

**GENERAC®**



# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT **2021**

# TABLE OF CONTENTS

## WELCOME

A Message from our Chairman and CEO .....	3
Generac at a Glance .....	4
This Year's Report .....	5
Enterprise Strategy .....	6
Corporate Values .....	7
Company Awards and Rankings .....	8

## ENVIRONMENT

Product Sustainability .....	9–15
Operational Sustainability .....	16–19

## SOCIAL RESPONSIBILITY

Operational Excellence .....	20–24
Our People and Culture .....	25–38
Community .....	39–42

## CORPORATE GOVERNANCE AND ETHICS

Ethics and Compliance .....	43–48
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## SASB METRIC INDEX

Sustainability Disclosure Topics and Accounting Metrics .....	49–50
SASB ESG and UN Sustainable Development Goals Icon Index .....	51



# A MESSAGE FROM OUR CHAIRMAN AND CEO

I am proud to share with you our Environmental, Social, and Governance (ESG) Report for the full year 2021. Building on the inaugural report we published last September, we are excited to report on our progress in executing the various ESG goals and initiatives that go hand in hand with our new enterprise strategy, Powering a Smarter World, and our new purpose statement: Lead the evolution to more resilient, efficient, and sustainable energy solutions.

During 2021, we executed a number of strategic acquisitions, new product launches, and enterprise initiatives that empower us to provide meaningful, positive ESG impact. Our strategic acquisitions included multiple companies that will help us power the world's shift to renewable energy sources and improve the world's energy resiliency and independence, including companies that design and produce microinverters for solar power systems, advanced power control systems for use in microgrids and other power applications, industrial-grade mobile battery storage systems, and a variety of "grid-edge" devices, such as smart thermostats that help manage energy consumption, that will help us revolutionize the way homes produce and consume power.

We also introduced a number of new products in 2021, including PWRmicro, our Generac-branded microinverter that will help solar power system owners harvest more solar energy with greater efficiency, as well as our PWRmanager load management system that unlocks whole home power for our PWRcell Solar + Battery Storage customers. In addition, we introduced a host of innovative commercial and industrial ("C&I") products, including a hybrid mobile power solution, a mobile battery-powered light tower, and our first mobile battery storage system for the North American market. We also announced Smart Grid Ready capabilities for our home standby generators, PWRcell energy storage systems, and natural gas C&I generators, which will allow these products to more readily participate in virtual power plant (VPP) programs and other demand-response initiatives that promote energy resiliency.

Importantly, we've also continued our commitment to building out an effective ESG Program to help us identify material ESG topics that deserve attention and resources, define metrics to measure our performance with respect to those topics, and work towards setting goals to improve that performance. One result of this commitment is the adoption of an enterprise-wide strategic initiative to improve our workforce diversity and continue to promote an inclusive culture through leadership actions, education, and increased transparency. We're incredibly excited to execute on this and our other ESG goals and initiatives in 2022 and beyond, and to continue sharing our progress with you in future years.



A handwritten signature in black ink, appearing to read "A. Jagdfeld". The signature is stylized and fluid, with the first and last names clearly legible.

**AARON P. JAGDFELD**  
Chairman, President, and  
Chief Executive Officer



# GENERAC AT A GLANCE

FOR THE PERIOD ENDING 12/31/2021

2021  
**NET SALES**  
\$3.7 BILLION

2021 NET SALES  
**GROWTH**  
50%

**OVER 9,500**  
EMPLOYEES WORLDWIDE

2021 ADJ EBITDA\*  
**\$861 MILLION**  
23.1% MARGIN

**OVER 1,000**  
ENGINEERS WORLDWIDE

2021 FREE CASH FLOW\*  
**\$306 MILLION**

**OMNI-CHANNEL  
DISTRIBUTION**

THOUSANDS OF DEALERS, WHOLESALERS,  
RETAILERS AND E-COMMERCE PARTNERS

\*A full discussion of our use of non-U.S. generally accepted accounting principles measures to provide a baseline for evaluating and comparing our operating results, and a reconciliation of Adjusted EBITDA to net income can be found in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

# THIS YEAR'S REPORT

This is Generac's ESG Report for the full 2021 calendar year, and it builds on the inaugural report published in September 2021. It includes discussion of Generac's overall ESG strategy and how we are executing on our mission to lead the world's evolution to more resilient, efficient, and sustainable energy solutions. We want this document to be a helpful resource for our stakeholders to evaluate our success as a sustainable business, as well as provide transparency in how we measure and improve our ESG performance.

Staying consistent with last year's report, we have aligned the 2021 report with material topics established by the **Sustainability Accounting Standards Board ("SASB")** for Electrical and Electronic Equipment. The sustainability compliance reporting landscape is maturing rapidly, with SASB merging with the **International Integrated Reporting Council ("IIRC")** to form the Value Reporting Foundation, the **U.S. Securities and Exchange Commission ("SEC")** announcing climate-related disclosure requirements, and the **Task Force for Climate-Related Financial Disclosures ("TCFD")** gaining traction with many institutional investors. Generac aims to keep atop of these advances as we continue to develop and improve our ESG reporting over time.

## GENERAC'S COMMITMENT TO TRANSPARENCY

Generac is committed to regular, transparent communication of various ESG metrics and Generac's performance progress towards its ESG goals. These metrics and goals will receive regular oversight by our ESG Steering Committee, as well as board-level oversight by our Nominating and Corporate Governance Committee. Generac intends to make continuous improvements to our reporting process, and encourages shareholders and other interested parties to share their comments with us at [investorrelations@generac.com](mailto:investorrelations@generac.com).



# ENTERPRISE STRATEGY

## Our Purpose:

Lead the evolution to more resilient, efficient, and sustainable energy solutions.

**GENERAC**

## POWERING A SMARTER WORLD



Improve energy resilience and independence

Increase power reliability through onsite generation and storage solutions that provide resiliency for homes, businesses and communities.



Optimize energy efficiency and consumption

Enable sustainable and more efficient power generation and consumption through monitoring, management and lower-carbon solutions.



Protect and build critical infrastructure

Offering innovative solutions that enable and protect next-generation power, communications, transportation and other critical infrastructure.

OUR PEOPLE • CUSTOMER EXPERIENCE • CONTINUOUS IMPROVEMENT • TECHNOLOGY LEADERSHIP



# CORPORATE VALUES

## INTEGRITY

We practice the highest ethical standards by honoring our commitments and treating everyone with fairness, trust and respect.



## INNOVATION

We inspire innovation and creativity, and make significant investments in gaining insights, developing and applying new technologies to deliver advanced energy solutions.



## EXCELLENCE

We are committed to delivering quality and performance by continuously reaching for excellence in everything we do.



## PEOPLE

Our success is directly tied to our employees' professional growth and personal well being, combined with strong families and communities. As an inclusive workplace, our employees embrace diversity, celebrate differences, and treat others with equality and respect.



## AGILITY

We move with urgency and precision to take advantage of market opportunities and out-execute competitors. We are progressive and focused on the future and improving every day. With our scale and resources, we shape market dynamics, not react to them.

## ENVIRONMENT

We are committed to being a leader in environmental stewardship through sustainable operations and cleaner and more efficient power solutions.



# COMPANY AWARDS AND RANKINGS

## **FORTUNE 1000 LIST**

In 2021, Generac jumped 101 spots on the Fortune 1000 list, making it one of the most notable increases among Wisconsin companies in this year's rankings.

## **2021 EDISON AWARDS - SUSTAINABILITY & HOME EFFICIENCY SOLUTIONS**

Generac earned a prestigious Silver Award from Edison Awards in the sustainability and home efficiency solutions category for its PWRcell Solar + Storage System. The Edison Awards recognize and honor innovations in product and service development that positively impact the world.

## **S&P 500**

In 2021, Generac achieved the major milestone of joining the S&P 500 ranking. The S&P 500 is recognized as a primary benchmark for the U.S. stock market's performance and includes companies that are known leaders in their industry.

## **BEST MIDSIZED EMPLOYER - FORBES**

Forbes named Generac one of America's Best Midsized Employers for 2021, reflecting the Company's efforts to offer employees a positive work environment, flexibility, and extensive career-building opportunities. According to Forbes, companies included on this year's list have succeeded in these areas despite the global pandemic, navigating new challenges, and adapting to support both their customers and employees.

## **100 FASTEST GROWING COMPANIES - FORTUNE**

Generac earned a spot on Fortune's 2021 list of the 100 Fastest Growing Companies, placing it among the world's top companies for exceptional growth based on revenues, profits and stock returns.

## **2021 ENERGY STAR PARTNER OF THE YEAR AWARD**

ecobee, part of the Generac family, proudly received the 2021 ENERGY STAR Partner of the Year Award by the Environmental Protection Agency and the U.S. Department of Energy. The award recognized ecobee's continued leadership around planet-positive smart home innovations, including the industry-leading ecobee SmartThermostat, and intelligent software platform, eco+, designed to improve energy efficiency, benefiting both consumers and the planet.

## **2021 AESP ENERGY AWARD FOR INNOVATION IN TECHNOLOGY**

ecobee's thermostat optimization software, eco+, was awarded the 2021 Energy Award for Innovation in Technology from the Association of Energy Services Professionals (AESP).

## **BRONZE CLEANIE AWARD - ENTERPRISE COMPANY OF THE YEAR**

Generac was honored as a recipient of the Cleanie Awards' 2021 Enterprise Company of the Year for its innovation and investment in the clean energy technology industry. The award recognizes people and brands delivering on the promise of a clean energy future.

## **MOTORTECH**

For the second time, MOTORTECH, a Generac subsidiary, was awarded the FaMi Seal by Fami-Siegel for actively and creatively supporting employees in balancing family and career and being a family-friendly company. The FaMi seal is awarded by the FaMi-Siegel community initiative to companies and organizations in the northeastern Lower Saxony region of Germany to recognize their efforts in creating a family-friendly environment.

## **TOP CEO LIST - BARRON'S**

Business news publication, Barron's, named Jagdfeld to its 2021 Top CEOs list, pointing to Generac's strong market leadership position in residential home standby generators.



# ENVIRONMENT

## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD

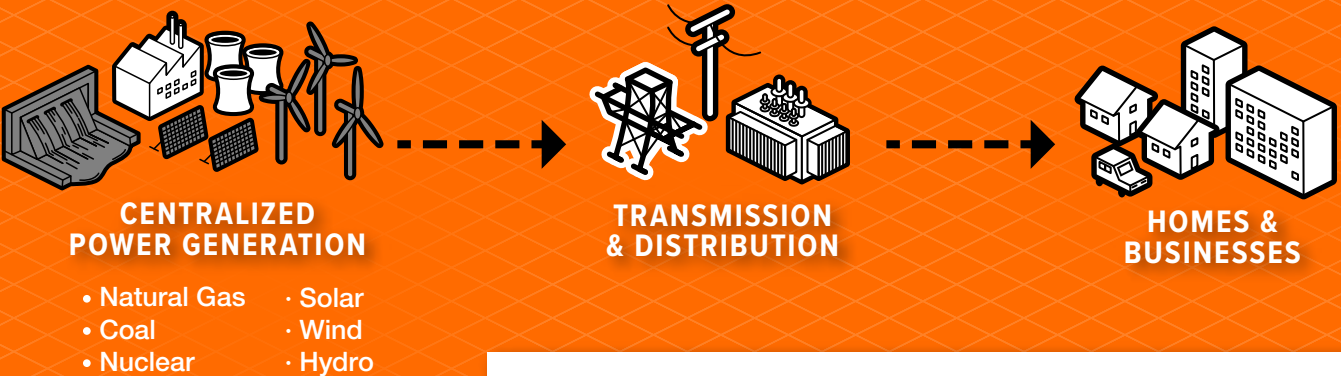
Today's energy grid is facing an unprecedented set of challenges - a need to transition away from fossil fuels towards renewable energy sources, spiking demand due to the increased electrification of our cars and homes, and reliability challenges resulting from aging infrastructure and extreme weather. As a leader in energy technology, we understand that interruptions in power supply can test the resiliency of a community. Generac believes the fundamental ways energy is generated, distributed and used will begin to change radically in the years to come.

### The Challenge: Transforming the Legacy Electrical Grid

- Still reliant on fossil fuels
- Increasing renewables with intermittency
- Susceptible to power outages
- Grid instability
- One-way system
- Rolling blackouts

Generac's products are supporting the transition to a more **resilient, efficient, and sustainable power grid.**

## LEGACY POWER GRID



Fossil fuel powered | Grid instability | Intermittency | Rolling blackouts

# KEY ACQUISITIONS IN 2021



Designer and provider of grid-interactive microinverter and monitoring solutions.



Leader in sustainable home technology solutions, including smart thermostats that help to deliver significant energy savings, security and peace of mind.



Provider of IoT propane tank monitoring solutions that enable the optimization of propane fuel logistics.



Designer and manufacturer of advanced controls for a range of energy technology applications.



Advanced engineering and product design focused on developing energy technology solutions.



Designer and manufacturer of industrial-grade energy storage systems.

# ENVIRONMENT

## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD

### Generac's Energy Ecosystems are Accelerating the Transition to Smarter, More Sustainable Forms of Energy

At Generac, we're preparing our products for the future of energy, by integrating hardware and software solutions across product categories that will drive the evolution of today's power grid through a combination of innovative distributed energy resource (DER) technology, groundbreaking grid services software offerings, and a world-class user experience. Through a series of strategic acquisitions and organic initiatives, we've positioned Generac Grid Services to leverage all of our products and enterprise resources to provide solutions to utilities, grid operators, and energy markets faced with the challenge of maintaining an essential service while responding to the threats posed by aging infrastructure and climate change.



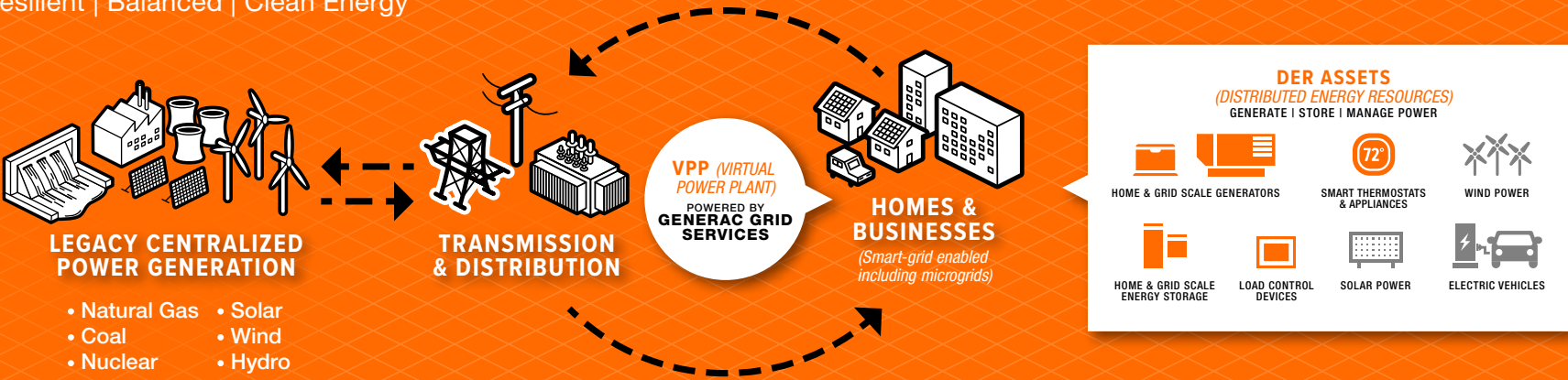
In 2021, PWRcell units produced over 125 GWh of energy, which equates to over 88,673 metric tons of avoided CO<sub>2</sub> emissions.\*



Generac Grid Services delivered over 3,900 MWh of energy to the grid during peak demand or times of instability or intermittency.

## FUTURE POWER GRID

Resilient | Balanced | Clean Energy



Enables adoption of renewables | DERs minimize outage risk | Bi-directional system  
Address peaks in demand, variability in supply and provides resiliency

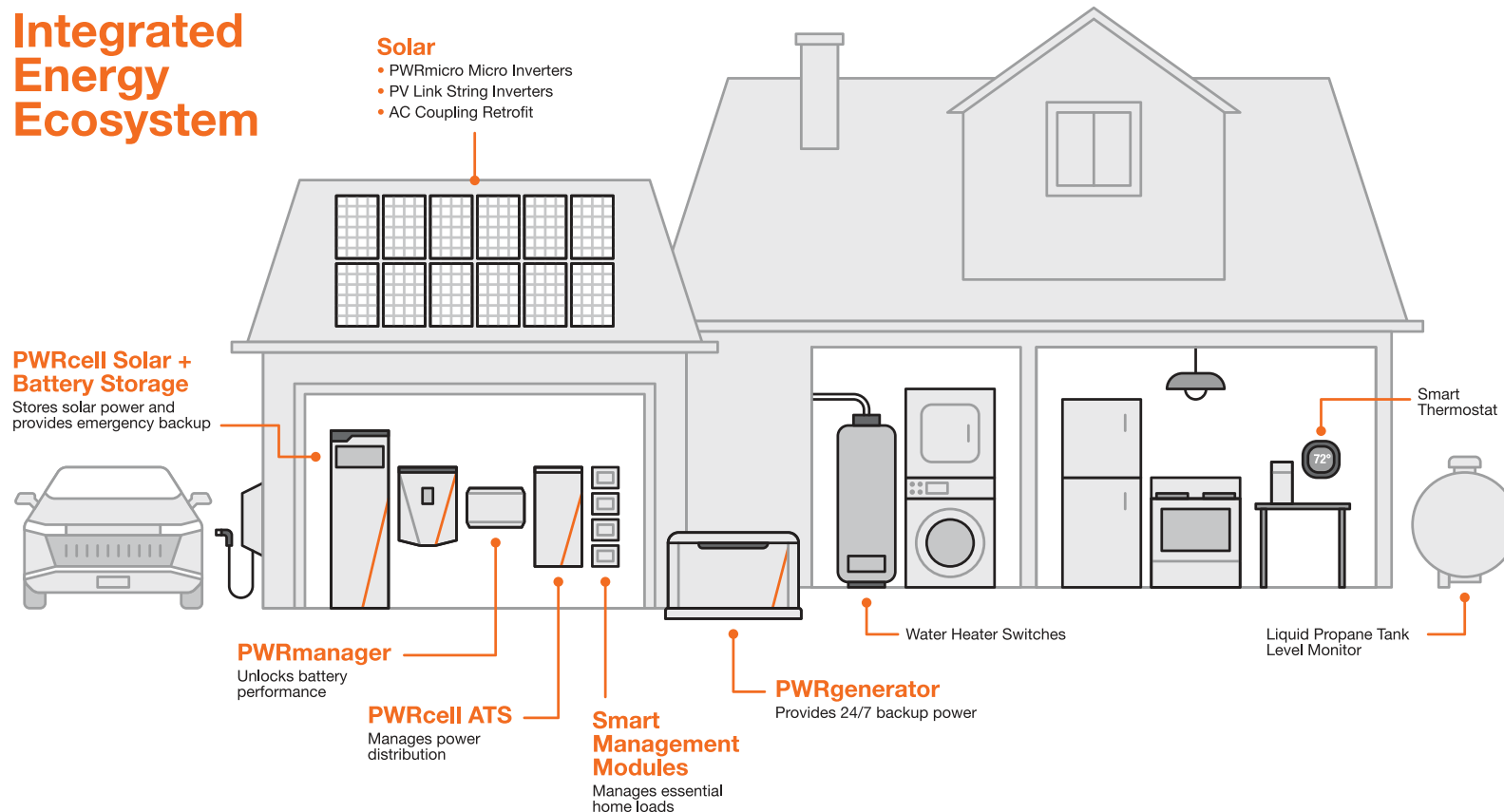
\*Based on power generating capacity of total number of PWRcell Solar + Storage units installed as of 12/31/2021

# ENVIRONMENT

## INTEGRATED ENERGY ECOSYSTEM

Generac's unique home energy ecosystem is focused on maximizing home energy savings and creating more energy resilient homes.

### Integrated Energy Ecosystem



“Generac is developing and launching innovative clean energy products that not only increase and optimize the amount of clean energy produced, stored and utilized by homeowners, but help to maximize customer savings.”

- AARON JAGDFELD  
PRESIDENT AND CHIEF EXECUTIVE  
OFFICER OF GENERAC



# ENVIRONMENT

## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD



### Improve Energy Resilience and Independence

Clean, resilient power has never been more important and will become even more critical in the future. Generac's products are evolving to meet the needs of future on-site storage and generation for homes and businesses, in a more connected, cleaner and efficient way.



### Optimize Energy Efficiency and Consumption

Generac offers a broad suite of products and software designed to monitor and manage energy consumption, all of which support our goal of providing homeowners and businesses with the information and tools needed to reduce their energy usage, save money, and contribute to a healthier planet. Many of our products are DERs (distributed energy resources) assets which interface with utilities, allowing already efficient homes to maximize grid efficiency and reduce strain across entire power grids. Our Concerto software platform allows DERs to seamlessly form virtual power plants, supporting grids during peak demand.



### Protect and Build Critical Infrastructure

In an increasingly connected world, we are more reliant than ever on a stable power supply and robust telecommunications networks. The adoption of electric vehicles will further increase the importance of energy infrastructure, as the cars of the future will be reliant on near 100% uptime for wireless networks.

Generac is at the leading edge of these investments, as we are constantly innovating new products and services for our telecommunications customers that will create needed resiliency. We're developing microgrid hardware and software that will allow our commercial and industrial customers to increase their energy independence and reduce strain on the grid.

## GENERAC PRODUCTS



Solar Microinverters



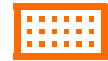
Home and Grid Scale Energy Storage



Home and Grid Scale Generators



Grid Services Software and Control Devices



Virtual Power Plants



Electrified Chore Products



Connected Thermostats



Microgrid Software and Hardware



Mobile Generators and Light Towers



Telecom Resiliency



Data Centers and Hospital Back Up

# ecobee

To date, ecobee thermostats have delivered over **25TWh of energy savings\*** the equivalent of...



Taking all the homes in Los Angeles **off the grid for one year**



Keeping **17.7 million tons of CO<sub>2</sub>** out of the atmosphere



Charging **2.1 trillion smartphones**



Removing **3.8 million cars** from the road for a year



\*Based on internal measurements of thermostat runtime data

# ENVIRONMENT

## NATURAL GAS AND OUR COMMITMENT TO ENERGY TECHNOLOGY

Generac is a global leader in producing residential, commercial, and industrial generators powered by natural gas — the cleanest fuel readily available worldwide. Because natural gas is plentiful and cleaner burning than both diesel and coal, Generac believes natural gas will play a critical role in the years ahead as a transition fuel in the fight against climate change. It supports wind power when the wind isn't blowing, and solar when the sun isn't shining. By pairing natural gas generators with renewable energy resources, and providing grid services, energy management solutions, and microgrids, Generac can make a meaningful contribution to global greenhouse gas reductions and Power a Smarter World.

As we continue our evolution into an energy technology company, we've also had to consider that there may come a day when internal combustion engines don't exist anymore because they rely on fossil fuels. This has led us to broaden our product portfolio over the last several years, as well as to make significant investments in developing and expanding energy technology products and services. Over the next three years, we plan to grow our technology business by at least 18%, bringing it to over 25% of our total revenue. This growth will include both new and existing clean energy products in the residential and commercial and industrial categories, including commercial and industrial battery storage systems, as well as innovative software and energy-as-a-service offerings that will ease grid strain and help optimize grid efficiency.

Compared to Diesel,  
Natural Gas Contains:

**NO**  
SOOT PARTICLES

**99% LESS**  
SULFUR OXIDE

**NO**  
HEAVY METALS

**80% LESS**  
NITROGEN OXIDE

**UP TO**  
**30% LESS**  
**CO<sub>2</sub>**

Source: <https://www.researchgate.net>






# ENVIRONMENT

## OPERATIONAL SUSTAINABILITY

### Environmental Policies and Reporting

Generac has adopted a number of policies and business practices that are routinely communicated to employees and are a key element of Generac's culture:

- **Environmental Policy** – As a Corporate Value, Generac is committed to developing environmentally responsible products and processes. We are committed to compliance with environmental regulations and continual improvement of our sustainability initiatives. Generac has adopted a Drive to Zero strategy across our operations globally to enhance reductions in energy, water, waste, and emissions to protect our planet and improve the quality of life for our employees, their families, and our communities.
- **Environmental Sustainability Policy** – This policy makes clear Generac's commitment to environmental sustainability in product design, materials selection, manufacturing process, and customer fulfillment.
- **ISO 14001 Certification** – Our Corporate Environmental Management System is annually certified for compliance with the ISO14001 Standard, which helps ensure that our Company's environmental impact is being measured and improved.
- **Environmental, Health, and Safety ("EHS") Playbook** – This playbook defines the processes and expectations for Generac's EHS function, and will drive the development of standard work in accordance with applicable regulatory requirements and best practices.



*Solar panels provide power to this Offgrid Energy facility in Rugby, United Kingdom. Generac acquired Offgrid in 2021.*



# ENVIRONMENT

## OPERATIONAL SUSTAINABILITY

### Resource Management

Generac is committed to reducing the environmental impact of our facilities around the world. As a component of both environmental stewardship and strategic business practice, we're taking action on this commitment in the following ways:

- Collected data and developed metrics around our environmental impacts, including greenhouse gas emissions, waste generation and energy usage at global manufacturing facilities.
- Performing an ongoing comprehensive evaluation of our global greenhouse gas emissions, waste generation and energy usage to collect baseline data and identify opportunities to reduce those emissions.
- Continuing to grow and coordinate energy efficiency audits and waste stream evaluations at all global facilities.
- Forming “green teams” at each of our global facilities to review our environmental practices and identify opportunities for improvement.
- Performing both operational and product reviews to evaluate our hazardous waste generation and identify potential reductions.
- As part of the continuous improvement component of our enterprise strategy, committing to continuous improvement efforts around greenhouse gas emissions, solid and hazardous waste generation and recycling, and energy usage in our supply chain.



committing to **continuous improvement efforts** around greenhouse gas emissions



committing to **continuous improvement efforts** around solid and hazardous waste generation and recycling



committing to **continuous improvement efforts** around energy usage

# ENVIRONMENT

## OPERATIONAL SUSTAINABILITY


### Resource Management

Generac has also committed to various responsible material sourcing and engineering strategies that form the foundation of our manufacturing operations. These strategies include:

- **Supplier Qualification** – We’ve developed a robust supplier qualification strategy that maximizes value for our end customers, including ensuring compliance with all applicable regulations, providing the best possible quality at a competitive price, and aggressively protecting our intellectual property where necessary.
- **Product Streamlining** – Our engineering teams constantly review product designs and production for opportunities to optimize and reduce raw material usage and components, conserving resources and reducing our products’ environmental impact. As an example, we’re currently developing hybrid products with both a battery and a generator, which will allow for greater power production in a smaller footprint and with fewer parts.
- **Disaster Recovery** – We maintain multiple sources of supply where feasible, to be agile and flexible in responding to supply chain disruptions.

- **Social Accountability** – As part of our supplier qualification process and as evidenced by our Supplier Business Code of Conduct, Generac consistently encourages its suppliers to focus on important areas of social accountability through administration of sustainable sourcing practices that encourage continuous improvement, sustainable labor practices, ethical and safe working conditions, and global regulatory compliance.
- **Conflict Minerals Compliance** – We’ve published a Conflict Minerals Policy that establishes our expectation that our suppliers will not use any materials that have been illegally mined, transported, or traded, or for which the extraction, transport, or trade has resulted in or contributed to any direct or indirect support to non-state armed groups or private security forces. It is our policy to comply with all applicable regulations issued by the Securities and Exchange Commission regarding conflict minerals, including annually publishing a Conflict Minerals Report that describes our efforts to identify and reduce conflict minerals in our supply chain.





“ New to solar, but wanted to have the best of both solar and backup power. **The Generac system offers both.** ”

- CHAD, NORTH CAROLINA





# SOCIAL RESPONSIBILITY

Generac is committed to investing in the health and well-being of our employees, customers, and communities. We believe that fostering an inclusive and diverse workplace, measuring and working to improve employee engagement, and consistently investing in education and other community enhancements are critical to our success. We are constantly working to ensure that our products are ready to help our customers and keep them safe in their times of greatest need, and are incredibly proud of our employees' contributions and commitment to that goal.

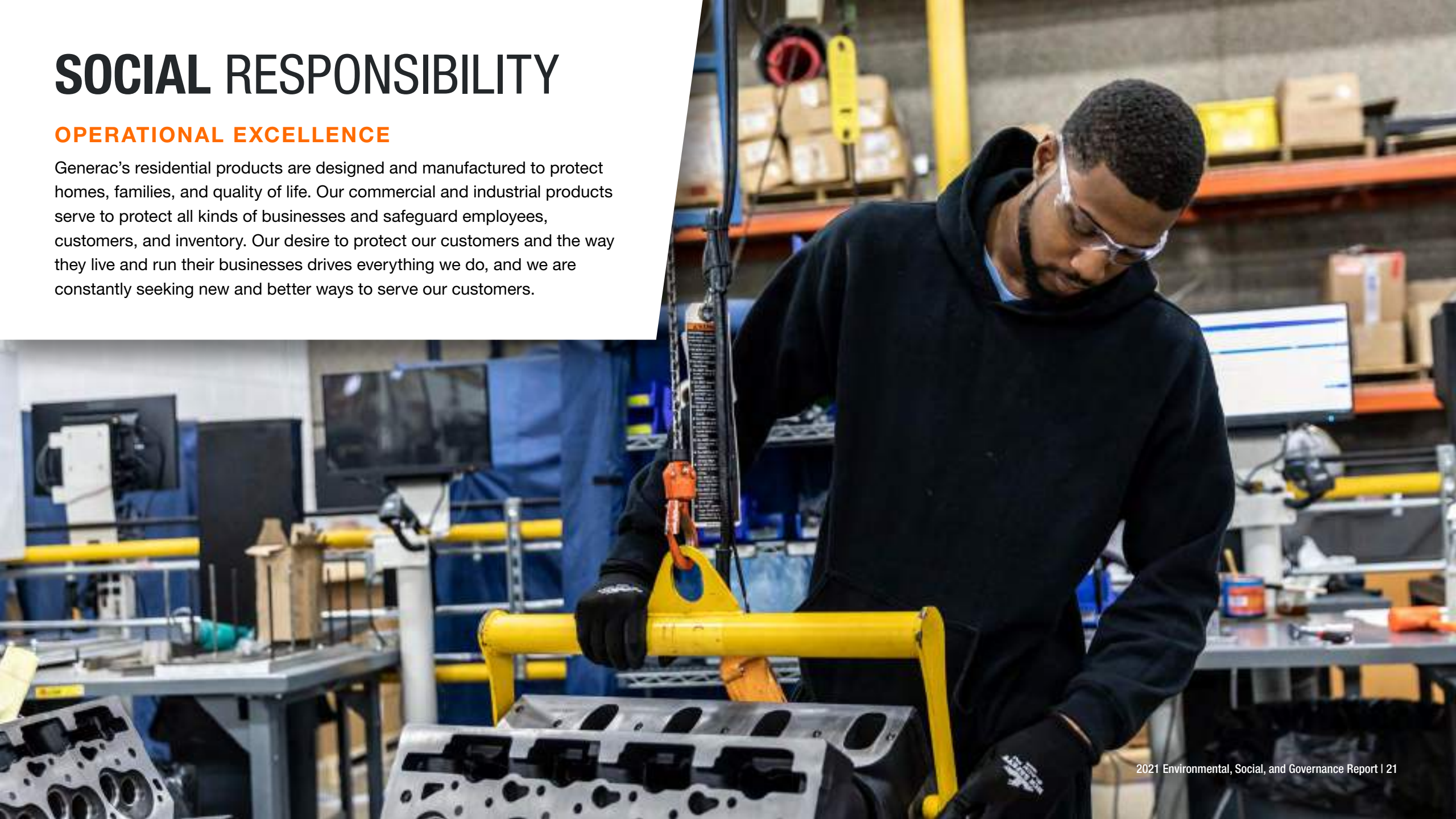
*In 2021, Generac launched a new partnership with Habitat for Humanity of Wisconsin.*



# SOCIAL RESPONSIBILITY

## OPERATIONAL EXCELLENCE

Generac's residential products are designed and manufactured to protect homes, families, and quality of life. Our commercial and industrial products serve to protect all kinds of businesses and safeguard employees, customers, and inventory. Our desire to protect our customers and the way they live and run their businesses drives everything we do, and we are constantly seeking new and better ways to serve our customers.





# SOCIAL RESPONSIBILITY

## OPERATIONAL EXCELLENCE

### Product Safety

Generac maintains a robust product safety function that is involved in all aspects of product design and production. We have a Product Safety Committee that participates in our new product development process in an effort to ensure that our products meet all applicable internal engineering design and safety standards, including those issued by the Consumer Product Safety Commission. This team performed 22 hazard reviews for products under development in 2021, and also regularly reviews any safety concerns associated with products in the field, including potential product recalls. Our engineering team maintains rigorous design standards that account for product safety at every stage of product development, and products go through multiple rounds of design review to ensure that safety is paramount.

### Product Quality

Our Quality Management System is certified to ISO 9001, helping to ensure a strong customer focus, the motivation and involvement of top management to ensure product quality, and an emphasis on a process approach and continuous improvement. Excellence is one of our Corporate Values, and our product quality team exemplifies this value through vigorous involvement in both our new product development and production processes. We also regularly perform design reviews and testing to maximize the quality and value of our products for our customers.

### Customer Satisfaction

Customer Experience is measured monthly and is a core element of our enterprise strategy. We execute on this strategy by building a culture that empowers our team members to proactively increase the differentiation and value we deliver to customers and dealers. This culture includes a focus on harnessing the power of process improvements and eliminating waste to positively impact large groups of customers. Generac strives to make it easier for customers to reach us anytime, day or night, with 24/7 customer support and improved order and contact management tools. We've also continued to expand our distribution network to ensure prompt local response, and we've helped our dealers to become better partners through expert training and tools.



In 2021, **640 employees** completed an Introduction to Continuous Improvement class.

# SOCIAL RESPONSIBILITY

## OPERATIONAL EXCELLENCE

### Workplace Safety

Generac promotes healthy and safe work practices and a workplace free from recognized hazards. Generac empowers all employees to prevent accident and injury, correct unsafe conditions, and promptly report any hazard that may develop. All levels of leadership are responsible to ensure that employees always follow safe work practices. We believe that accidents can be prevented—both in the office and in the manufacturing facilities—and have implemented a number of initiatives, practices, and policies to achieve this goal:

- Development and implementation of an EHS Playbook.
- Compliance with all applicable federal, state, and local government environmental, health, and safety requirements.
- Continual training and education of our employees and contractors on their responsibility to identify work that is unsafe or environmentally unsound and to help mitigate potential negative impacts.
- Continuous improvements to our health and safety programs, policies, procedures, and training.
- Development of the Generac Safety Index, a single composite score that focuses on a combination of leading safety metrics to drive results.
- Implemented the Quality Management System as a global way to track all EHS Related information.
- Refreshed and implemented a consistent approach to Personal Protective Equipment.
- Developed and implemented a standard proactive Ergonomic Risk Analysis tool.

## SAFETY METRICS

TOTAL RECORDABLE INCIDENT RATE (TRIR)		
YEAR	GENERAC	NATIONAL AVERAGE
2020	1.83	2.30
2021	1.79	1.90







# SOCIAL RESPONSIBILITY

## OPERATIONAL EXCELLENCE

### Data Protection and Privacy

Generac's evolution into an energy technology company includes a strong emphasis on developing connected products. Data from connected products allows us to develop energy monitoring and management solutions to Power a Smarter World. This benefits our customers by making those products easier to use and giving our customers access to energy data that can help them lower their utility costs. The data collected from these connected products also allow Generac to continue improving the products' efficiency, reliability, and resiliency. Collecting data comes with the responsibility to protect our customers' privacy and security.

Generac has invested heavily in its cybersecurity measures to ensure that all customer data is collected, stored, and used in a safe and compliant manner. These investments include board-level oversight of our cybersecurity practices and controls, vendor and customer due diligence, employee training and communication including tabletop exercises, and adoption of a **Global Security and Acceptable Use Policy**, third-party intrusion testing, system hardening, email and web filters, regular patching, surveillance, and encryption, among other measures. We also have a dedicated Director of Cybersecurity who is responsible for all elements of our cybersecurity program, including the implementation and maintenance of our **Cybersecurity Incident Response Plan**.



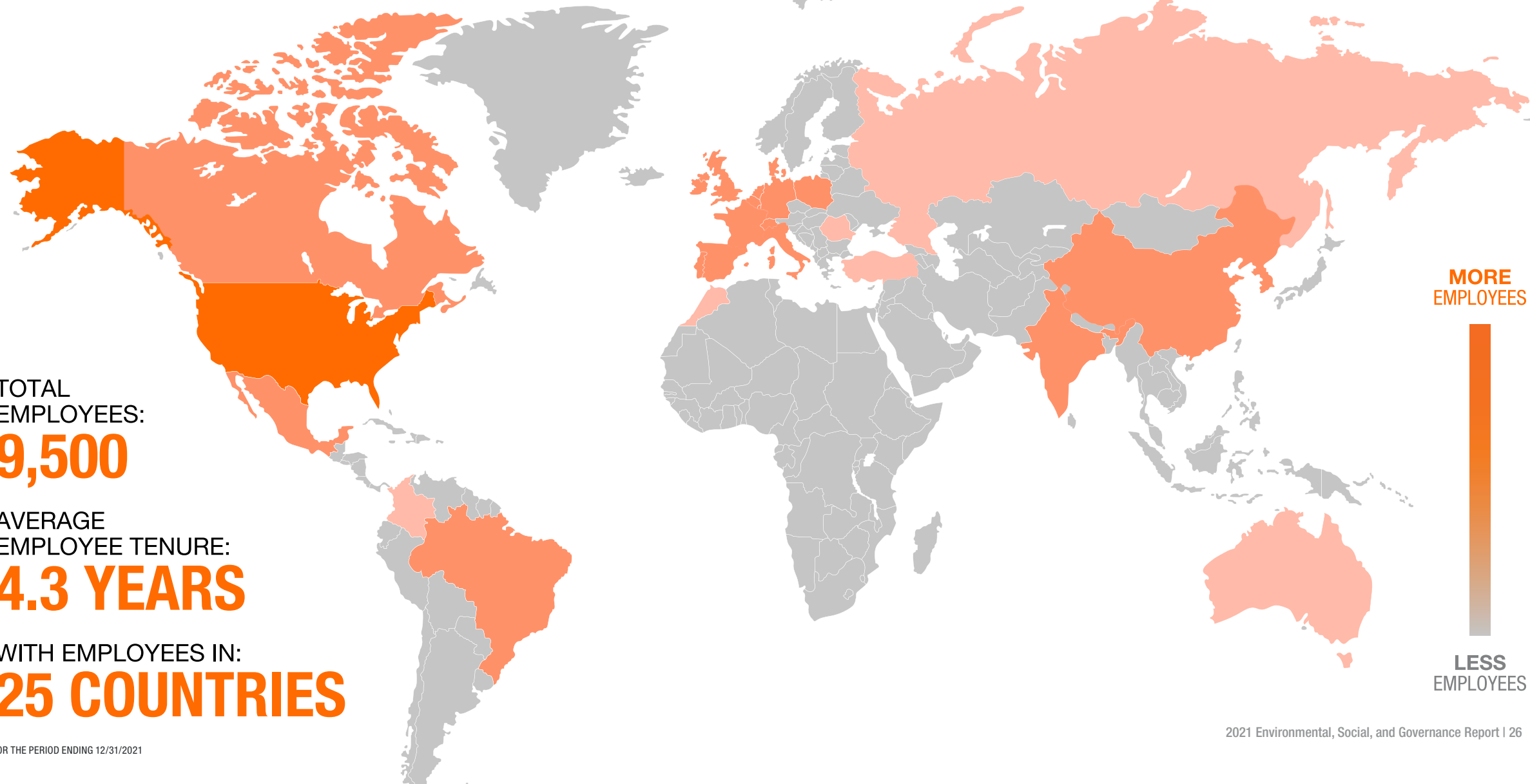


# SOCIAL RESPONSIBILITY

## OUR PEOPLE

“Our People” is a Corporate Value and one of four foundational elements of our Powering A Smarter World strategy. We foster a culture of diversity and engagement to strengthen our Company while supporting individual achievement, inclusivity, and good corporate citizenship globally. We believe our success is directly tied to our employees’ personal and professional growth. We care about the safety and well-being of our employees, their families, and our communities. As a result, we have again been named as one of “America’s Best Mid-sized Employers” by Forbes. We demonstrate our commitment to our people with a Continuous Listening “voice of employee” strategy that is supported by external talent and culture experts to help guide us on best practices and create the culture and work environment that facilitates our long-term growth plans. At Generac, people with diverse backgrounds and points of view work together to support our customers around the globe. As an inclusive workplace, our employees embrace diversity in all forms, celebrate differences, and treat others with equality and respect.

# GEOGRAPHIC OVERVIEW



TOTAL  
EMPLOYEES:  
**9,500**

AVERAGE  
EMPLOYEE TENURE:  
**4.3 YEARS**

WITH EMPLOYEES IN:  
**25 COUNTRIES**

FOR THE PERIOD ENDING 12/31/2021

# SOCIAL RESPONSIBILITY

## CULTURE – LEADERSHIP PRINCIPLES

At Generac, our values are the principles that guide us in our work every day and ensure our actions match our words. It's essential we integrate our values into daily activities, including through reward and recognition programs and the performance management process. Simply put, our Corporate Values define who we are. The way we live our values is demonstrated through the behaviors described in our Leadership Principles.

- **Values** – Our Corporate Values serve as the foundation for our Leadership Principles.
- **Leadership Principles** – Each value has two Leadership Principles that describe expected behaviors. These Principles are descriptive phrases of behaviors that reinforce our Corporate Values. Together, the two Leadership Principles describe what each Corporate Value means to us.
- **Leadership Principle Learning Labs** are offered for each value. In the lab, employees learn the importance of the values to our culture and how Leadership Principles can guide their actions. Generac's own leaders facilitate these interactive labs, giving employees an opportunity to hear best practices and personal learning moments. Today, these labs are offered both in person and virtually.



Our Corporate Values are the foundation of our Leadership Principles. Each value has two Leadership Principles to describe associated behaviors.

Leadership Principles are descriptive phrases of behaviors that reinforce our Corporate Values. Together, the two Leadership Principles associated with each value describe what the value means to us.





# SOCIAL RESPONSIBILITY

## CULTURE — WORKFORCE ENGAGEMENT

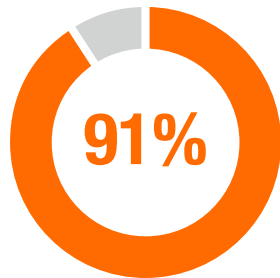
Generac fosters a culture of engagement and seeks employees' opinions and ongoing feedback through Engagement Surveys, Focus Groups, Listening Sessions and other discussions. Through the voice of our employees, we are building a culture and work environment that facilitates our long-term growth plans. Generac has maintained a global employee engagement survey since 2016. Generac partners with talent and culture experts to benchmark our efforts and to compare our results against other manufacturing and high-performing organizations.

- Consistently more than 75% of the workforce has participated in the engagement survey, making sure employee opinions inform our culture journey.
- Engagement Leads, assigned to business groups and functions, assist senior management in conducting focus groups and are instrumental in implementing detailed action and communication plans. These plans are implemented across our global enterprise with plans by region, function, and business group.
- The voice of our employee is a key component of our success. Through our “You Spark Change” communication plans, we keep employees informed of changes being implemented as a result of their opinions and feedback.

Our most recent survey helped to identify our strengths and opportunities for improvement.

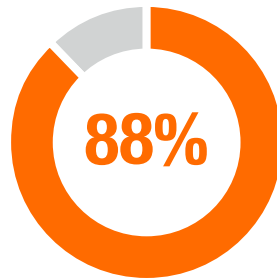
Our strengths include:

### STRATEGY & DIRECTION



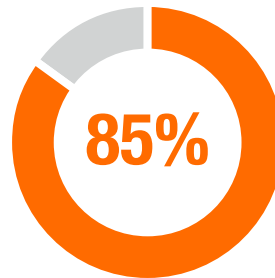
of employees feel they **understand how their work contributes** to Generac's business objectives

### SAFETY CULTURE



feel they **have the training needed to do their job safely** and are comfortable raising safety concerns

### INCLUSION



of employees feel they **can be themselves and are accepted** at Generac

In 2021, we held several feedback sessions and took other actions to gain insight and support engagement efforts, including:

- Holding a virtual focus group and in-person workshop during our annual strategic planning process, where we gained insight from 300 Generac leaders on workforce practices and leadership behaviors that are influencing our culture journey.
- Performing a pulse survey to measure the impact of the actions we have taken to date and to provide insight for additional actions prior to launching our next full Engagement Survey in fall 2022.
- Establishing performance goals for 2022 for all people managers related to building an employee experience and increasing engagement across work, people, purpose, and rewards.



# SOCIAL RESPONSIBILITY

## DIVERSITY, EQUITY, AND INCLUSION

Generac is focused on building understanding and awareness of Diversity, Equity and Inclusion (DE&I) through education and open communication. We commit to more transparency in our efforts and to share regular updates on our progress towards the following goals:

- We provide educational content to employees and leaders to expand our mutual understanding and appreciation for each other.
  - Unconscious Bias training was released in 2020 with 99% of Generac people managers completing the course.
  - Opt-In: Getting Comfortable with Uncomfortable Conversations was introduced in 2021, and we are on track to attain our goal of 100% of people managers trained within one year.
  - In 2022 we are expanding DE&I training to all employees and adding a number of new foundational DE&I training courses for managers.
- We establish and refine DE&I reporting practices to fully measure and monitor our progress on workforce diversity and better understand the work we need to do.
  - Demographics by gender and ethnicity are being reported for evaluating hiring and retention efforts.
  - Starting in 2022, annual DE&I performance goals are required for people leaders.
  - Annually we report our progress to our Board of Directors.
- We evaluate our talent practices to ensure that we are attracting and retaining diverse individuals through meaningful career development.
  - An audit of our talent acquisition policies, practices and procedures will inform how to best increase diversity at the management level in a sustainable and equitable manner.
  - Starting in 2022, Generac is a corporate member of Women in Manufacturing (WIM) to provide development and engagement opportunities for women across our organization.

# OVER 9,500 EMPLOYEES

(FOR THE PERIOD ENDING 12/31/2021)

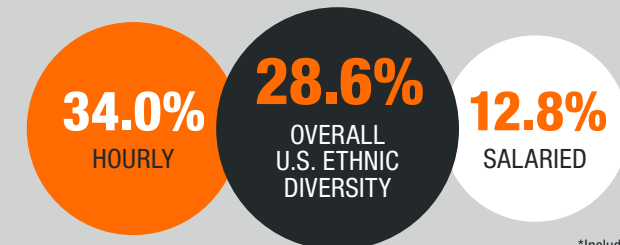


	MEN	WOMEN
SALARIED	76.3%	23.7%
HOURLY	67.5%	32.5%

### OVERALL

71.5% Men 28.5% Women

## U.S. ETHNIC DIVERSITY - PERCENTAGE RACIALLY DIVERSE\*



\*Includes Asian, Black or African American, Hispanic/Latino, Native Hawaiian or Other Pacific Islander and two or more races

## NEW HIRES



\*Significant year over year progress made due to investment and start up of a new facility located in Trenton, S.C

# SOCIAL RESPONSIBILITY

## DIVERSITY, EQUITY, AND INCLUSION

- We provide an inclusive candidate hiring and onboarding experience.
  - Members of our talent acquisition team have been certified in diverse hiring strategies.
  - We have implemented best practices to mitigate bias throughout the hiring process.
  - We use software to ensure job postings utilize inclusive language.
  - We have established partnerships with diverse universities, professional organizations, and schools, including National Society of Black Engineers, Historical Black Colleges and Universities, National Society of Hispanic Engineers, and Society of Women Engineers.
- We build partnerships with local organizations, workforce programs, and job agencies representing diverse clients including those with disabilities to provide job opportunities to those who face barriers to employment.
  - Members of our Military Business Employee Resource Group participate in military-focused recruiting events to increase opportunities for military and veterans.
- Generac has sponsored conferences and symposiums to influence change related to women and minorities in manufacturing, including the MRA Diversity, Equity and Inclusion Leadership Conference, Girls Engineering, Mathematics and Science (GEMS), Women's and Girls Fund of Waukesha County, STEAM Summit, and the FLAME Event at Milwaukee School of Engineering.
- We continuously listen to the opinions of our employees to build a workplace and culture based on integrity, respect, and a feeling of belonging.
  - In 2021, a total of 275 manufacturing employees participated in listening sessions and provided Generac with feedback across various employee population groups and locations.
  - Roundtables are held at all our manufacturing facilities to enable open dialogue to hear the voice of the employee, celebrate successes, and understand improvement efforts that can be accomplished at the facilities.
- We celebrate events and commemorate milestones that represent the diversity of racial and religious heritages of our employees and communities.
  - Annually, we recognize the power of diversity through education, awareness, and sharing: Black History, Women's History, Asian-Pacific American Heritage, Juneteenth, LGBT Pride, Women in Engineering, World Environment Day, Hispanic Heritage, Native American Heritage and Veterans Day.
  - Members of our Business Employee Resource Groups regularly provide insights and contribute to events.

# SOCIAL RESPONSIBILITY

## EMPOWERING THE VOICE OF OUR EMPLOYEES

Generac proudly sponsors Business and Employee Resource Groups (BERG)—voluntary, employee-driven groups that are organized around a particular shared interest, characteristic, or experience. These networking sessions offer an additional avenue for employees to share opinions and build our Generac community.

- Generac’s **Professional Women’s Resource (PWR) BERG**’s mission is to empower Generac women to serve as outstanding contributors, leaders, and community members through inclusive programs and events. A main objective is to drive critical commentary around women’s perspectives and impacts on organizational growth. The PWR BERG started in 2019 and has over 160 active members.
- The **Military Employees and Families BERG** brings together employees with a strong connection to the military. This group launched in July 2021 and is charged with helping Generac develop partnerships with organizations that serve military families and veterans in the community, as well as organizations that assist veterans with finding work and transitioning to a civilian workplace. The Military BERG currently has 65 members.
- The **African American Employee BERG** recently launched with a mission to foster a culture of diversity and engagement, as well as create an inclusive environment that positively impacts business outcomes by supporting and empowering African American employees.
- Interest in our BERGs continues to be strong with additional inquiries in motion. We are in the process of launching a **BERG for Global Inclusivity** and have employees who are inquiring about starting other new groups.



“As a Company with hundreds of veterans on our growing team, Generac is proud to take the lead role in sponsoring Military Appreciation Day at Summerfest.”

- TOM PETTIT, COO AT GENERAC AND VETERAN OF THE U.S. ARMY



# SOCIAL RESPONSIBILITY

## EQUAL OPPORTUNITY

Generac is committed to creating a climate where the different perspectives that diversity brings to its business are valued. Attracting and developing a diverse workforce that reflects the communities in which we serve is at the foundation of this precept.

Generac is an equal opportunity employer and demonstrates this commitment in its employment practices, including recruitment and hiring, compensation, benefits, promotions, transfers, training, counseling, and employment terminations. Generac does not discriminate in employment opportunities or practices based on race, color, religion, age, sex, national origin, disability, ancestry, sexual orientation, marital status, veteran status, arrest or conviction record, or any other basis prohibited by state or federal law. Employment decisions are based on the principles of equal employment opportunity and with the intent to further Generac's commitment to diversity.



# SOCIAL RESPONSIBILITY

## LEARNING AND DEVELOPMENT — CAREERS

At Generac, we are committed to investing in Our People and creating opportunities that help employees build careers at Generac. We invite employees to initiate a dialogue about their development and to create individual development plans (IDP) with input from their managers. Generac has invested in a human capital and talent management system, supported by robust talent processes and tools, to support our employees in building their careers.

- **Annual Talent Reviews** are completed by leadership to identify key talent and critical positions and internal career development opportunities for employees who aspire to advancement.
  - Employees complete talent profiles to share career interests and aspirations with leadership.
  - Managers evaluate potential and make nominations for internal and external training programs.
  - Together, employees and managers design IDPs comprised of on-the-job experiences and collaborative and formal learning to help employees achieve their career aspirations.
  - Succession planning for executive and critical positions ensures visibility to talent gaps and key leader development.
- Generac maintains partnerships with worldwide leadership development organizations to foster a top-performing and talented workforce. These partnerships provide formal learning and development with programs that continually evolve as we grow and our business needs change.

Today we are proud to partner with Center for Creative Leadership (CCL) to utilize their top-ranked leadership development programs through a nomination format and offer:

- Leadership Development Program
- Leading for Organizational Impact
- Leadership at Its Peak
- Internships in the U.S. and Canada for over 100 junior-level and senior-level college students are offered annually to provide real-world work experiences and to encourage new college graduates to start their careers with Generac.
- Pathways for manufacturing employees provide an opportunity to build technical skills on the job. Pathways are available for skilled positions in automation, welding, and testing.
- In 2021, Generac's Global Engineering Team announced a new partnership with Tecnológico de Monterrey and currently sponsors 120 engineering students on 8 engineering projects. Students are also provided with up to 20 hours of training.
- Generac provides a **Tuition Reimbursement Program** to approximately 30 employees every year, funding more than \$120,000 in 2021 to pursue an associates, undergraduate, or graduate program.



*Generac and employees contributed to more than 175 different non-profit organizations in 2021*

# SOCIAL RESPONSIBILITY

## LEARNING AND DEVELOPMENT — TRAINING

Our goal to sustain a high-performing culture requires a commitment to employee training—giving employees and people managers the knowledge they need to be successful. Training is a key component of performance, and Generac has invested in a host of foundational and skill-building programs. Following an adult learning model, our blended approach gives students the opportunity to leverage training that considers their individual learning preferences.

- **Continuous Improvement (CI)** serves as a foundational skill for success at Generac, and we have invested time and resources to build CI as a core competency. We are proud to partner with higher education institutions to provide accredited training for our employees. The Generac Lean Academy (GLA), offered in partnership with Waukesha County Technical College (WCTC), provides customized lean certification to Generac employees. Our CI training programs are designed to provide employees and people managers with hands-on learning opportunities including:
  - **Excellence Lab** – This experiential lab illustrates the key characteristics of Generac’s Excellence Value. In person or virtually, employees have an opportunity to participate in executing simulations of poorly-designed and well-designed processes to witness the effects on people, productivity, and results.

- **Introduction to Continuous Improvement** – In this online course, employees learn the 10 Lean Principles Generac uses to guide CI projects. The principles include concepts such as long-term thinking, process discipline, quality at the source, standardization, value chain thinking and more.
- **Lean Methods** – Individual, self-directed modules teach employees how to select and apply specific lean tools when embarking on improvement projects. They include topics such as standard work and 5S, plan, do, check, act and problem solving, creating continuous flow, visual management, and managing for daily improvement.
- **CI Bronze Contributor Certification** – Manager nominations may qualify employees for a 12-week program focused on the introduction to foundational lean concepts, application of basic project management skills, and teamwork through the execution of one group-led project. Graduates receive a Yellow Belt Certification through WCTC.
- **CI Silver Practitioner Certification** – Manager nominations may qualify employees for an additional 8-week program focused on the learning and application of lean methodologies, strengthening project management skills, and execution of one work process improvement. Graduates receive a Green Belt Certification through WCTC.

300 Operations Leaders

Have completed a CI leadership workshop

120 Supervisors

Have completed the Everyday Coaching program

160 Professional Employees

Have completed Generac Lean Academy and have been certified in Lean



# SOCIAL RESPONSIBILITY

## LEARNING AND DEVELOPMENT – TRAINING

We offer skill building through online and in-classroom programs to empower people managers with the knowledge and resources to effectively lead change, manage projects, and coach high performance of their employees. In 2021, more than 170 leaders have participated in skill development programs presented through in-house and partner organizations.

- **Project Management Training** is offered through a partnership with the University of Wisconsin – Milwaukee. Three course levels provide a continuum of learning to meet the needs of our diverse workforce at various stages of their development.
- **Everyday Coaching for Supervisors** is an in-house, 14-week cohort program. Topics include coaching performance, building trust, giving feedback, and recognition. Supervisors are expected to complete the program within their first year.
- **Everyday Coaching for Team Leads** was recently introduced and leverages the successful concepts taught in our supervisor program. This program is aimed at developing leads who aspire to move into a supervisory role.

Collaborative learning is a core construct in employee training programs. The use of cohorts, business simulations, and peer-to-peer training immerses the employee in real-life scenarios and on-the-job applications. These programs also facilitate strong relationships and connections across our leadership teams. In partnership with national training providers, Generac offers several business simulations where teams use collaboration and/or competition to drive increased business understanding. Starting in 2022, new courses include:

- **Finance Management** – Teaches developing leaders the fundamentals of finance management for a manufacturing business. Using a series of simulated exercises, teams are taught to monitor cash flow, better utilize resources, and improve productivity.

- **Business Strategy** – Teaches advanced leaders to successfully create and implement business strategy in a competitive, global environment, helping to prepare them for expanded leadership roles across Generac’s global enterprise.

On-the-job (OTJ) experience is considered a foundation of our 70/20/10 approach to learning. The OTJ opportunities come in many forms of activity and employees are always encouraged to actively participate in innovative and creative ways of solving business problems. In addition to functional and departmental experiences, Generac sponsors larger, cross-functional events that provide the opportunity to work with others outside of core teams. Examples of OTJ events are:

- **Kaizen Events** – Following a mini training session conducted by in-house Continuous Improvement (CI) Managers, our manufacturing employees work through a hands-on CI project with leadership from the facility.
- **Hackathon** – Innovation is a hallmark of Generac, and in our first Hackathon 16 technology-oriented teams identified and solved a Generac business problem. To date, eight of the ideas have been implemented.
- **Botathon** – As we leverage technology to scale our company, Generac is planning its first Bot competition to further increase productivity and improve our customers’ experiences.



# SOCIAL RESPONSIBILITY

## EMPLOYEE WELL-BEING

Generac partners with compensation and benefit experts to evaluate its Total Rewards offerings compared to industry benchmarks.

- Generac cares about the health and well-being of our employees and their families. Generac's Healthy and Thriving Total Rewards are based on the four pillars of balance, security, well-being, and community.
- Cost-effective health insurance for our employees and their families, as well as plan choice, health and wellness incentives and disease management programs are all high-performing elements of our current reward programs.
- Our Healthy Living Program gives our employees the opportunity to reduce their medical premium by participating in a variety of personal wellness activities and through community events, like blood drives and charity walks/runs. In 2021, 44% of our eligible population participated in the program and received health insurance premium credits.
- Annually we offer free flu shots to our U.S. employees, and in 2021 we also offered appointments for onsite COVID-19 vaccines at several of our U.S. locations.
- Generac offers Omada, a health management program, joining a select group of blue-chip, industry-leading employers who offer this program to employees and their families. The digital program offers personalized coaching and online tools that help start, and then maintain healthy habits like weight control and diabetes/ blood pressure management.
- Generac's headquarters has been officially recognized as one of Milwaukee's Coolest Offices. The space was designed to create a working environment to serve our employees so they can better serve others. Healthy living is core to our culture and that becomes clear the moment you step into the 59 Powerhouse Fitness Center. The 6,600 sq. ft. Fitness Center serves more than 4,000 employees working in Southeastern WI. Generac also offers outdoor walking paths at various facilities.



*Generac's 59 Powerhouse Fitness Center*

# SOCIAL RESPONSIBILITY

## EMPLOYEE WELL-BEING — COVID-19 RESPONSE

The resilience and dedication of our essential workforce has been a constant reminder that we are always stronger when we work together. As an essential workforce, our employees, distributors, and suppliers are to be commended for doing their jobs diligently and with the utmost respect for the health of their co-workers. During the pandemic Generac has prioritized efforts to promote and ensure the health and safety of the workforce with regular communication, tools and resources, personal protective equipment, training, and sanitization protocols throughout our facilities.

- During the global pandemic, Generac invested over \$1,000,000 in our facilities for cleaning and improving the safety and well-being of our employees.
- Since the pandemic started, Generac has paid more than \$1,300,000 in temporary leave benefits to support U.S. employees with time away to care for their own health, or that of family members.
- Modified attendance policies and expanded personal leave benefits were offered allowing employees more flexibility for personal or family reasons related to COVID-19.

- A telemedicine program helped employees maintain their physical and mental health while managing the impacts of COVID-19.
- Generac has been transparent and timely with COVID-19 communication via intranet, email, text, and voice messages to provide updates. As the pandemic evolved our communications expanded to include:
  - Ongoing facts about the virus and education about the vaccine.
  - A local partnership with Froedtert Hospital to prioritize and administer vaccines to all Generac employees.
  - Education and Information about booster shots and where they are offered.
- Generac joined the Yellow and Red Ribbon Initiative sponsored by the National Association of Manufacturers (NAM) and asked employees to take the pledge.
  - A personal letter was issued from the executive team encouraging employees to get the vaccine.



# SOCIAL RESPONSIBILITY

## COMMUNITY ACTION — COVID-19 RESPONSE

Generac is extremely proud of our employees' contributions in the fight against the coronavirus and their commitment to support their communities during the pandemic. Our essential products brought peace of mind to families facing this crisis, as Generac generators were used to power temporary hospitals, pop-up medical and testing facilities, and national guard stations. Our dealers prioritized installs for residential and commercial medical needs, and consumers found security at home with portable and home standby backup power. During this unprecedented time, our employees also stepped up with donations to support their communities, frontline workers and local businesses.



Our essential products brought **peace of mind to families** facing this crisis, as Generac generators were used to power temporary hospitals, pop-up medical and testing facilities, and national guard stations.

# SOCIAL RESPONSIBILITY

## COMMUNITY — POWERING POSSIBILITIES

Together with our employees, we power the possibilities of stronger communities. Generac has a long history of being part of the fabric of the communities where we live and work, striving to be a good neighbor through our ethical business practices and community engagement. We positively impact our people and the community through caring for the needs of the people we work with and communities we serve. Generac recently announced an expansion of our community engagement programs with four pillars: Education, Responders, Sustainability, and Our Communities.

### Education

- Generac is the founding corporate sponsor of GPS Education Partners, a program based in Wisconsin and operating nationally. GPS provides education pathways for at-risk high school students through work-based learning. Generac sponsors an onsite GPS Education Center at our Eagle, WI facility. In 2021, Generac sponsored 23 student apprentices, and over the past 21 years, GPS Education Partners has assisted more than 1000 students in their education and career journey.
- Science, Technology, Engineering and Mathematics (STEM) sponsorships provide Generac an opportunity to invest in future leaders in these fields. To bridge the gender gap in engineering, our sponsorships included GEMS (Girls Engineering Math and Sciences), Girls Who Code, and exploring mechanical engineering for young women. Sponsorships of FIRST Robotics, STEM Forward, Science Education Enrichment Day (SEED), Energy Day, and the Powering Up Education initiative provided Generac employees the opportunity to interact with the community and visit classrooms to share their expertise.

### Responders

- Our focus on responders is intended to honor and support those who volunteer to help communities during a disaster, as well as our country by serving in the military. In 2021, we placed an emphasis on veterans. Generac sponsored the Habitat for Humanity of Wisconsin She Served Week, honoring women who served in the military and giving employees the opportunity to volunteer to build and repair homes of veterans. On Military Appreciation Day at Summerfest, Generac joined the Milwaukee community in salute of all veterans on the 20th anniversary of 9/11. Other programs Generac sponsored included The Moving Wall Exhibit, the Stars and Stripes Honor Flight, the Aiken County Veterans Council, Wisconsin Veterans Museum and Edgefield American Legion Service Dog Dash.



“As a welder it was a great experience to work with high school students and see their interest in learning the trade. It is also great to work for a Company like Generac who sees the value in supporting the local community.”

- CAMERON BURDEN, 15 YEARS EXPERIENCE AT GENERAC





2021 marked the 10th year Generac was a leading supporter of Light the Night in Wisconsin

# SOCIAL RESPONSIBILITY

## COMMUNITY — POWERING POSSIBILITIES

### Community

- The most meaningful way we can be a good neighbor is to connect in the communities where our employees live and work. In 2021, hundreds of employees joined a community walk to help find a cure for blood cancer and raised more than \$139,000 for the Leukemia and Lymphoma Society. Over the past 10 years, employees, vendors and Generac have contributed more than \$1 million to this cause.
- Generac contributed to more than 175 different non-profits in communities in Wisconsin, South Carolina, Maine, and Vermont. Local event sponsorships are an important component of hometown support. Generac supported a variety of programs and events that are important to our local communities, including Zoological Society of Milwaukee, Jefferson County Fair, Kettle Moraine Days, Starry Nights in Brookfield, Operation Pumpkin in Ohio, Storytelling Festival in Whitewater, Waukesha Reads, Spooky to be Hungry in South Carolina, dragon boat races in Janesville, and much more.
- Waukesha, Wisconsin is home to Generac's Headquarters and to many of our employees. As a small town with a population of only 72,400 we are a close community. Last year, during Waukesha's annual Holiday Christmas Parade, when an unexpected tragedy occurred where six lives were lost and many others were injured. Generac and our employees came together and raised more than \$13,000 for the Waukesha United Fund and other organizations to help those directly impacted.
- Given time is an important part of how our people engage in our community and help others, Generac employees contributed more than 560 volunteer hours in the U.S. during 2021.

### Sustainability

- Sustainability is a new pillar of our community giving starting in 2022. Sustainability provides an opportunity to extend our impact on others in ways that are aligned to our new clean energy initiatives. As we build this pillar, we will focus on environmental education related to clean energy initiatives and more.



# SOCIAL RESPONSIBILITY

## STORM RESPONSE

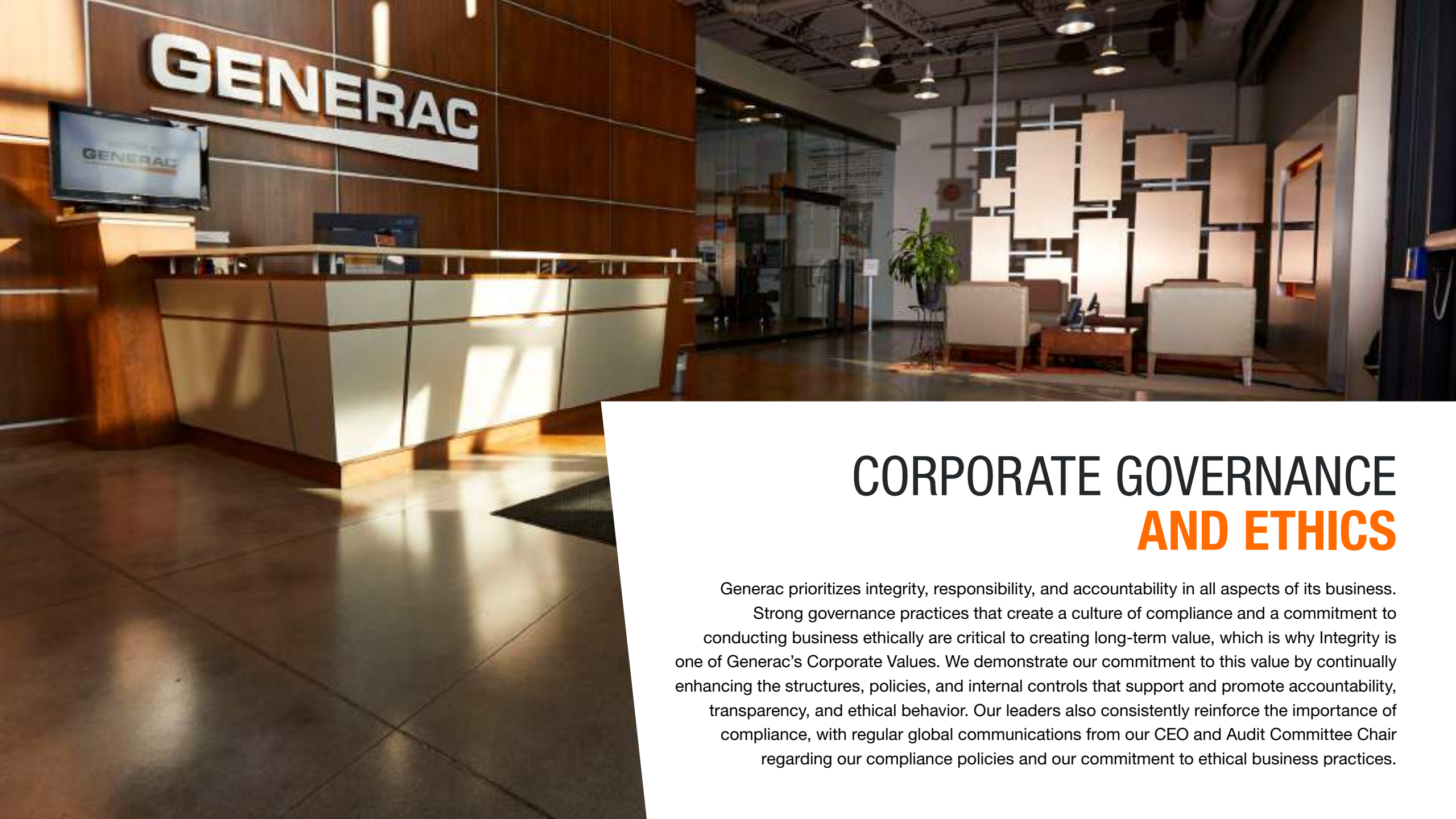
Each year, Generac recruits employees to volunteer to join its Storm Response and Field Service Response Teams. These Teams are formed in advance of the major storm season every year to help ensure that Generac's customers have the support they need in the event of a major outage.

- Members of our Storm Response Team help manage increased customer call volume during outage events, making for a positive customer experience when it is needed most. Volunteers are able to take calls from anywhere, anytime, due to enhanced call system functionality.
- Our Field Service Response Team members attend hands-on training at our Service Training Center in Eagle, Wisconsin, where they learn how to service and repair portable, residential, and commercial generators. During outage events, these employees are deployed to the hardest hit areas to make sure our customers have the power they need to weather the storm.



“ My home was devastated by Hurricane Ida. They worked endlessly to get my power back to my home. **I cannot put into words how grateful my family is for their hard work and great Company.** ”

- S. PAGE, LOUISIANA



# CORPORATE GOVERNANCE **AND ETHICS**

Generac prioritizes integrity, responsibility, and accountability in all aspects of its business.

Strong governance practices that create a culture of compliance and a commitment to conducting business ethically are critical to creating long-term value, which is why Integrity is one of Generac's Corporate Values. We demonstrate our commitment to this value by continually enhancing the structures, policies, and internal controls that support and promote accountability, transparency, and ethical behavior. Our leaders also consistently reinforce the importance of compliance, with regular global communications from our CEO and Audit Committee Chair regarding our compliance policies and our commitment to ethical business practices.

# CORPORATE GOVERNANCE AND ETHICS

## ETHICS AND COMPLIANCE

Our Code of Ethics and Business Conduct is one of our strongest tools for ensuring our employees and business partners are held to the highest standards of honesty and ethical conduct, and is the foundation of our culture of compliance. This culture extends to our suppliers, whom we expect to comply with our Supplier Business Code of Conduct. We promote accountability and adherence to these Codes of Conduct by offering a confidential whistleblower hotline that is maintained by a third party, and by enforcing various policies that are critical to our commitment to good governance. Copies of many of our policies are available on our [Investor Relations website](#).

- Code of Ethics and Business Conduct
- Corporate Governance Guidelines and Principles
- Supplier Business Code of Conduct
- Anti-Corruption Policy
- Antitrust Policy
- Sanctions Compliance Policy
- Related Persons Transaction Policy
- Whistleblower Policy
- Insider Trading Policy
- Clawback Policy
- No Harassment Policy
- Conflict Minerals Policy
- Resignation Policy

We have also devoted significant time and resources to developing a robust compliance program that receives board-level oversight, including at least quarterly compliance reviews with our Audit Committee. The program includes a dedicated global Compliance Committee composed of a cross-functional group of employees and chaired by our General Counsel, which annually executes a number of projects designed to improve our governance and compliance practices. In 2022, we are also beginning the process of creating Centers of Excellence around our various compliance functions, which we expect will drive improved performance globally.

We also engage in annual communication and training for all employees regarding adherence to our various corporate policies, including our Code of Ethics and Business Conduct and Anti-Corruption, Anti-Harassment, and Whistleblower Policies. Our managers also undergo training on our Leadership Principles that are tied to our Corporate Value of Integrity—Do the Right Thing and Walk the Talk—which provides our leaders with valuable tools and insight for ethical decision-making in complex business scenarios.





# CORPORATE GOVERNANCE AND ETHICS

## RISK MANAGEMENT

Our Board of Directors and management continually monitor the material risks facing Generac, including financial risk, strategic risk, operational risk, and legal and compliance risk. Management regularly reports to the Board on its activities in monitoring and mitigating these risks, including making reports to individual Board committees in situations where the risk falls within the committee's area of focus or expertise. Generac's Compliance Committee, which is chaired by our General Counsel, annually performs a thorough enterprise risk assessment, where it assesses all risks facing the Company and reports to both the Audit Committee and the Board of Directors on material risks and their potential impact to the Company. We also periodically perform surveys of our executives and key compliance employees to ensure we have the best information available regarding enterprise risks and their potential impacts.

## GENERAC'S ENTERPRISE RISK MANAGEMENT





# CORPORATE GOVERNANCE AND ETHICS

## BOARD OF DIRECTORS

### Board Leadership

Our Board of Directors conducts unbiased evaluation and supervision of Generac's management activities, as well as makes recommendations to management based on our directors' experience and expertise. The Board consistently maintains an independent majority and is currently made up of 11 directors, all but one of whom are independent. Leadership of our Board is currently structured to include both an independent Lead Director position, held by Bennett Morgan, and a combined Chairman of the Board and CEO role, held by Aaron Jagdfeld. The Lead Director is responsible for overseeing meetings of our independent directors and serving as the liaison between the independent directors and our Chairman and CEO. Mr. Jagdfeld has served on our Board of Directors since 2006, and as our Chairman since 2016. Our Board periodically reviews both the Lead Director and Chairman and CEO roles and has determined that this structure is currently in Generac's best interests because it provides the Company with decisive and effective leadership, allows the Board to maintain effective oversight of management, and creates clearer accountability to our stockholders, customers, and other stakeholders.

# CORPORATE GOVERNANCE AND ETHICS

## BOARD DIVERSITY

Our Board of Directors is committed to seeking out highly qualified and diverse candidates to serve as directors. When selecting new directors, the Board considers whether candidates possess the required skill sets and fulfill the qualification requirements of directors approved by the Board, including integrity, objectivity, sound judgment, leadership, courage, and diversity, in all aspects of that term, including differences of perspective, professional experience, education, skills, and other individual qualities, such as gender, race, and ethnicity, and the variety of attributes that contribute to the Board's collective strength. Our Board currently has three female members and one ethnically diverse member, and Generac has committed in its Corporate Governance Guidelines to ensure that in all future director searches, any search firm engaged by the Board will include qualified women, racially or ethnically diverse candidates, and/or other candidates from underrepresented groups in all prospective director candidate pools.

## BOARD ESG OVERSIGHT

Our Nominating and Corporate Governance Committee has primary responsibility for reviewing and assessing Generac's initiatives, policies, and practices with respect to ESG matters, as well as advising the full Board on these matters when appropriate. Both the full Board and our Compensation and Audit Committees provide further oversight of specific ESG matters falling within their scope of responsibility. For example, our Compensation Committee regularly reviews the Company's progress on diversity, equity, and inclusion initiatives, and the Audit Committee receives regular updates on our cybersecurity and data privacy efforts. The Board views ESG matters as critically important to the Company's success and consistently receives updates from management on a wide range of ESG topics.

## GENERAC'S ESG OVERSIGHT



## OUR BOARD BY THE NUMBERS



Nam Tran Nguyen, our first ethnically diverse director, joined our Board in March 2022.



# CORPORATE GOVERNANCE AND ETHICS

## SHAREHOLDER RELATIONS

Generac maintains active communications with current shareholders and prospective investors through a variety of measures highlighted by detailed quarterly updates on its business and financial performance through its earnings releases and public conference calls, which are held approximately four-to-six weeks after the end of each quarter. The Company maintains a dedicated investor relations website that provides a wide range of information including Company overview, press releases, SEC filings, investor presentations and corporate governance sections, along with information on upcoming events and frequently asked questions. This website also contains the contact information for the “sell-side” equity research analysts which publish independent research reports and analyses on the Company. We also regularly participate in investor conferences and other investor meetings typically hosted by these firms that provide formal research coverage on the Company. Our relations with shareholders and prospective investors are further enhanced by specific messaging and disclosures within Forms 10-K, 10-Q, 8-K, Proxy and other SEC filings including business overview, strategy, financial performance and risk factors.



Photography: NYSE

# SASB METRIC INDEX

## SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

This report is aligned with the Sustainability Accounting Standards Board (SASB) Standards: Electrical and Electronic Equipment.

TOPIC	METRIC	UNIT OF MEASURE	GENERAC RESPONSE	SASB
Accounting Metrics	Number of Employees	Number		RT-EE000.A; RTIG-000.A
	Number of units produced by product category		Proprietary	RT-EE000.B; RTIG-000.B
Energy Management	Total Energy Consumed	Gigajoules (GJ)	Wisconsin facilities consumed 379,383 GJ of energy in 2021.	RT-EE-130a.1
	Percentage Grid Electricity	Percentage (%)	31%	
	Percentage Renewable	Percentage (%)	0%	
Hazardous Waste Management	Amount of Hazardous Waste Generated	Metric Tons (t)	In 2021, Wisconsin facilities generated 60.17 tons of hazardous waste.	RT-EE-150a.1
	Percentage of Hazardous Waste Recycled	Percentage (%) Number	Based on SASB's assessment test, we've determined this is not material.	
	Number and Aggregate Quantity of Reportable Spills, Quantity Recovered	Kilograms (kg)	0 in 2021	RT-EE-150a.2
Product Safety	Number of Recalls Issued, Total Units Recalled	Number	327,152	RT-EE-250a.1
	Total Amount of Monetary Losses As a Result of Legal Proceedings Associated with Product Safety	Reporting Currency	Based on SASB's assessment test, we've determined this is not material.	RT-EE-250a.2
Product Lifecycle Management	Percentage of Products By Revenue That Contain 1ec 62474 Declarable Substances	Percentage (%) by revenue	Based on SASB's assessment test, we've determined this is not material.	RT-EE-410a.1
	Percentage of Eligible Products, By Revenue, That Meet Energy Star® Criteria	Percentage (%) by revenue	Based on SASB's assessment test, we've determined this is not material.	RT-EE-410a.2
	Revenue From Renewable Energy-Related And Energy Efficiency-Related Products	Reporting Currency	Based on SASB's assessment test, we've determined this is not material.	RT-EE-410a.3

# SASB METRIC INDEX

## SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

TOPIC	METRIC	UNIT OF MEASURE	GENERAC RESPONSE	SASB
<b>Materials Sourcing</b>	Description Of The Management Of Risks Associated With The Use Of Critical Materials	N/A	For Information On This Topic, Please See Operational Sustainability – Resource Management.	RT-EE-440a.1
<b>Business Ethics</b>	Description Of Policies And Practices For Prevention Of: (1) Corruption And Bribery And (2) Anti-Competitive Behavior	N/A	For Information On This Topic, Please See Corporate Governance and Ethics – Ethics and Compliance.	RT-EE-510a.1
	Total Amount Of Monetary Losses As A Result Of Legal Proceedings Associated With Bribery Or Corruption	Reporting Currency	0 in 2021	RT-EE-510a.2
	Total Amount Of Monetary Losses As A Result Of Legal Proceedings Associated With Anticompetitive Behavior Regulations	Reporting Currency	0 in 2021	RT-EE-510a.3
<b>Customer Privacy</b>	Total Number Of Substantiated Complaints Received Concerning Breaches Of Customer Privacy, Categorized By: I. Complaints Received From Outside Parties And Substantiated By The Organization; ii. Complaints From Regulatory Bodies.		0 in 2021	
	Total Number Of Identified Leaks, Thefts, Or Losses Of Customer Data.		0 in 2021	





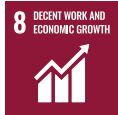
### GENDER EQUALITY

Achieve gender equality and empower all women and girls.



### AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all.



### DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



### INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



### REDUCED INEQUALITIES

Reduce inequality within and among countries.



### SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable.



### RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.



### CLIMATE ACTION

Take urgent action to combat climate change and its impacts.



### ENERGY MANAGEMENT

A Company's energy mix, including the use of electricity generated on-site, grid-sourced electricity, and the use of alternative energy, can play an important role in lowering the cost and increasing the reliability of energy supply, and ultimately affect the Company's cost structure and exposure to regulatory shifts.



### PRODUCT SAFETY

Proper product safety procedures, tests, and protocols for products can help companies reduce the risk of such adverse impacts and strengthen a Company's brand.



### HAZARDOUS WASTE MANAGEMENT

Waste management strategies, while requiring initial investment or operating costs, can lower companies' long-term cost structure and mitigate the risk of remediation liabilities or regulatory penalties.



### PRODUCT LIFECYCLE MANAGEMENT

Companies that develop cost-effective products and solutions for energy efficiency can benefit from increased revenues and market share, stronger competitive positioning, and enhanced brandvalue.



### BUSINESS ETHICS

Unethical practices may jeopardize future revenue growth due to reputational risks and can result in significant legal costs and a higher risk profile. Strong governance practices can mitigate the risk of violations of business ethics laws and resulting regulatory penalties or brand-value impacts.



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