 Via dei Mille 16 Tel. 08136181 - Padova 35138 Via Vienna 4 Tel. 049873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091349737 - Parma 43121 Viale Tanara 20/A Tel. 0521279911 - Pescara 66127 Piazza Ettore Troilo 8 Tel. 0854545711 - Roma 00154 Largo Fochetti 29 Tel. 06570251 - Torino 10122 Corso Palestro 10 Tel. 011556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461237004 - Treviso 31100 Viale Felissent 90 Tel. 0422696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 0403480781 - Udine 33100 Via Foscolle 43 Tel. 043225789 - Varese 21100 Via Albuzzi 43 Tel. 0332289039 - Verona 37135 Via Francia 21/C Tel. 0458263001 - Vicenza 36100 Piazza Postelando 9 Tel. 0444393311

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Auditor's Independence and Quality Control

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

Auditor's responsibilities

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

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

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

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

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held



meetings and interviews with the management of Technogym SpA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at Group level
 - a) with reference to the qualitative information included in the NFS, and in particular with reference to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests of details, in order to assess, on a sample basis, the accuracy of the information;
- for the company Technogym SpA and for the plant located in Cesena (Italy), which were selected on the basis of their activities and contribution to the performance indicators at a consolidated level, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Technogym Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards, as described in the paragraph "Guide to the Statement" of the NFS.

Bologna, 1 April 2020

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

Signed by
Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation.

Corporate data

Registered Office

Technogym S.p.A.
Via Calcinaro, 2861
47521 Cesena (FC) – Italy

Legal Details

Authorized and subscribed share capital Euro 10,050,250
VAT number, Tax code and Chamber of Commerce
number: 06250230965
Registered with the Forlì Cesena Economic
and Administrative Index number: 315187

Technogym Stores

Cesena Via Calcinaro 2861
Milan Via Durini 1
New York Greene Street, 70
Moscow Piazza Rossa 3, GUM, 3rd floor/3rd line
Moscow Vremena Goda, Kutuzovsky Ave, 48
St. Petersburg Bolshoy prospekt P.S. 49/18
London c/o Harrods, Brompton Road 87-135
Marbella Boulevard Principe Alfonso de Hohenlohe,
Centro Comercial La Poveda locale
Madrid Calle de Claudio Coello, 77

www.technogym.com

Investor Relations

investor_relations@technogym.com

Press Office

pressoffice@technogym.com

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Via Calcinaro, 2861 — 47521 Cesena (FC)
Share capital Euro 10,050,250 fully paid up
Registered with the Chamber of Commerce
of Forlì Cesena no. 315187
Registered with the Economic and Administrative Index,
Companies' Register, Tax code, VAT number 06250230965