

A satellite view of the Earth at night, showing the Western Hemisphere. The United States and parts of Canada and Mexico are visible, with city lights glowing across the landmasses. The sun is visible on the left horizon, creating a bright glow and lens flare effect. The background is the dark blue of space with some stars.

**GENERAC<sup>®</sup>**

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



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# A MESSAGE FROM OUR CHAIRMAN AND CEO

Over the 60 plus years of Generac's history, we've been dedicated to energy innovation. From creating the home standby generator market category, to our current evolution into an energy technology solutions Company focused on developing clean energy products and services, Generac has consistently devoted itself to new technologies and processes that deliver more resilient, efficient, and sustainable energy solutions.

Developing these new technologies has never been more important, given all the challenges that exist in delivering reliable and consistent power to homeowners and businesses. From catastrophic weather events that are exacerbated by the effects of climate change, to an aging and under-invested power grid, we are facing an unprecedented need and opportunity to revolutionize the way power is produced and delivered. Generac is at the forefront of this energy transition, given our strong and growing position in the residential energy storage, monitoring, and management market, as well as our recent entry into the market for grid services, including products and software that help support the operational stability of the power grid. Based on our decades of extensive experience in backup power, we believe we are in a unique position to enable the utilization of distributed energy resources on a larger scale, amplifying their distinct sustainability advantages over traditional power plants and helping them become a huge part of the world's move to a more sustainable power delivery model.

As a leader in energy technology, Generac is proud to be publishing this inaugural Environmental, Social, and Governance ("ESG") Report. We are excited to share our sustainability story, both present and future, as well as our efforts to continuously improve our execution on our ESG goals. These goals include holding ourselves accountable to our stakeholders, including the communities we serve. To that end, we've established an internal ESG Steering Committee comprised of subject matter experts from across the Company, which receives board-level oversight from our Nominating and Corporate Governance Committee. I am excited to lead Generac as we deepen our commitment to ESG matters and focus on a future defined by more resilient, efficient, and sustainable energy solutions.



A handwritten signature in black ink, which appears to read "AJAGDFELD". The signature is stylized and fluid, with the first and last names being more prominent.

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

# ABOUT GENERAC POWER SYSTEMS



Robert D. Kern, Generac Founder

In 1959, with just five employees in a garage in Wales, Wisconsin, Robert D. Kern began manufacturing generators based upon his own unique designs. A true engineer, Mr. Kern spent the next decades pushing Generac to develop new products and explore new markets for generator and engine technology—including vehicle-mounted generators, pressure washers, generators for RVs, and standby generators for the rapidly growing number of cellular towers being installed across the country.

This entry into the telecom market propelled the growth of Generac's commercial and industrial generator business, and today Generac is the leading manufacturer of generators for the telecom industry in the Americas.

In 1989, Generac created a new market segment when it launched the first-ever automatic home standby generator. We've led this market ever since, and today 8 out of every 10 home standby generators sold are made by Generac. We've also continued to innovate and improve our home standby products, including developing Quiet Test Technology to reduce noise during weekly generator exercises, smart management modules that allow homeowners to automatically prioritize energy loads during an outage, and standard, onboard Wi-Fi connectivity that allows users to remotely monitor their generator.

After going public in 2010, Generac executed a series of acquisitions that expanded its global presence and brought new product lines to the Generac family, including mobile generators, light towers, and chore products. In 2019, we entered the clean energy market and began our transformation into an energy technology solutions company with our acquisitions of Neurio Technology, an energy data company focused on sophisticated analytics to optimize energy use, and Pika Energy, a leading manufacturer of smart storage solutions and smart batteries. Leveraging our existing distribution network and manufacturing expertise, we quickly grew into a leading provider of Solar + Storage Battery Systems. We expanded our clean energy capabilities in 2020 with our acquisition of Enbala, a leading provider of distributed energy optimization and control software for the electrical grid.

Going forward, we're ready to lead the world's evolution to more resilient, efficient, and sustainable energy solutions. We're developing products, software, and services that increase power reliability through on-site generation and storage solutions that provide resiliency for homes, businesses, and communities. We're enabling sustainable and more efficient power generation and consumption through monitoring, management, and lower-carbon solutions. We're offering innovative solutions that enable and protect next-generation power, communications, transportation, and other critical infrastructure. And we're doing all of this so we can Power a Smarter World.



1959 - Wales, Wisconsin Garage



# THIS YEAR'S REPORT

This is Generac's inaugural ESG Report. 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 to form the baseline for measuring and improving our ESG performance. We view this report as an important first step on our ESG journey, and look forward to sharing our progress in future annual reports.

Throughout this report, we reference the **Sustainable Development Goals** established by the United Nations, as many of these goals are aligned with our ESG and strategic initiatives (see page 53 for the full list of SDGs). We also reference standards established by the **Sustainability Accounting Standards Board ("SASB")**. Independent, private-sector SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. (See the SASB Metric Index on pages 51-52 for additional information on the SASB standards). We have disclosed in this ESG Report the data we currently have for certain material topics described in the SASB Standard for Electrical and Electronic Equipment, and are working to expand our disclosures in future ESG reports.

## GENERAC'S COMMITMENT TO TRANSPARENCY

Beginning with the publishing of this inaugural ESG Report, 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.



## 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.



## EXCELLENCE

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



## ENVIRONMENT

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

## 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.

# AWARDS AND RANKINGS

## FORBES — BEST MIDSIZE EMPLOYER

Generac was named one of America's Best Midsize Employers for 2021 by Forbes. Forbes noted that companies included on this year's list have also risen to the occasion despite the global pandemic, navigating new challenges and adapting to support both their customers and employees.

## OUTSTANDING CORPORATE GROWTH AND LEADERSHIP

Generac was the recipient of the 2020 Outstanding Corporate Growth Award from the Association for Corporate Growth-Wisconsin (ACG). The award recognizes the Wisconsin-based Company that best demonstrates sustained financial success, a strong corporate culture and strategic excellence.

## S&P 500 RANKING

The Company's growth was recognized in March 2021 with another major milestone, when Generac joined the S&P 500 for the first time in Company history.

## 2021 EDISON AWARD — HOME EFFICIENCY

Generac received a Silver award in the 2021 Edison Awards, 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.

## 2020 JAPAN ENERGY WINNER

Earlier this year, Generac subsidiary Enbala was named one of three winners of the 2020 Japan Energy Challenge, after it presented its Concerto distributed energy control solution to Japan's leading energy sector companies. The award recognizes Enbala's innovation, proficiency, and market traction within the clean tech space.

## FORTUNE - 100 FASTEST GROWING COMPANIES

Generac has been named to Fortune's 2020 list of the 100 Fastest Growing Companies. With this recognition, Generac finds itself among the world's top companies for exceptional growth based on revenues, profits and stock returns.





# ENVIRONMENT

One of Generac's Corporate Values is a commitment to being a leader in environmental stewardship through sustainable operations and cleaner, more efficient power solutions. We work to ensure compliance with environmental regulations and best practices, while continuously improving our sustainability initiatives. We are leading the world's evolution to more resilient, efficient, and sustainable energy solutions, and have a broad suite of products that support this energy transition, with more on the way. We have implemented our Drive to Zero strategy across our operations globally, which seeks 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.



# ENVIRONMENT

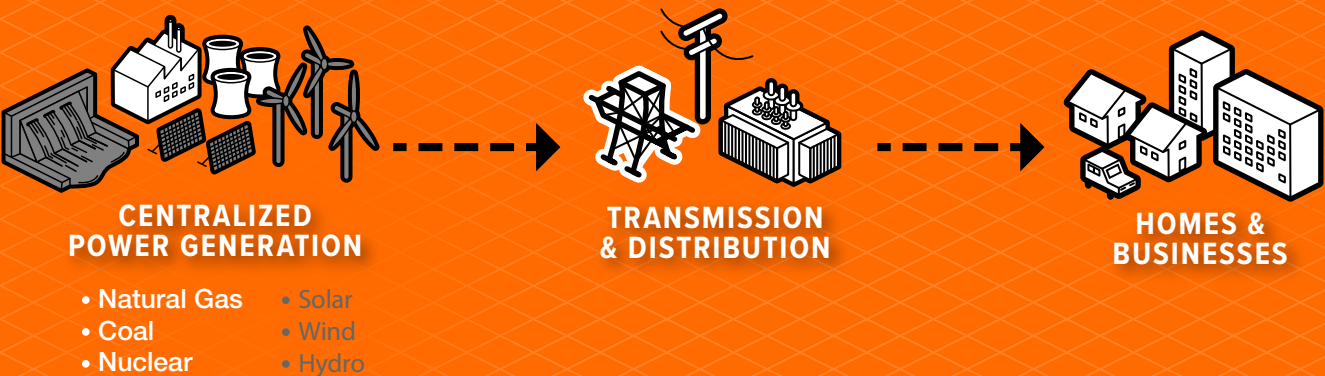
## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD

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 backup power, we understand that interruptions in power supply can test the resiliency of a community. We believe radical changes are in store for the future of power generation, delivery, and consumption, and we're ready to lead the way.

### 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

## LEGACY POWER GRID



Generac's products are supporting the transition to a newer, cleaner, more reliable power grid.



**ENERGY PRODUCED:**  
**132,525,399 kWh**  
(OR 132 GWh)



**AVOIDED CO<sup>2</sup>:**  
**93,918 METRIC TONS**

Based on power generating capacity of total number of PWRcell Solar + Storage units installed as of July 2021.

# ENVIRONMENT

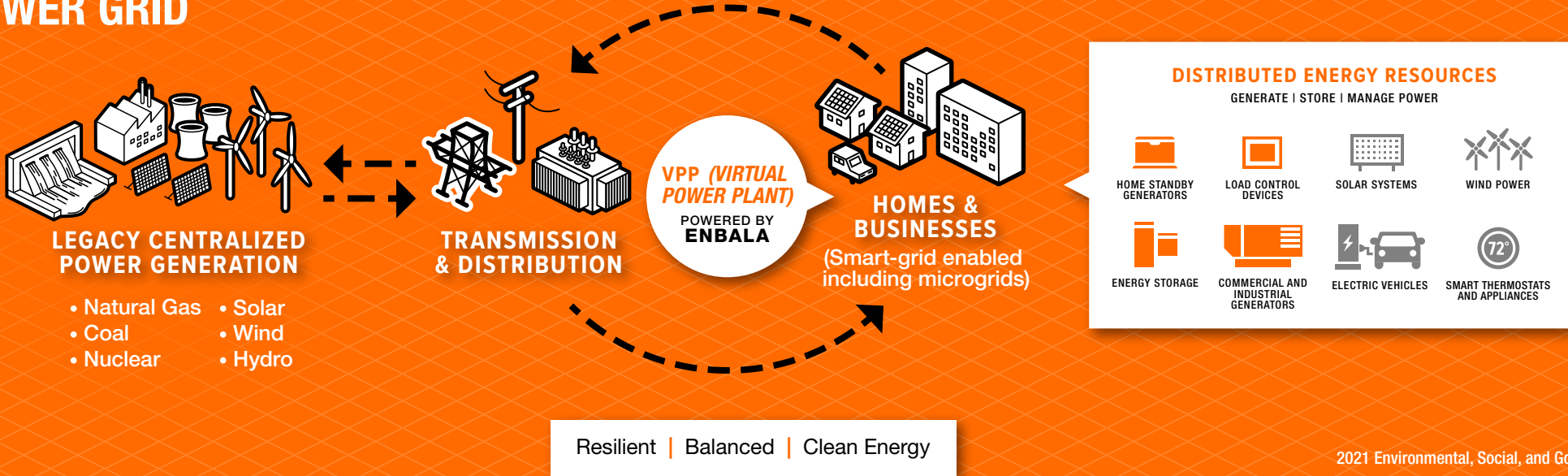
## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD

Generac's goal is to develop a series of product ecosystems for residential, commercial, and industrial users 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 our new Grid Services Group 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.

### The Solution: Generac's Product Ecosystem

- Generators: Backup and Beyond Standby
- Battery Storage Systems
- Energy Monitoring Devices
- Energy Management Devices
- Grid Services Software - Smart Grid Ready
- Microgrid and Virtual Power Plant Solutions
- Microinverters
- Next-Gen Load Control Devices

## FUTURE POWER GRID





# ENVIRONMENT

## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD

### Powering the Energy Transition

The future of power generation and delivery is changing, and Generac is at the forefront. After decades of being a market leader across a wide variety of backup power solutions, Generac has evolved into an energy technology solutions company that is built to meet the resiliency and sustainability challenges facing today’s energy infrastructure.

Due to extreme and unpredictable weather patterns, reliable backup power sources have never been more important. Just as important is making these sources more efficient and sustainable so we can mitigate their impact on the warming climate. Multiple pillars of Generac’s strategy are designed to achieve this goal, as we are focused on improving energy resilience and independence and optimizing energy efficiency and consumption. We’re executing on this strategy by increasing onsite and distributed generation and storage with renewable energy and cleaner burning natural gas, along with developing energy monitoring and management products that encourage more sustainable and efficient power consumption.



We want to increase power reliability through onsite generation and storage solutions that provide resiliency for homes, businesses, and communities.

### Generac Products



Home Standby Generators



Load Control Devices



Energy Storage



Commercial and Industrial Generators

# ENVIRONMENT

## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD

### Powering the Energy Transition

Generac now 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 these products and software programs are incorporated directly into our Solar + Storage Battery Systems home standby generators, transfer switches, and controllers, and some can even interface directly with local utilities to take advantage of demand response programs designed to maximize energy efficiency and reduce strain on the power grid. For example, our entire line of home standby generators, commercial and industrial generators, and PWRcell Solar + Battery Storage Systems are now being manufactured and offered as “Smart Grid Ready,” meaning they come ready to serve as distributed energy resources (DERs) through our Enbala Concerto software platform. This software allows these DERs to seamlessly form virtual power plants (VPPs) – collections of DERs capable of augmenting the grid services provided by traditional power generation. The DERs still function as traditional power backup devices, powering the home or business in the event of a power outage, but they can now also enable the sale of power back to the grid in times of peak demand, reducing the amount of strain on the grid and offsetting a portion of asset owners’ monthly energy expenses.



We want to enable sustainable and more efficient power generation and consumption through monitoring, management and lower-carbon solutions.

### Generac Products



**Grid Services Software  
and Control Devices**



**Load Management  
Devices**



**Microgrids and  
Virtual Power Plants**



**Electrified Chore  
Products**



**Solar Micro-Inverters**

# ENVIRONMENT

## PRODUCT SUSTAINABILITY: POWERING A SMARTER WORLD

### Supporting Critical Infrastructure

In an increasingly connected world, we are more reliant than ever on a stable power supply and robust and resilient telecommunications networks. This reliance has grown significantly during the pandemic, as we have increasingly treated our homes as sanctuaries where we live, work, and play. The adoption of electric vehicles will further increase the importance of critical infrastructure, as the cars of the future will be reliant on near 100% uptime for wireless networks. Now is the time for utilities, businesses, and homeowners to begin making the investments that will be needed to ensure our critical infrastructure is able to adapt with us.

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, while also utilizing our natural gas generators for numerous beyond standby applications. And we’re leveraging our existing products to form Virtual Power Plants that will support grid reliability at utility scale. The world is changing, and Generac is ready to do its part to Power a Smarter World.



We want to offer innovative solutions that enable and protect next-generation power, communications, transportation, and other critical infrastructure.

### Generac Products



Telecom



Commercial and Industrial Generators



Microgrids and Virtual Power Plants



System-Level Control Devices



Mobile Generators and Light Towers



# ENVIRONMENT

## NATURAL GAS GENERATORS

Generac is a global leader in producing residential, commercial, and industrial generators powered by natural gas, which is 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 utilizing grid services, energy management solutions, and microgrids, Generac can make a meaningful contribution to global greenhouse gas reductions and Power a Smarter World.

Recently, we also launched our first hybrid product incorporating both a natural gas generator and a battery storage system, which supports the resiliency of residential solar energy systems by using the generator to charge the battery when the sun isn’t shining. This resiliency solves a major problem with current solar energy systems, making these systems much more attractive to a broader group of homeowners and hopefully driving their adoption on a broader scale than exists today. We are also planning future hybrid products—including larger commercial and industrial units—that will utilize battery technology to increase generator output using a smaller footprint, saving space, fuel, and raw materials.

## COMPARED TO DIESEL, NATURAL GAS CONTAINS:

**NO**  
SOOT PARTICLES

**99% LESS**  
SULFUR OXIDE

**NO**  
HEAVY METALS

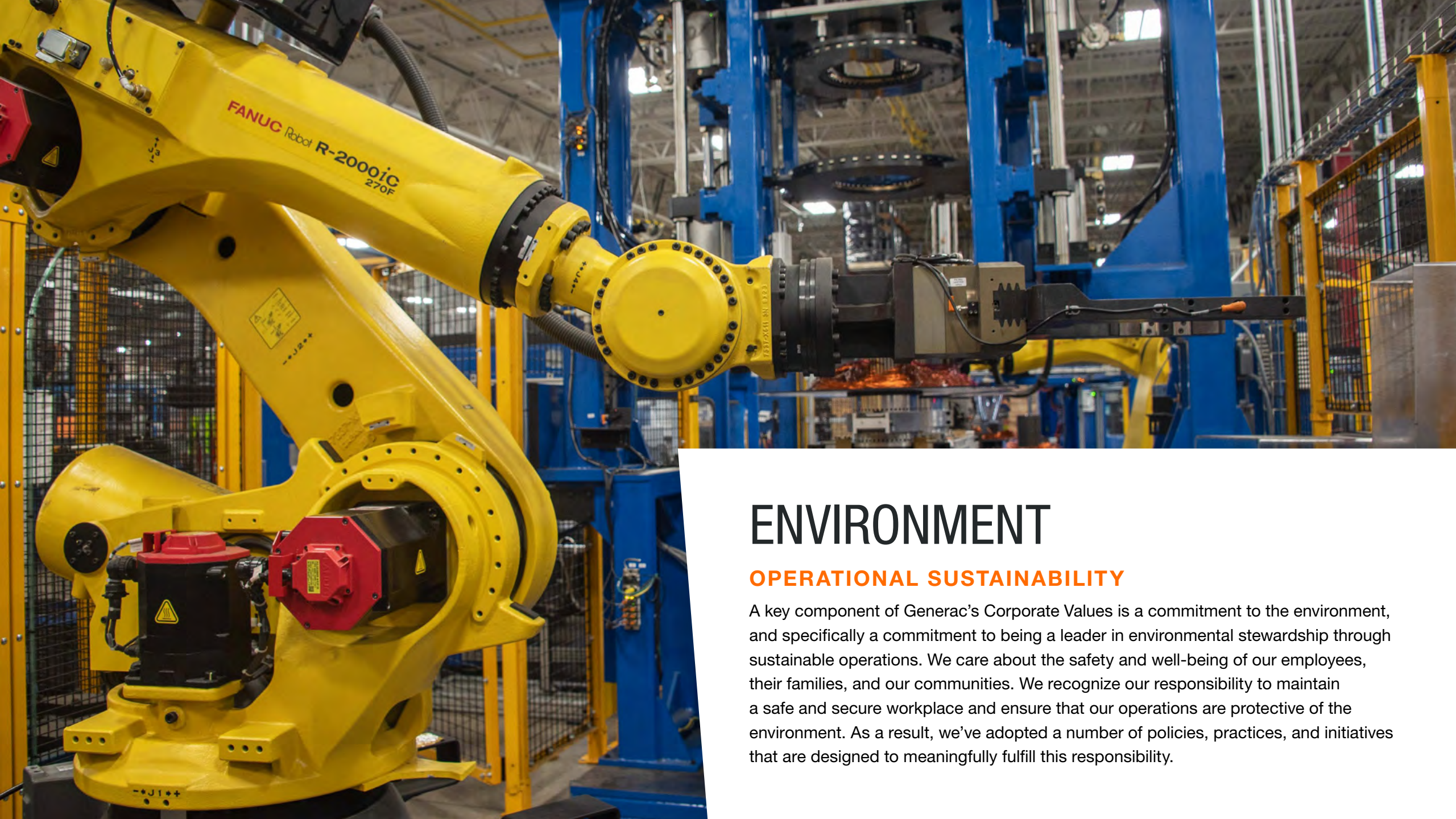
**80% LESS**  
NITROGEN OXIDE

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



Source: [HTTPS://WWW.RESEARCHGATE.NET](https://www.researchgate.net)





# ENVIRONMENT

## OPERATIONAL SUSTAINABILITY

A key component of Generac's Corporate Values is a commitment to the environment, and specifically a commitment to being a leader in environmental stewardship through sustainable operations. We care about the safety and well-being of our employees, their families, and our communities. We recognize our responsibility to maintain a safe and secure workplace and ensure that our operations are protective of the environment. As a result, we've adopted a number of policies, practices, and initiatives that are designed to meaningfully fulfill this responsibility.





# ENVIRONMENT

## OPERATIONAL SUSTAINABILITY

### Environmental Policies and Reporting

As part of demonstrating our commitment to environmental stewardship, 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 ISO 14001 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.

Generac has adopted a Drive to Zero strategy across our operations globally to enhance reductions in energy, water, waste, and emissions to improve the quality of life for our employees, their families, our communities and our planet.



# ENVIRONMENT

## OPERATIONAL SUSTAINABILITY

### Resource Management

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

- Performing an ongoing comprehensive evaluation of our global greenhouse gas emissions to collect baseline data and identify opportunities to reduce those emissions;
- Collecting data and developing metrics around our global environmental impacts, including water use, emissions, and waste generation and recycling;
- 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; and
- As part of our “Drive to Zero” initiative, committing to continuous improvement efforts around greenhouse gas emissions, solid and hazardous waste generation and recycling, and energy usage in our supply chain.

### DRIVE TO ZERO INITIATIVE



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 and work to continuously improve 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 builds for opportunities to streamline or 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.

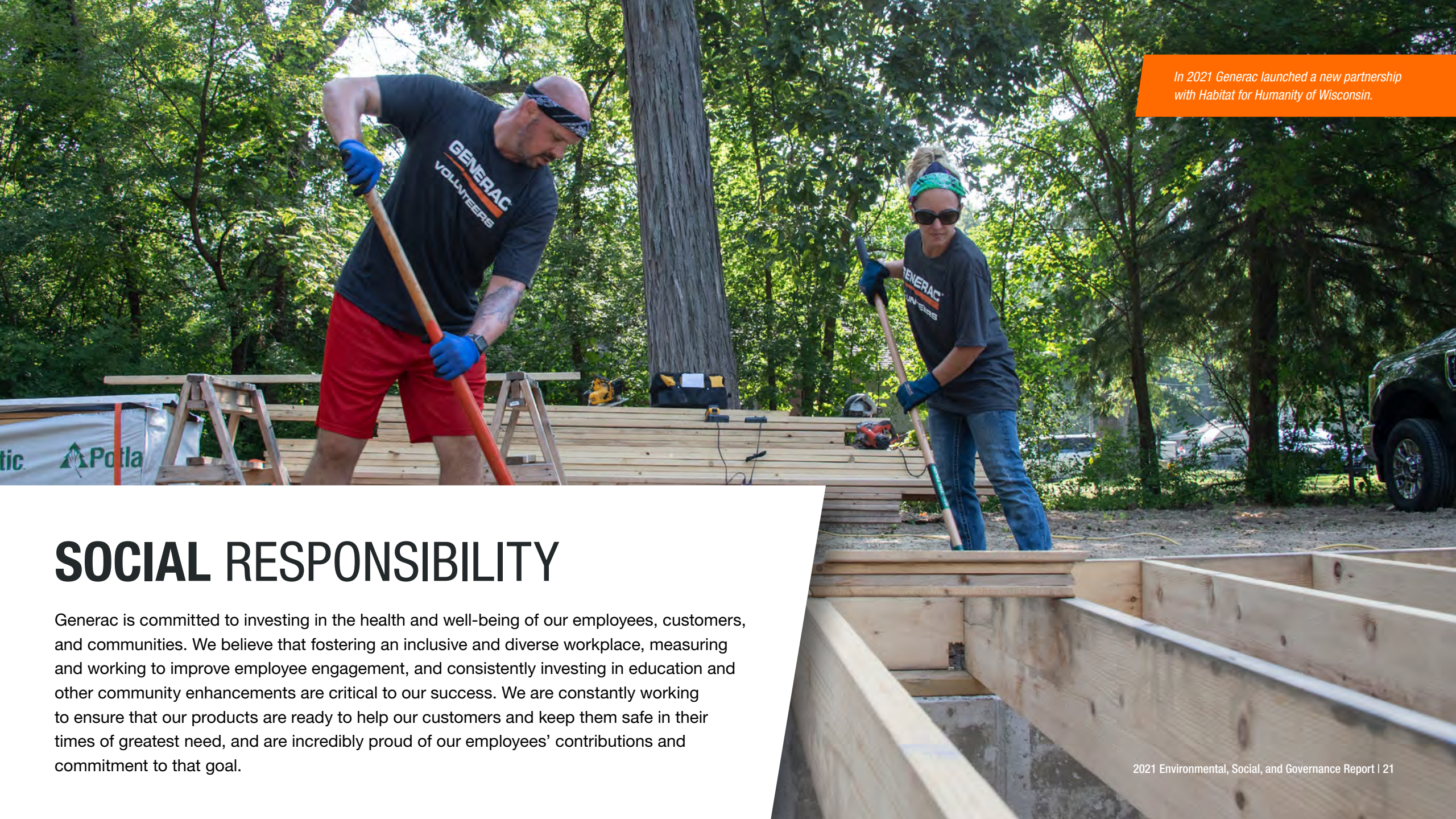


A modern building with a dark, vertically-slatted exterior and a wooden deck. On the deck, there is a Generac power system consisting of a large white battery bank, several smaller white control boxes, and a white generator unit. The building has large glass windows and a wooden ceiling with recessed lighting. The background shows a desert landscape with rocks and sparse vegetation under a twilight sky.

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

- CHAD, NORTH CAROLINA





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

# SOCIAL RESPONSIBILITY

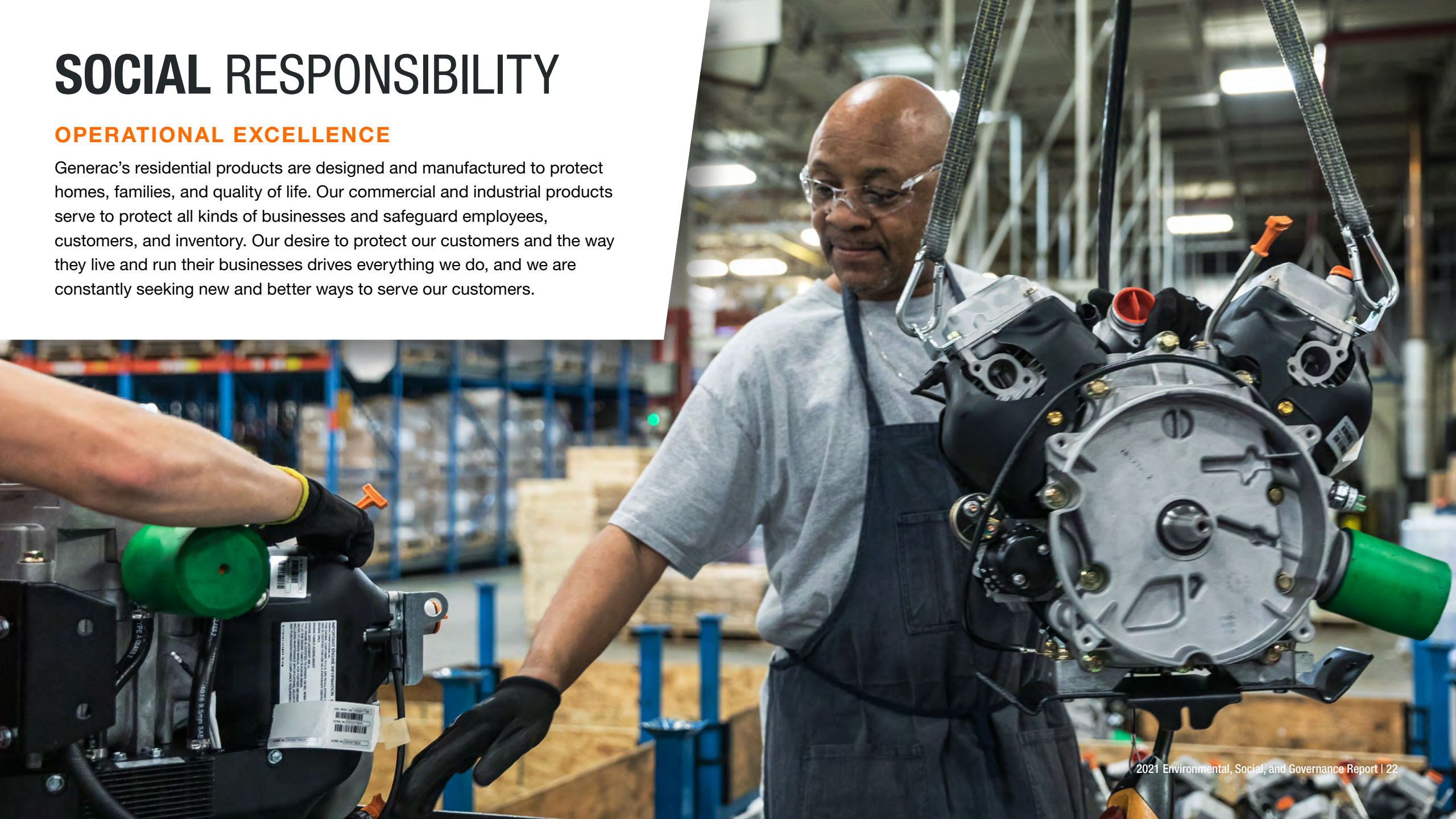
Generac is committed to investing in the health and well-being of our employees, customers, and communities. We believe that fostering an inclusive and diverse workplace, measuring and working to improve employee engagement, and consistently investing in education and other community enhancements are 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.



# 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 nearly all aspects of product design and production. We have a Product Safety Committee that participates in our new product introduction in an effort to ensure that our products meet all applicable safety standards and internal engineering design standards, including those issued by the Consumer Product Safety Commission. This Committee 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 introduction 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 a core element of our corporate strategy, which we execute on 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, and also includes efforts 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.



# 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 consistent communication of a Corporate Safety Handbook.
- Implementation of corporate- and facility-level Health and Safety Committees.
- 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.

## SAFETY METRICS

METRIC	GENERAC (2020)	NATIONAL AVERAGE (2020)
Total Recordable Incident Rate (TRIR)	1.55	2.3







# 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

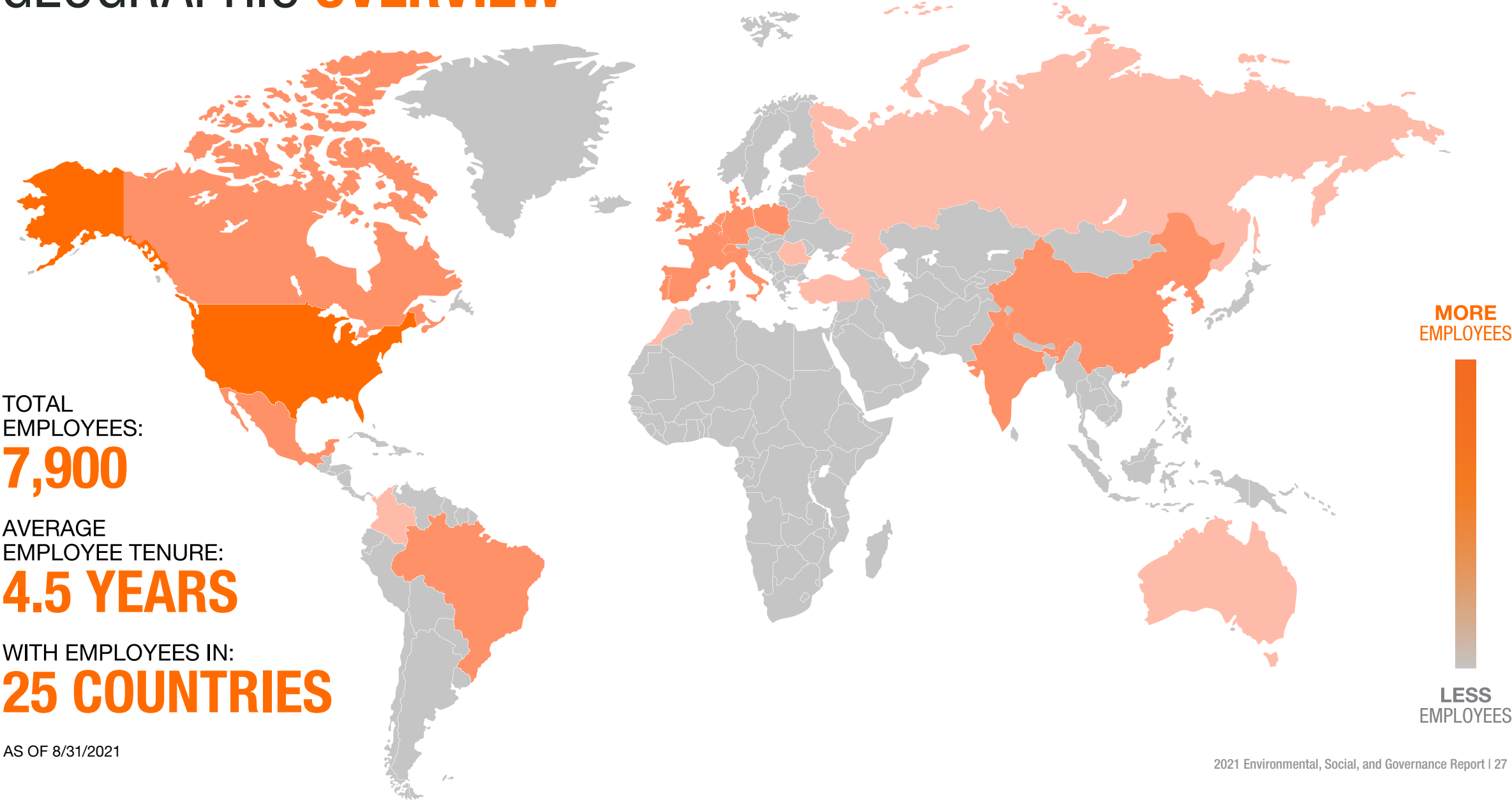
“Our People” is a Corporate Value and also one of four foundational elements of our “Powering A Smarter World” strategy. We foster a culture of diversity and engagement to strengthen our Company while supporting individual achievement, inclusivity, and good corporate citizenship globally. We believe 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 equity and respect.



Over 5,900 employees and family members enjoyed this year's Annual Company Picnic, held at the Milwaukee County Zoo.



# GEOGRAPHIC OVERVIEW



AS OF 8/31/2021

# 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 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.
- **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.

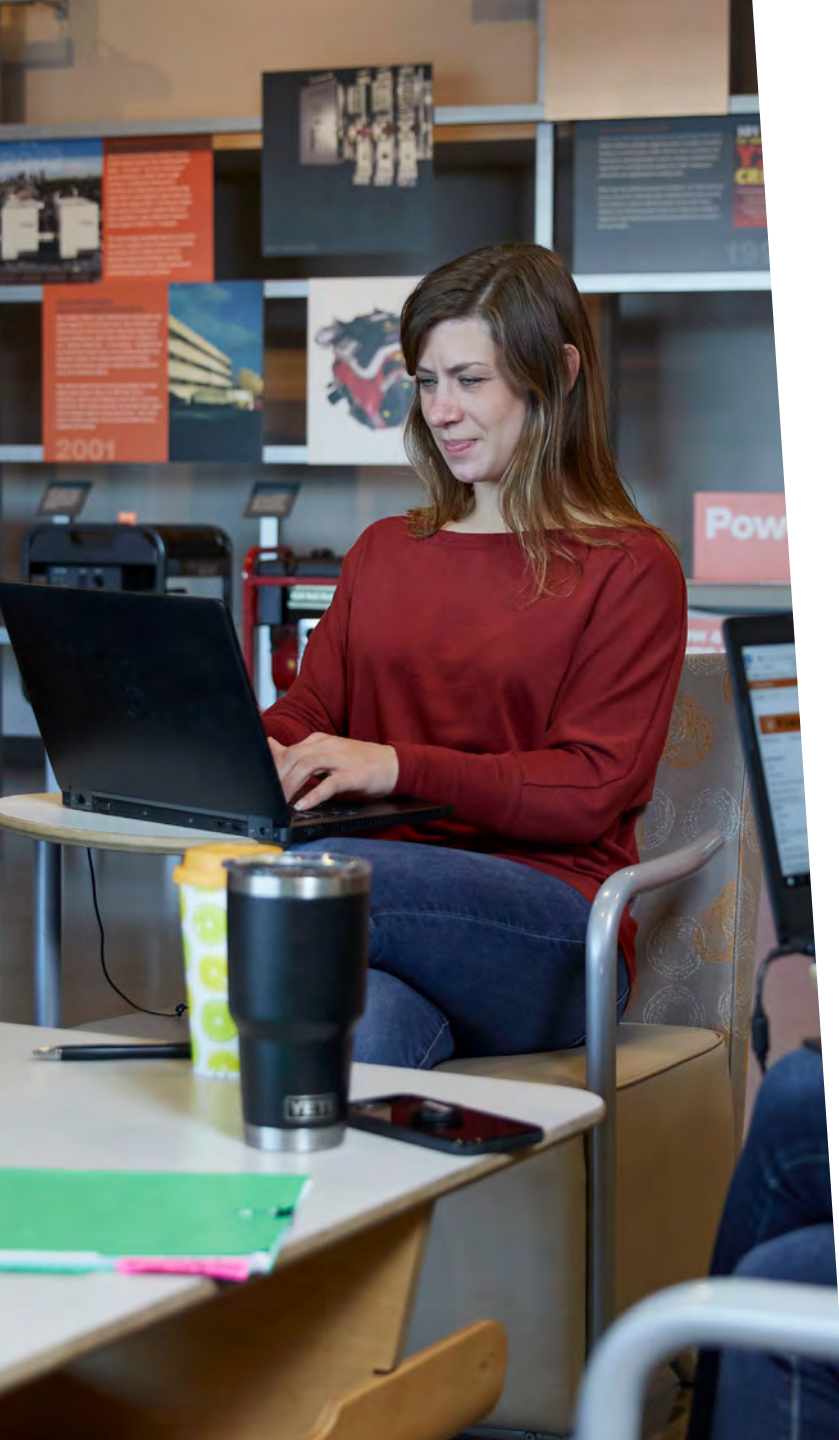


Our Corporate Values are the foundation of our Leadership Principles. Each value has two Leadership Principles to describe associated behaviors.

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







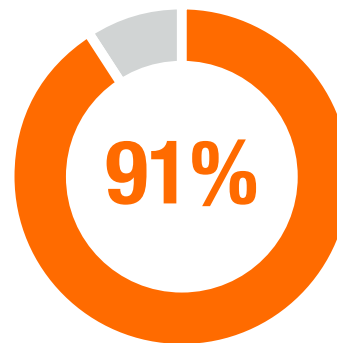
# SOCIAL RESPONSIBILITY

## 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.

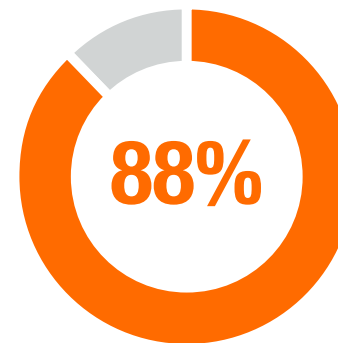
- Consistently more than 75% of the workforce has participated in the engagement survey, making sure employee opinions inform our culture journey.
- Engagement Leads, assigned to business groups and functions, assist senior management in conducting focus groups and are instrumental in implementing detailed 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



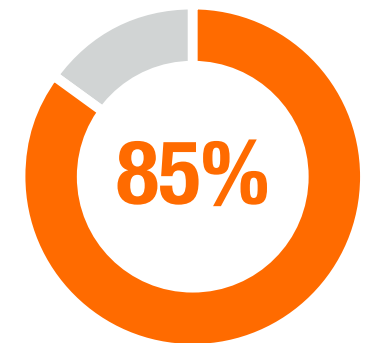
of employees feel they **understand how their work contributes** to Generac's business objectives

### 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

# 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 with a goal of 100% people managers completing within 1 year.
- We establish DE&I reporting practices to fully measure and understand where we are 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.
  - We regularly 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.

# 7,900 EMPLOYEES

(FOR THE 12-MONTH PERIOD ENDED 8/31/2021)



	MEN	WOMEN
SALARIED	77.4%	22.6%
HOURLY	68.5%	31.5%

### OVERALL

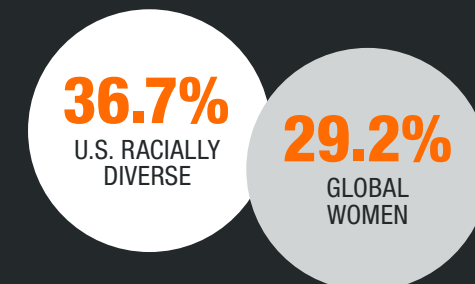
72.2% Men 26.8% Women

## 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







# SOCIAL RESPONSIBILITY

## DIVERSITY, EQUITY, AND INCLUSION

- We provide an inclusive candidate hiring and onboarding experience, including partnering with targeted universities and professional organizations and managing bias throughout the hiring process.
  - Members of our talent acquisition team have been certified in diverse hiring strategies.
  - Additional tools are being assessed to help search diverse partnerships, groups and schools. A pilot for Human Predictions is occurring that helps collect data and rank candidates most likely to make a job move.
- We build partnerships with job agencies representing clients with disabilities and workforce programs to provide job opportunities to those who face barriers to employment.
- We listen to employees to build a workplace and culture based on integrity, respect, and a feeling of belonging.
  - In the last 12 months, a total of 275 employees participated in listening sessions and provided Generac with feedback across various employee population groups and locations.
- We celebrate events and commemorate milestones that represent the diversity of racial and religious heritages of our employees and communities.
  - In 2021, we encouraged employee understanding and celebration of 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.



# 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 are an important way 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 with over 170 employees.
- The **Military Employees and Families BERG** brings together employees with a strong connection to the military (not just veterans or those currently serving) to assist with recruitment and onboarding programs that better support those who are or who have

served in 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 59 members.

- We are in the process of launching a **BERG for Global Inclusivity** and have employees who are inquiring about starting other new groups.
- Over the past year, we have sponsored conferences and symposiums to help support diversity in our communities. These sponsorships provide opportunities to influence change related to women and minorities in manufacturing including MRA Diversity, Equity and Inclusion Leadership Conference and Girls Engineering, Mathematics and Science (GEMS), Women's and Girls Fund of Waukesha County, STEAM Summit, and FLAME Event.







# SOCIAL RESPONSIBILITY

## EQUAL OPPORTUNITY

Generac is firmly 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 on the basis of 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 the conversation about their development with mid-year career conversations and individual development plans. Generac has invested in an integrated human capital and talent management system supported by robust talent processes and tools that empower our leaders to build careers.

- **Annual Talent Reviews** are conducted for our office workforce to identify internal career and development opportunities for employees who aspire for advancement.
  - Individual talent profiles are used to capture interest and aspirations of our professional workforce. Managers use these talent profiles to help determine internal career paths and nominations for training programs.
  - Employees and managers work together to develop individual development plans.
- Technical pathways for manufacturing employees provide an opportunity based on career interest to build automation skills for opportunities to transfer into automation technician roles. Pathways are also available to progress employees, including welders and testers, into skilled positions.

- 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 for over 100 junior 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.
- Generac provides a **Tuition Reimbursement Program** to approximately 30 employees every year, funding more than \$130,000 per year to pursue an associates, undergraduate or graduate program.





# GENERAC LEAN ACADEMY

*The Generac Lean Academy (GLA), offered in partnership with Waukesha Technical College (WTC), provides customized lean certification to Generac employees.*



# SOCIAL RESPONSIBILITY

## LEARNING AND DEVELOPMENT — TRAINING

Our goal to sustain a high-performing culture requires a commitment to employee learning and ensuring employees and people managers have the understanding and knowledge to successfully perform in their positions. Training is a key component of performance and Generac has invested in training that includes foundational and skill-building programs for all employees. In-house training follows an adult learning model with a mix of classroom, online, self-paced and structured programs, providing a variety of ways to learn new skills.

- **Continuous Improvement (“CI”)** serves as a foundational skill for success at Generac. Generac has invested time and resources to build CI as a core competency in the business and is proud to partner with higher education institutions to provide accredited training for our employees. The Generac Lean Academy (GLA), offered in partnership with Waukesha 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** – The Lab highlights the key characteristics of our Excellence Value. In person or virtually, employees have an opportunity to experience, first hand, the effects of both poorly-designed and well-designed processes as they relate to people, productivity and results.

- **Introduction to Continuous Improvement** – Employees learn our 10 Lean Principles through this online course. The Principles include concepts such as long-term thinking, process discipline, quality at the source, standardization, value chain thinking and more.
- **Lean Methods** – 10 Individual Online Modules are being developed into 2022 to teach employees how to use specific lean tools on improvement projects. They include topics such as standard work and 5S, PDCA 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.

150 Operations Leaders  
HAVE COMPLETED A CI LEADERSHIP WORKSHOP

75% of Supervisors  
HAVE COMPLETED EVERYDAY COACHING

\*DATA FROM PROGRAM INCEPTION TO 6/30/2021

223 Professional Employees  
HAVE COMPLETED GENERAC LEAN ACADEMY  
AND HAVE BEEN CERTIFIED IN LEAN





**20%**  
COLLABORATIVE  
LEARNING

**70%**  
ON THE JOB  
EXPERIENCE

**10%**  
FORMAL  
LEARNING

# 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.
  - A pilot for Project Management Training is currently underway in partnership with the University of Wisconsin - Milwaukee.
  - Every Generac supervisor is expected to complete Everyday Coaching for Supervisors within their first year. This 14-week cohort program includes 7 modules preparing frontline leaders for coaching performance, building trust, giving feedback and recognition.
- Collaborative learning is incorporated as a core construct in select training programs. The use of cohorts and peer-to-peer training learning immerses the employee into real-life scenarios and on-the-job application with others to facilitate strong relationships and connections across our leadership teams.
- 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 department 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 CI Managers, our manufacturing employees work through a hands-on CI project with leadership from the facility.
  - **Hackathon** - 16 teams participated in Generac's first Hackathon in 2020. Participants identify and solve a Generac business problem, develop a technology prototype and demonstrate their solutions. To date, 8 out of 16 ideas have been implemented and our next Hackathon is scheduled for 2021.

# 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 2020, 43% of our eligible population participated in the program and received health insurance premium credits.
- Annually we offer free flu shots to our US employees, and in 2021 we also offered appointments for onsite COVID-19 vaccines at a number 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.
- In 2020, Generac's renovated headquarters was 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 offers virtual and live classes with certified instructors and 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 workforce with regular communication, tools and resources, PPE, training and sanitization protocols throughout our facilities.

- Generac has invested over \$500,000 in our facilities to improve the safety and well-being of our employees. These included installing contactless dividers and touchless door openers, providing disposable and cloth face masks, and supplying cleaning products throughout our buildings.
- Generac has paid more than \$500,000 in wages to a team of dedicated cleaning staff who have worked more than 20,000 hours cleaning our facilities and offices in the past 15 months.

- Generac paid more than \$850,000 in temporary leave benefits to support U.S. employees with time away to care for their own health, or that of family members.
- Supporting our employees and their families as they adjusted to the impact of the pandemic also led to modified attendance policies and expanded personal leave benefits, allowing employees more flexibility for personal or family reasons related to COVID-19.
- Generac launched a new Telemedicine program to help employees maintain their physical and mental health while managing the impacts of COVID-19.
- During 2020, all Leadership Training was converted to include virtual offerings for Everyday Coaching for Supervisors, our Leadership Principles Labs, and our Change Management Workshop.
- Generac has been transparent and timely with communication to all of our employees throughout the pandemic and issues on-going information via intranet, email, text and voice messages to provide updates. Our communication campaign includes facts about the virus and encourages all employees to educate themselves about the vaccine.

# SOCIAL RESPONSIBILITY

## COMMUNITY ACTION — COVID-19 RESPONSE

Generac is extremely proud of our employees' contributions in the fight against the virus and their commitment to support their communities during this crisis. Our essential products brought peace of mind to all 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 to support their communities, frontline workers and local businesses. Donations included; masks, safety glasses and ear protectors for local hospitals, 1,400 food donations to supply 30,000 meals to local food banks, blood drives and more than \$10,000 towards local restaurants.



1,400  
**FOOD DONATIONS**  
**TO SUPPLY**  
**30,000 MEALS**  
**TO LOCAL FOOD BANKS**



**MORE THAN**  
**\$10,000**  
**TOWARDS LOCAL RESTAURANTS**



# 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. Today, our Generac giving program is focused on three priorities: Education, Veterans and Active Duty Military Service, and Community Building. Each gift we make positively impacts outside organizations, individuals and our communities.

- In 2020, Generac contributed to more than 133 different nonprofit organizations in the U.S. through this program. Some of our recent recipients include Big Brothers Big Sisters, Madison Association for the Deaf, Hebron House, Waukesha Citizens Policy Academy Association, Camp Hometown Heroes, Make-a-Wish Wisconsin, Boys and Girls Club of Tri-County Area, Berlin Youth Wrestling and many more nonprofits.
- As founding corporate sponsor of GPS Education Partners, we are proud to provide opportunities for at-risk high school students to open new doors through work-based learning. The partnership includes an onsite GPS Education Center in our Eagle, WI facility. In the past 20 years with Generac's support, GPS has assisted more than 1000 students with career pathways through these youth apprentices.



*Adam, 2016 Graduate & Generac Employee.*

**“ I am not sure I would have graduated high school without the GPS program. The program gave me an opportunity when I needed it most in life. ”**

**- ADAM, GPS GRADUATE & GENERAC EMPLOYEE**

# SOCIAL RESPONSIBILITY

## COMMUNITY — POWERING POSSIBILITIES

- Generac is a leading supporter of the **Leukemia and Lymphoma Society**. For the past nine years, Generac has been a top corporate sponsor of LLS Light the Night Walk. Together, our vendors, employees and the Company have cumulatively contributed more than \$1 million to help find a cure for blood cancers.
- Honoring our military and the men and women who serve our country and fight for our freedoms is an area of giving we have expanded over the past twelve months. A few of the recent collaborations include **Vietnam Veterans Moving Wall exhibit, Wisconsin Veterans Museum, Veterans Artwork Display and Operation Honor**. In 2021, Generac launched a new partnership with **Habitat for Humanity of Wisconsin**. The partnership includes supporting the **Veterans Builds** and **Veteran Home Repair Program** with Generac veteran volunteers, a donation of \$10,000 plus generators and power washers to support their **She Served Week**. In addition, Generac proudly sponsored **Military Appreciation Day** at Summerfest, the world's largest music festival, where Generac honored both community and employee veterans.

- Supporting our community comes in many shapes and forms at Generac. Another example is our support to the **Zoological Society of Milwaukee**, a nonprofit organization. The Society recognizes the importance of education and offers programs through the year delivering essential science and conservation messages to the diverse communities of southeastern WI. Generac sponsors the Zoo Terrace and proudly hosted the 2020 and 2021 annual Generac Company Picnic for more than 5,900 employees and their families at the zoo.

*For the past nine years, Generac has been a top corporate sponsor of LLS Light the Night Walk.*





# 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.

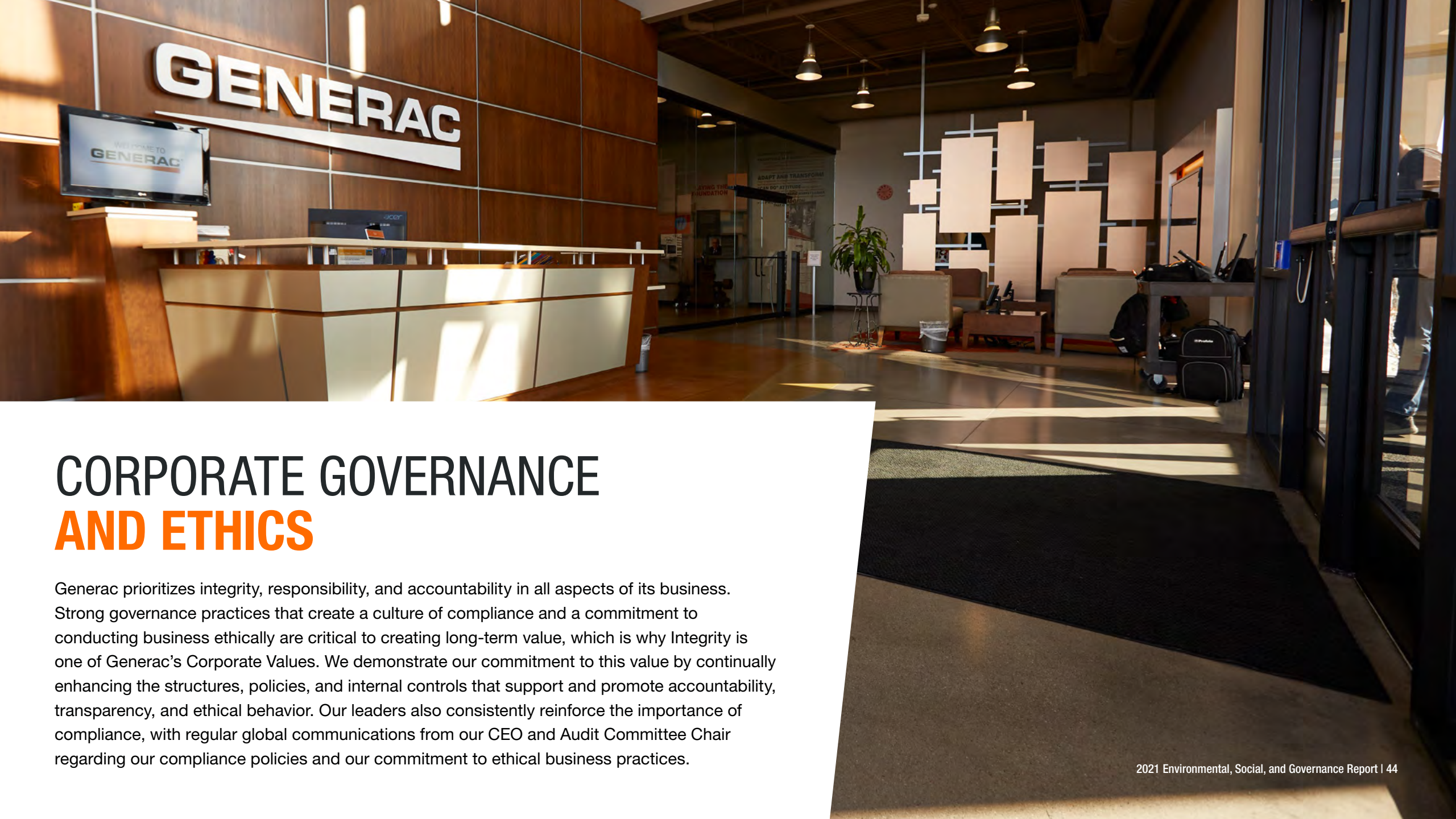
- Members of our Storm Response team help manage increased customer call volume during outage events, making for a positive customer experience when it is needed most.
- Our Field Service Response Team members attend hands-on training at our Service Training Center in Eagle, Wisconsin, where they learn 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.



*Our Generac Storm Response Team assists in areas that are hit hard by inclement weather.*

“ We were recently hit with some of the worst of Hurricane Ida...your crisis team is phenomenal...**thank you Generac for being a company that cares.** ”

- C. BENNETT, 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. 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 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 10 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

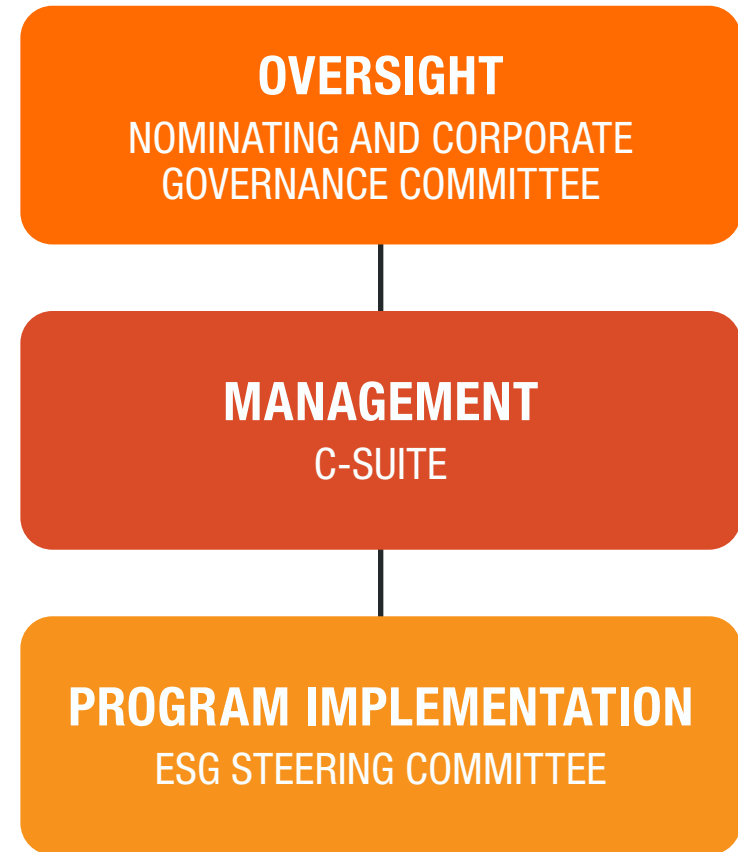
## BOARD DIVERSITY

Our Board 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 two female members, and while it does not currently have any racially or ethnically diverse members, it is committed to ensuring that such diverse candidates are included in the pool of candidates considered for future openings.

## 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





# 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 the 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)	Our Wisconsin facilities consumed 108,188 GJ of energy in 2020.	RT-EE-130a.1
	Percentage Grid Electricity	Percentage (%)	100%	
	Percentage Renewable	Percentage (%)	0%	
Hazardous Waste Management	Amount of Hazardous Waste Generated	Metric Tons (t)	In 2020, we generated 275 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 2020	RT-EE-150a.2
Product Safety	Number of Recalls Issued, Total Units Recalled	Number	0 in 2020	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 Iec 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 2020	RT-EE-510a.2
	Total Amount Of Monetary Losses As A Result Of Legal Proceedings Associated With Anticompetitive Behavior Regulations	Reporting Currency	0 in 2020	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 2020	
	Total Number Of Identified Leaks, Thefts, Or Losses Of Customer Data.		0 in 2020	

# SASB ESG AND UN SUSTAINABLE DEVELOPMENT GOALS **ICON INDEX**



## **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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