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# FROM TOP MANAGEMENT

## DEAR STAKEHOLDERS,

In the last two years, our resilience has been tested by the Covid-19 pandemic, some of the consequences of which we are still dealing with today. However, the healthcare crisis has resulted in a strong push towards the future, accelerating our ongoing adaptation and orientation to the many global challenges, trends, and scenarios that have recently emerged.

This should be seen as an opportunity that our companies now have to provide a sustainable growth path.

Starting with climate change and global warming, to which PRIMA INDUSTRIE has been responding to for several years now with the development of sustainable machinery and plants, thus contributing to the reduction of emissions into the atmosphere.

Specifically, in 2021, the relocation of the Collegno production plant to new premises was completed, designed with cutting-edge energy features, inspired by the concepts

of sustainability and energy saving, with the aim of using energy more efficiently, eliminating waste and losses. To cite a few examples, PRIMA INDUSTRIE chose a solar thermal system to generate electricity, and a geothermal system to exploit the water table for cooling and heating purposes.

Another challenge we feel called upon to address is inclusive growth in relation to people. The PRIMA INDUSTRIE Group's activities are and will always be more open and inclusive, in order to allow people to grow together with the company: only by treating all parties involved as valuable will the Group succeed in generating positive social influence, attracting new talent and retaining key resources.

PRIMA INDUSTRIE is made up of people who are committed on a daily basis to providing top technology products: therefore, it is essential to enhance human capital by promoting corporate values that reflect this both internally, by supporting diversity and equal opportunities, and externally, by considering PRIMA INDUSTRIE as an important member of the community with a view to an ever-increasing integration of the company in the context in which it operates. PRIMA INDUSTRIE has therefore promoted both actions aimed at its own employees, such as the implementation of flexible working measures to allow workers to improve their work-life balance, and activities that have an impact on the community, such as, for example, the creation of internship opportunities or training carried out in



schools to bring very young people closer to the world of work.

An additional challenge that the Group has undertaken concerns the digitalisation of processes and technological innovation.

### **PRIMA INDUSTRIE IS MADE UP OF PEOPLE WHO ARE COMMITTED IN OFFERING HIGH TECHNOLOGY PRODUCTS.**

PRIMA INDUSTRIE sees these as the key to success in the green transition. The digitalisation process requires vigorous action and bold investment programmes to reap the benefits and anticipate the risks. In this regard, the Group is investing in additive manufacturing, photonics, and new technologies in general, also with the intention of contributing to the reduction of harmful environmental impacts and generating, at the same time, beneficial consequences for the natural, economic, and social environment.

Finally, there is one last change that is taking place: the redefinition of value chains around the world. Transport is becoming more complicated in a number of economic, environmental, and logistical respects and every company has been impacted by supply difficulties and the resulting reductions in supply capacity. During the pandemic, globalisation showed its fragility and shorter supply chains are likely to be the answer in the future. They need to be seen as a

network, creating value and enhancing innovation, and the best way to achieve this is to work with like-minded suppliers. PRIMA INDUSTRIE is supported in this by its "glocal" footprint, which enables more sustainable management of the environmental, social and economic impacts of the supply chain.

In the non-financial statement that follows, PRIMA INDUSTRIE has attempted to highlight all the above aspects that increasingly characterise its operations worldwide.

Obviously, the contribution of all partners was, as always, indispensable, and therefore we would like to thank all our employees, partners, customers, shareholders and stakeholders in general, conscious of their importance for the sustainable development of the Group to the benefit of all.

**The Chairman  
of the Board of Directors**

1.



# METHODOLOGICAL NOTE

## 1.1 REPORTING GOALS

With this Fifth edition of the Sustainability Report the PRIMA INDUSTRIE Group (hereinafter, for the sake of brevity, referred to as “the Group” or “PRIMA INDUSTRIE”) is responding to the requirements of Legislative Decree 254/16, issued to implement “Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial information and diversity information by certain large undertakings and groups” (hereinafter, for the sake of brevity, also “Legislative Decree 254/2016” or “the Decree”), presenting the “Consolidated non-financial statement” (DNF) in the form of a “separate report”, as set forth in art. 5 Publishing of the declaration and publishing standards for the Decree.

In accordance with the Decree (Art. 3 and 4), the Group, in the scope of the applicability of the Decree, must draft a non-financial document that, *“in a measure necessary to ensure comprehension of company’s activities, its progress, results and impact produced by the same, covers themes pertinent to the environmental, social issues, personnel, respect for human rights and the fight against corruption, direct and indirect, relevant in light of the specific activities and characteristics of the company”*.

The NFS includes information relating to the topics that have been highlighted as being of specific importance for the purposes of 2021 non-financial reporting in the document, *“European Common Enforcement Priorities for 2021 Annual Financial Reports,”* published by the *European Securities and Markets Authority* (ESMA, the regulation of the European securities market) on 29 October 2021. Information is also provided in the Group’s 2021 Annual Financial Report and, therefore, for more details, reference can be made to the related document. Delegated Acts relating to the transparency of companies in non-financial statements and the contributions that the company can make to the European Taxonomy of Sustainability (EU regulation 2020/852) were also taken into account.

The Sustainability Report (henceforth, for the sake of brevity, “Report” or “document”), in addition to acting as a tool for satisfying the requirements of said Decree, also represents a vehicle to ensure maximum transparency for its stakeholders and for reporting on its initiatives and performance regarding environmental and social sustainability.



## 1.2 Reporting standards

Legislative Decree 254/2016 requires reporting on the topics mentioned in the preceding paragraph "according to the methods and in accordance with the methods and provided under the Reporting Standard used as reference or under the independent reporting method used for preparing the disclosure".

With regard to this aspect, PRIMA INDUSTRIE has decided to use the GRI Standards issued by the **"Global Reporting Initiative"** (2016, version) as the technical and methodological reference for reporting the information required by the Decree and contained in this document. Specifically, the Group has not chosen to prepare the document according one of the two options (**Core** o **Comprehensive**) set out in the GRI guidelines;

instead we used a selected set of GRI Standards to report the specific information required by the Decree, in compliance with section 3 of GRI 101 Standard: Foundation (**Making claims related to the use of the GRI Standards**).

References to the selected GRI Standards are reported within the document in correspondence to the data they refer to for relative calculations, as well as in the summary table of indicators reported at the end of this Report.

Relative to some topics (e.g. customer satisfaction), PRIMA INDUSTRIE, not having a specific indicator within the GRI Standards, decided to account its own performance indicators using specific non-GRI indicators, which are also included in the table at the end of the document.





### 1.3 Reporting perimeter and period

The non-financial data and information contained in this document concern all the companies in the PRIMA INDUSTRIE Group, related *branch offices* included.

Starting with the financial year 2021 under review, it was therefore decided to include all Group companies in the scope of reporting, whereas until 2020 reporting was restricted to a more limited number of companies. For further information about the composition of the Group, refer to Chapter 2 in the point dedicated to "Group Companies".

For ensuring, as required under Legislative Decree no. Decree 254/16, a comparison of information with previous reporting periods and for complying with the principle of comparability under the GRI Standards, quantitative and qualitative data in this

report refer to reporting periods 2019, 2020 and 2021. For companies included in this reporting period for the first time, however, only 2021 data will be available.

No reclassifications were made in 2021, but, in certain cases and in relation to some data, some irregularities and information are supported by numerical data that refers only to 2021, with possible comparison to 2020 where possible.

Any exception to the above identified criteria are reported in the single sections of the Report

This Sustainability Report has been subject to a limited audit by PricewaterhouseCoopers SpA. The results of the inspections performed on the prepared non-financial declaration and conformity of the information provided in respect to the requirements set forth in Legislative Decree 254/2016 and respect for the principles, methodologies and practices set forth in section 3 of Art. 3 of the Decree are presented in the report drafted by the auditing firm, reported at the conclusion of this document.

For more information on the issues dealt with in this document, please contact the PRIMA INDUSTRIE Group at: [ir@primaindustrie.com](mailto:ir@primaindustrie.com).

### 1.4 Sustainability report drafting process

The PRIMA INDUSTRIE Group has defined a punctual, shared, and organized process of data collection and processing managed internally by a Working Group coordinated by the *corporate* functions (Finance, Human Resources, Legal and Internal Audit) that intervene on the individual matters that are being monitored, with the heads of the individual operational areas of the four Business Unit (PRIMA POWER, PRIMA ELECTRO, CONVERGENT PHOTONICS and PRIMA ADDITIVE). Responsibility for the project is entrusted to the Manager in charge of the coordination of the activities for the Working Group, specifically with a dedicated person from HR.

The Work Group carries out its activities and shares their initial organization with the external Audit Firm, then provides support over the course of data collection and processing with all the peripheral structures (Group companies involved in the writing of the Sustainability Report).

The purpose of the activities carried out by the central corporate departments is to render (in the presence of legal entities with headquarters in different countries and on different continents) the collection and exhibition of data as homogeneous as possible, overcoming the intrinsic differences originating from diverse local laws (e.g. the various classifications of employees), as well as diverse local methods for interpreting the classification parameters used on the data.

The Work Group is therefore responsible for:

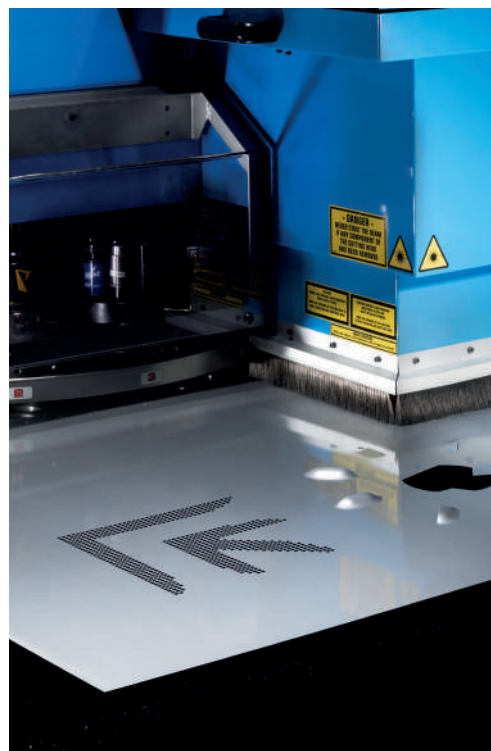
- constantly communicating with the external auditing firm to share the framework of the data collection structures, as well as identifying the type of necessary documentation to support the data, which will then be objectively verified and controlled by the auditing firm;
- supplying the managers of the various operating areas of the companies that fall within the perimeter of reference for the project with adequate constant training to support their activities and render the collection and exhibition of data homogeneous;
- managing the non-financial data collection process through the competent corporate departments for matters involving all of the Group companies that fall within the perimeter of reference, defining and monitoring the collection times, aligned with the deadlines dictated in the comprehensive financial reporting process;
- centrally grouping the transmitted data from the single companies, eliminating any non-homogeneous elements, to present the data in the document clearly and immediately to the stakeholders of reference;
- stimulating, with reference to the sensitive topics identified by the Parent Company Board of Directors, all possible improvements of a procedural and/or organizational nature to increase the quality of the level of attention in all the corporate components for the same topics.

The reporting process is articulated into the following temporal stages:

- identification of the reporting perimeter and, in this edition, coverage

of all the Group's companies and branch offices in order to provide a fully representative picture;

- preparation and updating of the materiality analysis;
- definition of non-financial indicators to be accounted;
- preparation of the timeline for the activities;
- sharing of the identified perimeter, identified material topics, relative indicators and accounting process timetables for non-financial information with Top Management;
- sharing the forms used for collecting data and information with the auditing firm;
- identification of personnel to be involved;
- training and information for contact persons concerning regulatory aspects and guidelines for data collection;
- division of the topics to be developed relative to the qualitative aspects;
- preparation of a document draft, periodically updated, to be submitted for validation by corporate Top Management;
- assurance from the auditing firm;
- presentation of the report to the Board of Directors and shareholders, and its publication.





## 1.5 Stakeholder engagement

When deciding on the structure and content of this document, PRIMA INDUSTRIE took account, not only of the requirements of the Decree, but also its own business activities, the interests of its stakeholders and their expectations.

The Group considers the involvement of its stakeholders to be an important aspect in the management of social, environmental and economic themes.

In order to identify the most important issues to be included and developed in this Report, PRIMA INDUSTRIE has:

- identified its own stakeholders: these are those subjects (individuals, groups, organisations) linked to the company by economic relationships or interests of various kinds or because they are significantly influenced by it (see the box "PRIMA INDUSTRIE's Stakeholders" below)
- analysed the sustainability context and its reference sector by benchmarking its main competitors and analysing the issues though to apply its core business;
- assessed the expectations and issues of greatest interest to its stakeholders and conducted a materiality analysis of the sustainability issues that are most significant for the Group, through internal *stakeholder engagement*: all departments in the parent company were involved, through the creation of a dedicated working group. Each Management Head was asked to attribute priorities to the topics set forth in Art. 3 of the Decree and for the topics considered relevant for the core business of the Group and its stakeholders, assessing the importance of the topics from the point of view

of PRIMA INDUSTRIE and that of the stakeholders of reference;

- the materiality matrix is updated on an annual basis to assess that the positioning of material issues is always in line with the evolution of the company and the needs of stakeholders. In 2021, a focus group was set up to receive up-to-date information on priority and relevance as collected by the corporate departments: each of them shared the reports from the relevant stakeholders, analysing them together with the others and weighing them qualitatively to reconsider the positioning of the material issues in the matrix. Different stakeholders are listened to in different ways, and their priorities are collected in a specific way: with regard to Customers, the Customer Satisfaction Survey is the tool of choice, allowing a high number of responses to be collected and aggregated (details can be found in Chapter 5, "Products"); the Investor Relations Department maintains constant contact with investors and shareholders, receiving suggestions, indications and reports; company employees were listened to through a dedicated climate survey, which in 2021 also included specific questions on corporate sustainability.

So, this document provides the above stakeholders of PRIMA INDUSTRIE with an overall picture of the Group's performance in terms of sustainability.

Providing useful information regarding the sustainability of its business, the PRIMA INDUSTRIE Group offers stakeholders the opportunity to increase and improve their ability to make choices and assessments, including with regard to ethical and social matters.

### PRIMA INDUSTRIE Stakeholders

INTERNAL STAKEHOLDERS	MARKET	CONTEXT AND COMMUNITY	INSTITUTIONS AND ASSOCIATIONS
Shareholders	Customers	States	Industry Associations
Bondholders	Suppliers	Local communities and authorities	Legislators
Employees and collaborators	Financial community	Schools and universities	Monitoring bodies and authorities
Unions	Analysts	Media	Banks and lending institutions

The Group’s commitment to sustainability issues is primarily reflected in its customers, who are in direct contact with end consumers: sustainability understood in this way is a focus on all markets and in the various areas in which company products are present.

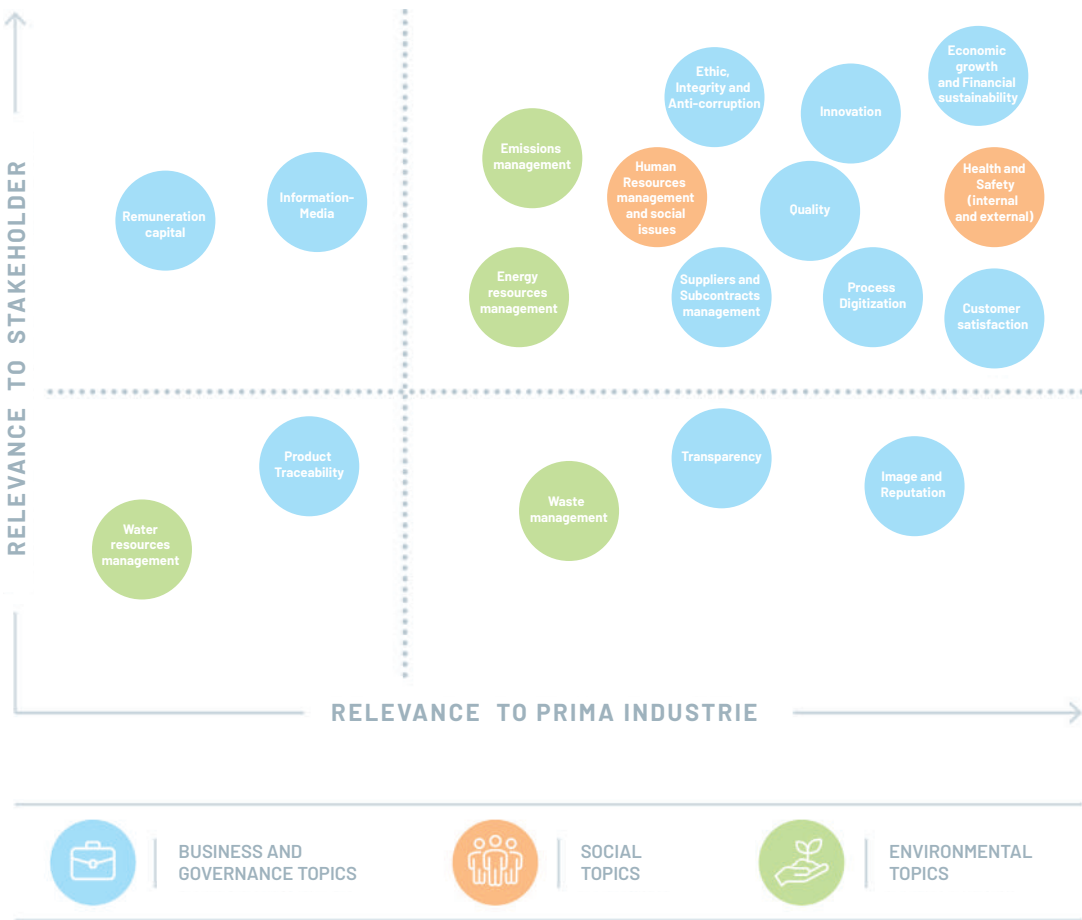
This commitment also helps to generate a good reputation for those who have invested in PRIMA INDUSTRIE as a company that manages its industrial activities in compliance with the various forms of sustainability, including financial, environmental, and social, in all the areas that it operates in.

In addition to Customers, and Stakeholders there are a number of subjects who can influence or are influenced, by the activities of the PRIMA INDUSTRIE Group in terms of products, policies and processes. This broader picture includes public institutions, business associations, trade unions, schools and universities, local authorities, and other reference institutions for the Group.

The Group has worked consistently over time to develop an information and communication system, which it uses to interact and dialogue with all of its local, national and international interlocutors.

1.6 Materiality analysis

Following the materiality analysis carried out, PRIMA INDUSTRIE has built its own materiality matrix, as illustrated below. The graph summarises the result of the materiality analysis conducted by PRIMA INDUSTRIE, in order to identify the most important sustainability issues. For sustainability reporting purposes, those aspects that have a significant impact on the financial, social and environmental performance of the company and which could substantially affect the assessments and decisions of stakeholders are considered important or material. Therefore, the materiality analysis takes into consideration not only the point of view of the organization, but also that of the





#### *stakeholders.*

These issues are placed in the upper right section of the materiality matrix and are disclosed in this document. Although "Water resource management" is provided for in Legislative Decree 254/2016, it is not included in this section because it is not considered material for the Group, given the atypical nature of its business. Indeed, the Group's production cycle for finished products does not include processes that are typical of heavy industry. There are no large fixed installations, such as assembly lines. The main production phases include the assembly of semi-finished products and the commissioning of machines. For these reasons, water is not used for production and technology. The only water consumed is for sanitary use and therefore volumes are negligible.

Compared to the materiality matrix published in the previous edition the following changes have been made:

- "Economic and Financial Growth", which had been divided into the sub-themes "Economic Sustainability" and "Financial Sustainability" for the year 2020, was again considered as a single theme.
- The material topics of equal opportunities and non-discrimination have been included in a single topic

called "Human resources management and social aspects."

- The theme "Ethics, Integrity and Anti-Corruption" encompasses all topics related to this issue and to Compliance regulation in general. In the dedicated chapter, you will find points related to each topic previously included in these areas.
- The issue of respect for human rights is incorporated into "Responsible Supply Chain Management", as the personnel management policies shared at all company sites and the sharing of a specific "Human Rights Policy" mean that the issue becomes material in a more specific way in the relationship with suppliers, where it is possible to achieve a stronger corporate influence.
- Finally, Risk Management was considered not so much a material issue, but rather a constant management policy for the company's approach to the external environment. PRIMA INDUSTRIE's approach to risk management will therefore be presented in this first chapter.

Further details on updating the relevance of material topics can be found in the next section and in each of the chapters devoted to each individual topic.

### 1.7 The business plan and sustainability

At the end of 2020, PRIMA INDUSTRIE drew up a three-year Business Plan for the period 2021-2023. This plan was reinforced by a company reorganisation based on a regional division to better implement the company's *glocal* approach.

The action plan defined for the three-year period includes among its foundations, pillars and objectives the same material issues highlighted by the analysis carried out for 2021: they are crucial and integrated into the plan.

- Customer Satisfaction is the primary objective, the cornerstone of the company's development and its potential for evolution.
- Quality is always one of the most significant pillars of the company's evolution, without which true and sustainable development is not possible.
- Technological innovation involves both products and processes and is geared towards greater proximity to customers and their needs.
- Digitalisation is expressed both in the constant updating of the software used on equipment and in a greater drive towards the digital management of

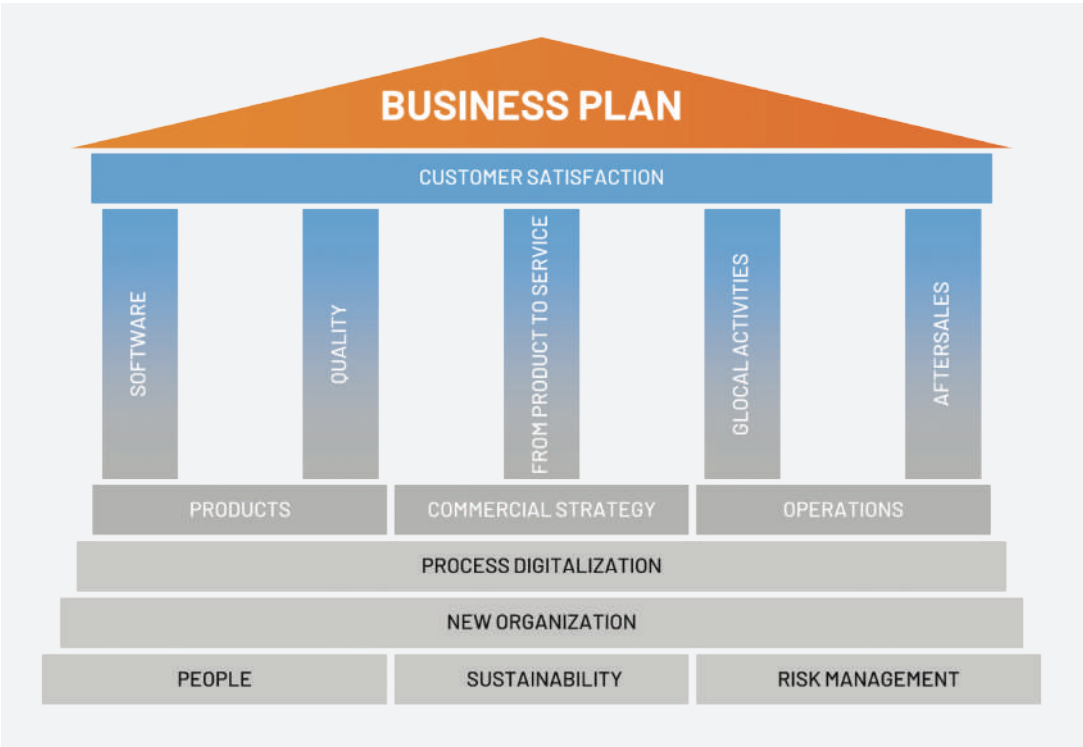
internal and external processes.

- Risk management guides both investments and operations
- Finally, people always remain at the heart of the company and the management of social aspects guides organisational choices and relationships with the outside world.

**The three-year business plan will guide strategic and operational initiatives over the next three years and can provide even greater continuity and stability to the corporate sustainability approach.**

The three-year business plan will guide strategic and operational initiatives over the next three years and can provide even greater continuity and stability to the corporate sustainability approach.

For this reason, a significant change in the company's materiality matrix is not expected over the three-year period, unless (as has happened in the recent past) an unforeseen situation of global proportions forces a review of the company's approach as a whole.









# 2.





# THE PRIMA INDUSTRIE GROUP

## 2.1 ABOUT US

PRIMA INDUSTRIE SpA is an Italian company limited by shares with registered office at 36, via Torino-Pianezza, Collegno (Turin). Founded in 1977, PRIMA INDUSTRIE SpA heads a leading Group in the sector of the development, production and sale of laser systems for industrial applications and machines for sheet metal processing, as well as industrial electronics and laser technologies. With 40 years of experience, the Group has over 14,000 machines installed in more than 80 countries and is one of the world's leading manufacturers in its reference markets.

The Group has more than 1,750 employees and production plants in Italy, Finland, USA and China.

The Group's direct sales and *after-sales* presence in several European countries, Asia and the Americas, is also significant.

The PRIMA INDUSTRIE Group is structured into four Business Units:

- PRIMA POWER - development, production and marketing of laser and sheet metal working machines (2D and 3D laser machines, laser drilling systems, punching machines & combined systems, bending machines & panelling machines);
- PRIMA ELECTRO - development, production and marketing of embedded electronics for industrial applications;
- CONVERGENT PHOTONICS - development and production of diodes and laser sources, both industrial and medical;
- PRIMA ADDITIVE - development, production and marketing of additive manufacturing solutions using Powder Bed Fusion and Laser Metal Deposition technologies.

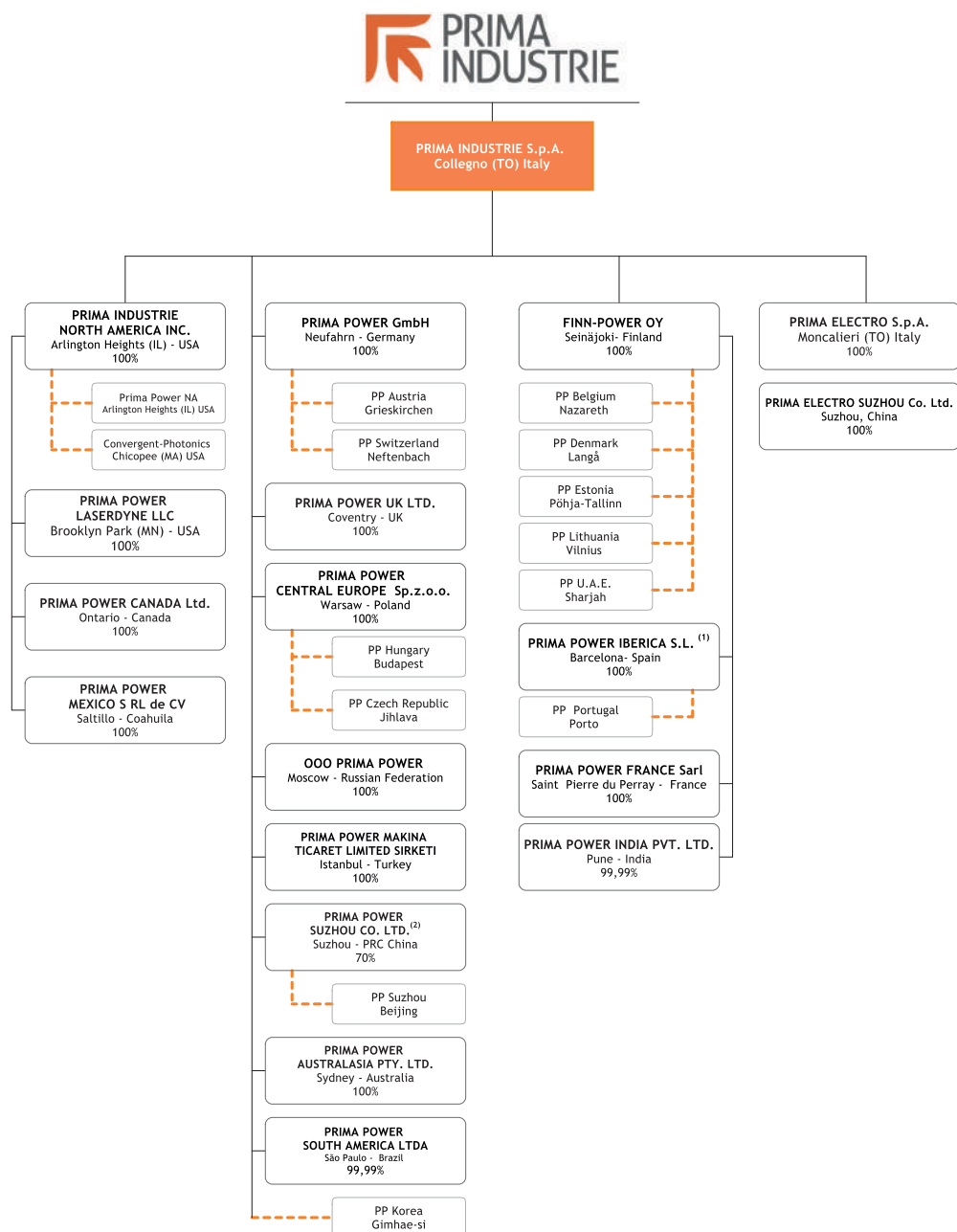
The PRIMA POWER Business Unit, the most relevant in terms of size is, in turn, organised into four Regions that coincide with the following geographical areas:

- SEMEA
- NORTH EUROPE
- AMERICAS
- APAC

The new organisation, as mentioned, is the result of the implementation of the triennial business plan and was designed to be able to generate greater efficiencies and accountability of the managers in charge of the various areas, thanks to a higher degree of autonomy of the Regions themselves, but with strong central management.

This is also in response to recent developments linked to the post-pandemic transition, which have made it necessary to rethink over-globalisation by reappraising the local dimension of the business.

## Companies belonging to the Group



The prospectus outlined on this page represents the PRIMA INDUSTRIE'S corporate structure as of 31/12/2021. The operating units of the Group are identified with the dotted lines.

(1) FINN-POWER OY holds 78% of PRIMA POWER IBERICA SL (the remaining 22% is held by PRIMA INDUSTRIE SpA).

(2) PRIMA INDUSTRIE SpA holds 70% of PRIMA POWER SUZHOU Co. Ltd. (the remaining 30% is held by third parties).



## 2.2 THE GROUP'S BUSINESS

### Main activities

The Group's activities are organised into four Business Unit, described below.

The **PRIMA POWER Business Unit** includes laser machines and sheet metal processing. It designs, manufactures and sells:

**Laser Machines.** The Group designs, manufactures and sells laser machines for cutting and welding sheet metal in production or prototyping processes. The laser machines produced may be 2D or 3D laser machines, depending on whether the laser beam is applied to flat or curved sheet metal. 2D laser machines are mainly intended for cutting and welding in the production of sheet metal components for applications in various industries, such as electrical and hydraulic machinery, agricultural machinery, industrial vehicles and other machinery. These machines typically operate on 3 axes and are used for sheet metal processing, specifically for cutting and welding forms on a flat surface, providing high precision, flexibility and speed. The 3D laser machines developed and

manufactured by the Group are mainly used for the production of three-dimensional components or for the processing of moulded and contoured materials with the most widely used applications in the automotive, aerospace and energy industries. More complex than 2D laser machines, these work on 5 axes. However, whereas sheet metal is processed flat in 2D laser machines, in 3D Laser Machines sheet metal parts are bent and moulded.

Machines for sheet metal processing. This category includes the design, production and marketing of machines (complementary to laser cutting) for sheet metal processing using mechanical tools. The Group has a wide range of machines for cutting and bending flat sheet such as:

- Punching machines
- Integrated punching and shearing systems
- integrated punching and laser cutting systems
- panelling bending machines
- bending presses
- Automation systems

Sheet metal processing machines are mainly used in the following industries: telecommunications, HVAC (heating, ventilating, air-conditioning), electrical



equipment, lighting systems, agricultural machinery, household appliances, metal furniture and others.

**The Business Unit PRIMA ELECTRO** develops, designs and manufactures industrial power and control electronics and related software. Furthermore, the Group designs and manufactures internally numerical controls, which are then integrated into the laser machines it produces. The division operates in the electronics sector with the PRIMA ELECTRO

**The CONVERGENT PHOTONICS Business Unit** includes the development and manufacture of laser and diode sources.

The Group has developed in-house know-how for the manufacture of laser sources and key components such as diodes, which account for almost 50% of the industrial cost of the source.

CONVERGENT PHOTONICS now has a complete range of fibre laser sources designed not only for industrial cutting and welding applications, but also for Additive Manufacturing or medical applications.

In the Laser Sources sector, the BU operates under the CONVERGENT PHOTONICS brand (Convergent was the name of the company specialised in the production of Laser Sources acquired by the Group in 2000) at the American site in Chicopee (Massachusetts) where it designs and manufactures the main components of the source laser (FLM).

**The most recently established BU, PRIMA ADDITIVE**, develops and offers innovative laser systems for the main Additive Manufacturing processes for metal printing:

#### **Powder Bed Fusion (PBF) e Laser Metal Deposition (LMD).**

The Powder Bed Fusion process uses thermal energy to melt specific points on a layer of metal powder. The thermal energy - produced by a laser source - melts the powder, which solidifies upon cooling and, in this way, every part of the product is created. The piece is made starting from a layered design, with a process that is repeated layer by layer to compose the final shape.

The Laser Metal Deposition process uses thermal energy generated by a laser source, focused to melt the metal powder that is sprayed at the focal point of the laser beam. This laser beam fuses the dust with the component on which it is deposited. The laser is coaxial with the deposition head, which moves on several axes between 3 and 5. It is also possible to install a rotating and tilting table to keep the melting area on a horizontal plane. This potentiality makes the process suitable for adding parts to existing pieces, as well as for repairs and coatings.

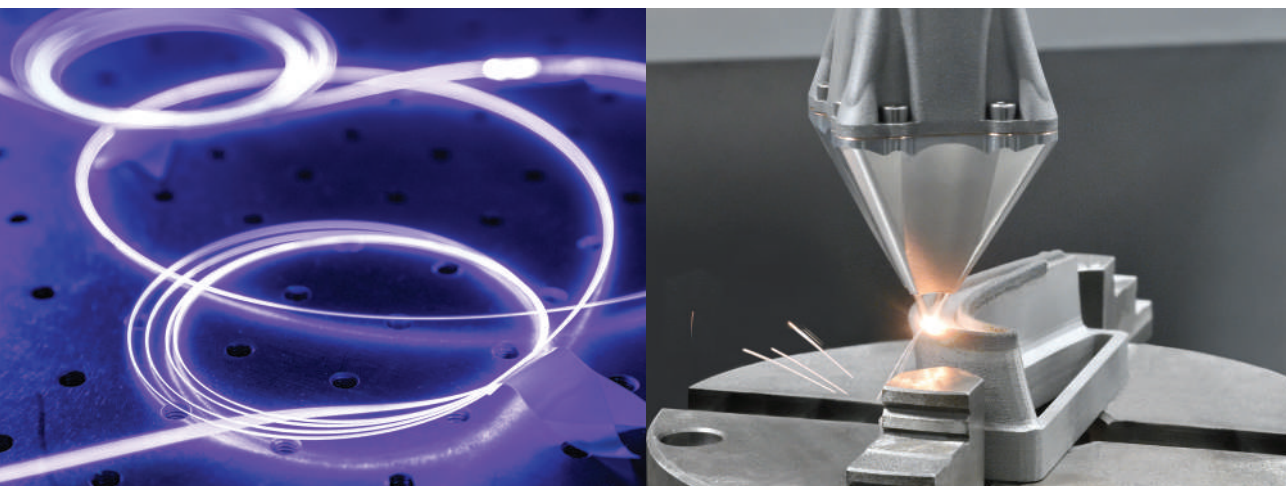
PRIMA ADDITIVE responds to different industrial and research needs, developing metal printing machines suitable for any type of application. Thanks to its network of commercial partners, services and suppliers, PRIMA ADDITIVE ensures the effectiveness and integration of its Additive Manufacturing machinery. PRIMA ADDITIVE has designed and offers **turnkey solutions** consisting of machines, pre and post processing equipment, application development, digital services, and support.



## Production platform

The Group's production platform consists of 8 production plants working in specialist areas of business or technology. Of these plants, 4 are in Italy, 1 in Finland, 2 in the United States and 1 in China.

Production site/Research centre	Product type/Technology
<b>BUSINESS UNIT PRIMA POWER - PRIMA ADDITIVE</b>	
Collegno (TO) - Italy	2D laser machines and 3D laser machines (except for Prima Power Laserdyne models) Additive Manufacturing Technology. Advanced Laser Center (Research Center)
Cologna Veneta (VR) - Italy	Panelling machines and pressing-bending machines
Seinäjoki - Finlandia	Machines for sheet metal processing: Punching systems, integrated punching and shearing systems integrated punching and laser cutting systems.
Brooklyn Park (Minnesota) - USA	3D laser machines for aerospace, automotive, energy and additive manufacturing (Direct Energy Deposition) applications.
Suzhou - China	2D Laser Machines and Punching Machines
<b>BUSINESS UNIT PRIMA ELECTRO</b>	
Moncalieri (TO) - Italy	Electronic boards
Barone C.se (TO) - Italy	CNC
Turin - Italy	Power Diode Research Centre
Chicopee - Massachusetts - USA	Convergent Laser Sources
Suzhou - China	Industrial Electronics



Production is organised according to the lean production model, with only the key phases of production conducted internally, and outsourcing of most of the subsequent assembly of low-added value components, which are purchased externally.

At the end of the assembly phase, all machines manufactured by the Group undergo systematic quality controls. These mainly take place through testing and certify the successful conclusion of the production process and authorisation for delivery to the customer. Metrological testing is carried out to verify compliance with accuracy parameters, along with functional tests to verify compliance with **standards** in terms of performance.

### Research and Development

The Group is strongly committed to research and development, which is carried out at various production sites where new products are studied, as well as to supporting each product line through dedicated teams.

Research and development are mainly carried out within the Group. This is particularly important because, on one hand, it enables us to stay constantly at the forefront in a sector where technological progress is a critical factor for success. On the other hand, it ensures faster development of products that can meet the multiple needs of our customers.

The Group's products feature advanced technological complexity and require multidisciplinary knowledge (instrumental mechanics, signal and power electronics, sensors, optics, information technology). The availability of these skills within the Group ensures a high level of innovation and, consequently, a strong competitive edge that allows us to respond to the specific needs of customers.

The Group is also leading the industrial revolution as supplier of solutions for 4.0 sheet metal working and smart manufacturing. Thanks to our innovative technologies and know-how, PRIMA INDUSTRIE can help customers benefit from the important competitive opportunities of the new digital age.

### Sales and After-sales Network

The Group sells products in around 80 countries worldwide, mainly through its internal network of agents and/or distributors in some specific countries. Depending on the product family, the Group's customers are both end customers and industrial subcontractors.

In the countries where it has a direct presence, the Group provides after-sales service to customers for installed products.

After-sales mainly cover the following:

- sale of components and spare parts;
- repair of machines on customer premises;
- repair of industrial electronics products at the Group's facilities;
- preventive maintenance contracts;
- extraordinary maintenance and retrofitting services (upgrading of machines)
- guaranteed relocation of existing installations.
- support services with production supervision

Owing to the increasing number of machines that are installed and are active, service generates recurring revenues. This activity enables the Group to reduce its exposure to the cyclical nature of its markets.

Service is organised so that it optimises the availability of spare parts and quickly meets requirements. Fast service is particularly important for minimising machine downtime and hence periods of non-productivity for customers.

The Group's global service network is made up of specialised companies, each responsible for a specific area with a team of service professionals.

Staff are regularly trained to keep up with developing technology. The ACADEMY Portal ensures the continuous training of technicians through detailed and efficient online courses, which can be used remotely even during the pandemic period, when on-site training is not possible. Our Technology and Training Centres in Finland, Italy, US and China are used for customer training when supplying large systems.

Our head office in Collegno (Turin) and our offices in Kauhava (Finland) and Cologne Veneta (Verona) are the Group's main know-



how and service centres. Their tasks include providing support to the various service centres in different countries, developing and giving advice on the entire range of services offered.

In countries where the distributors are organised to provide after-sales service, the Group supplies the distributor with spare parts and assistance in special cases.

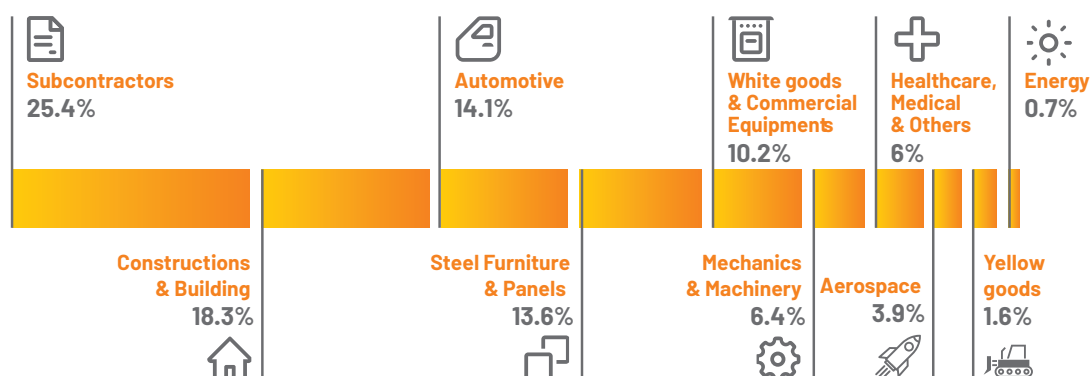
**The predominantly in-house research and development is especially important as it enables us to be constantly at the cutting edge of technology.**

### Key factors for success

Particularly in the machine area, the Group believes the key factors for success can be summarised as follows:

- wide range of products and services
- development and internal production of components with high technological content and added value;
- focus on research and development and capacity for innovation;
- application development;
- global sales network;
- customer support through after-sales service;
- brand recognition;
- diversification of markets of reference geographical areas.





### Markets served

The breakdown of the markets for the Group's products in 2021 is reported above.

## 2.3 ECONOMIC GROWTH AND FINANCIAL SUSTAINABILITY

The PRIMA INDUSTRIE Group's economic performance in 2021 is summarised in the table below (for further details, please refer to the Annual Financial Report 2021):

Values in Euro thousand	Dec 31, 2021	Dec 31, 2020	Variations	Variations %
ORDER INTAKE	503,349	323,093	180,256	55.8%
BACKLOG	215,175	124,722	90,453	72.5%
REVENUES	407,572	332,963	74,609	22.4%
EBITDA	33,444	27,185	6,259	23.0%
EBITDA %	8.2%	8.2%	0.0%	-
EBIT	14,159	(5,258)	19,417	369.3%
EBIT %	3.5%	-1.6%	5.1%	-
NET RESULT	8,025	(7,414)	15,439	208.2%
FCF	23,878	15,600	8,278	53.1%
NET FINANCIAL DEBT	(68,421)	(96,274)	27,853	28.9%
HEADCOUNT	1,754	1,735	19	1.1%

( % calculated over the revenues, headcount expressed in units)

Values in Euro thousand	Dec 31, 2021	Dec 31, 2020	Variations	Variations %
REVENUES AT COSTANT EXCHANGE RATES	412,366	332,963	79,403	23.8%
EBITDA Adj	35,683	28,438	7,245	25.5%
EBITDA Adj %	8.8%	8.5%	0.3%	-
EBIT Adj	16,725	6,481	10,244	158.1%
EBIT Adj %	4.1%	1.9%	2.2%	-

( % calculated over the revenues)

(Performance indicators adjusted, as shown in Annex 2 of this document, correspond to the same indicators net of non-recurring items)

Also, during the financial year 2021, the Group managed its financial resources in accordance with the guidelines of Business Plan 21-23 and in line with maintaining financial sustainability.

As communicated in the previous year, the Group equipped itself with the necessary financial instruments through specific credit facilities and loans to ensure the continuity of technological development projects.

The Group, during the year under review, did not present any liquidity tensions and on the contrary, the trend was particularly positive, so much so that the financial position as of 31 December 2021 improved significantly from 96,274 million euro to 68,421 million euro.

The details of the Group's net debt are detailed below:

VALUES EXPRESSED IN EURO THOUSAND	Dec 31, 2021	Dec 31, 2020
NON CURRENT FINANCIAL ASSETS	(4,233)	(4,233)
CASH & CASH EQUIVALENTS	(67,267)	(62,999)
CURRENT FINANCIAL ASSETS	(372)	(423)
CURRENT FINANCIAL LIABILITIES	39,886	52,861
NON CURRENT FINANCIAL LIABILITIES	57,575	75,336
<b>NET FINANCIAL DEBT (before leasing)</b>	<b>25,589</b>	<b>60,542</b>
LEASING LIABILITIES	42,832	35,732
<b>NET FINANCIAL DEBT</b>	<b>68,421</b>	<b>96,274</b>

Finally, it should be noted that as of 31 December 2021, all the covenants foreseen on the current loans had been met.



### **Taxation and governance approach and management of tax risk**

(Disclosure GRI 207-1, GRI-207-2 and GRI 207-3 of GRI Standards 2019: Taxes)

PRIMA INDUSTRIE Group's tax contribution globally includes various types of taxes, which can be grouped into the following categories:

- Income taxes, such as corporate profit tax;
- property taxes, levied on the ownership, sale or rental of real estate;
- labour taxes, which include taxes collected and paid to tax authorities on behalf of employees;
- indirect taxes levied on the production and consumption of goods and services, such as VAT, customs duties, etc.

In 2021, the Group recorded an effective negative tax rate of 27.4% (positive by 42.4 % in 2020 and negative by 18.6% in 2019).

The Group's **tax rate** depends on the geographical distribution of pre-tax results and on the applicable tax laws in the different countries, but it can also be influenced by specific contingent situation.

The tax approach reflects the principles, objectives, and commitments provided for in the various Group policies, which establish the standards and practices that are required by PRIMA INDUSTRIE Group. The Group is actively committed to acting with honesty and integrity in all tax matters and aims to pursue a transparent and sustainable long-term tax strategy.

Tax legislation is respected in all jurisdictions in which the Group operates. It works closely with tax advisors, auditors, and tax authorities to ensure the payment of taxes that are owed. The Group's tax affairs are managed in the most efficient way, in accordance with applicable tax regulations.

The approach to tax planning is conservative. Aggressive tax planning strategies are not pursued and artificial schemes without economic substance are not used for tax savings.

Governments often provide tax incentives to promote investment, employment, and economic growth. We access these incentives when they are applicable to our business.

The Group has little propensity for tax risk. Reasonable and well-founded tax choices and interpretations are made in determining how a specific transaction or activity is to be treated. Considering the size and complexity of our business, risks may arise regarding the interpretation of complex tax regulations. These risks are managed by identifying and analysing them internally, and, if necessary, with the support of qualified tax consultants.

PRIMA INDUSTRIE's approach to tax issues is based on an ongoing relationship of exchange and transparency. We have a continual relationship with the tax authorities in which the company operates in and are based on exchange and constant updating so that we can promptly adapt our corporate tax approach to the indications put out by the authorities themselves.

**The fiscal approach reflects the principles, objectives and commitments set out in the Group's various policies, which establish the standards and practices required in the PRIMA INDUSTRIE Group.**





(GRI Disclosure 207-4: Taxes 2019)

Reference Period 2020

Company name	Main business	No. Employees (end of year)	Revenues from third- party sales (amounts in €)	Revenues from intra- group transactions (amounts in €)	Profit/Loss before tax (amounts in €)	Tangible assets other than cash and cash equivalents (amounts in €)	Income taxes paid on a cash basis (values in €)	Income tax accrued on profits/losses (values in €)
<b>Prima Industrie SpA</b>	Production, marketing, and after-sales service of 2D and 3D laser cutting, panel and bending machines. Commercialisation of systems with Additive Manufacturing technology	594	71,371,869	63,463,855	1,158,251	330,256,426		-832,075
<b>Prima Industrie North America Inc. Prima Power</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	108	74,086,173	47,168	8,619,950	48,265,409	536,905	-2,211,132
<b>Prima Industrie North America Inc. Convergent-Photonics</b>	Production, marketing and after-sales service of electronic components and laser sources	43	376,08	12,523,209	-5,099,278	20,501,678		1,953,133
<b>Prima Power Laserdyne LLC</b>	Production, marketing and after-sales service of 3D laser cutting machines	62	19,949,987	3,028,666	3,208,783	23,062,671		-48,689
<b>Prima Power Canada Ltd.</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	18	3,060,711	2,24	-829,192	3,090,431		
<b>Prima Power Mexico S RL de CV</b>	After-sales service for 2D and 3D laser cutting machines, panelling machines, bending machines, and punching and shearing systems	7			-319,115	546,323		
<b>Prima Power GmbH</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	47	21,964,655	242,556	-2,085,091	10,234,963		-247
<b>Prima Power UK Ltd</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	16	5,059,488	66,847	43,873	1,539,645	9,605	-10,743
<b>Prima Power Central Europe Sp.z.o.o.</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	41	11,025,361	497,675	585,655	9,200,036	215,495	-72,516
<b>000 Prima Power</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	38	11,741,999	314,842	530,62	4,290,068	60,798	-43,21
<b>Prima Power Makina Ticaret Limited Sirketi</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	13	6,282,969	43,927	9,022	2,335,036	4,376	-81,848



(GRI Disclosure 207-4: Taxes 2019)

Reference Period 2020

Company name	Main business	Number of Employees (end of year)	Revenues from third-party sales (amounts in €)	Revenues from intra-group transactions (amounts in €)	Profit/Loss before tax (amounts in €)	Tangible assets other than cash and cash equivalents (amounts in €)	Income taxes paid on a cash basis (amounts in €)	Income taxes accrued on profits/losses (values in €)
<b>Prima Power Suzhou CO. LTD.</b>	Production, marketing, and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines, and punching and shearing systems	76	17,308,097	1,656,002	-579,958	35,489,138		
<b>Prima Power Australasia PTY. LTD.</b>	Non-operational	0			-3,108	33,312		
<b>Prima Power South America LTDA</b>	After-sales service for 2D and 3D laser cutting machines, panelling machines, bending machines, and punching and shearing systems	7	419,064	152,728	-372,044	276,643		
<b>Prima Power China CO.LTD.</b>	Non-operational	0			-48,952	0		
<b>Finn-Power OY</b>	Production, marketing, and after-sales service of punching and shearing systems	392	47,915,391	65,608,451	7,109,998	172,726,895	21,948	-344,591
<b>Prima Power Iberica S.L.</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	45	11,720,136	267,701	-57,659	8,138,181		-33,035
<b>Prima Power France Sarl</b>	Sales and after-sales service of 2D and 3D laser cutting machines, panelling machines, bending machines and punching and shearing systems	24	7,094,784	111,163	-1,056,102	4,407,443		
<b>Prima Power India PVT.LTD.</b>	After-sales service for 2D and 3D laser cutting machines, panelling machines, bending machines, and punching and shearing systems	14	990,355	113,979	-24,941	1,371,404		-30
<b>Prima Electro SpA</b>	Production, marketing and after-sales service of electronic components and laser sources	184	20,590,502	16,843,804	-9,250,608	59,899,757		840,818
<b>Prima Electro Suzhou Co. Ltd.</b>	Marketing of electronic components	6	2,005,090	94,083	-50,361	1,586,869		
		<b>1,735</b>	<b>332,962,710</b>	<b>165,078,896</b>	<b>1,489,744</b>	<b>737,252,328</b>	<b>849,127</b>	<b>884,165</b>

## Whistleblowing Policy

An updated whistleblowing procedure was put in place during 2021.

The Board of Directors approved this procedure on 28 February 2022.

The Whistleblowing Policy has been prepared to regulate the entire whistleblowing management process, including the procedures for forwarding, receiving, analysing, investigating, reporting and archiving whistleblowing reports, in accordance with **best practices**, reference standards (e.g., ISO 37002) and the principles introduced at European level by Directive (EU) 2019/1937 on the protection of individuals who report violations of EU law. The Policy applies to all PRIMA INDUSTRIE Group Companies and to all types of reporting. Reports may be sent by anyone, employees or third parties, even anonymously, provided that they are substantiated and based on precise and consistent facts.

Reports may concern:

- Criminal conduct, which may constitute an offence, misdemeanour or irregularity or which is otherwise in breach of laws, regulations or directives issued by the authorities.
- Violations of the principles contained in the Code of Ethics or other Group Compliance Programmes (e.g., Anti-

Bribery Programme, Export Controls Manual, etc.).

- Violations of the principles contained in the Organisational Models pursuant to Legislative Decree 231/2001 of Italian companies, or their enforcement methods (e.g., procedures).
  - Conduct capable of causing financial damage (fraud, embezzlement, conflicts of interest) or damage to the image of PRIMA INDUSTRIE Group.
  - Conduct likely to cause damage to the health or safety of employees, users and citizens or damage to the environment.
- Offers, receipt or requests of money, goods or other benefits from and to third parties or employees of the Company.

The **policy** establishes the bodies responsible for receiving and investigating the flow of reports as well as the procedure to be observed in handling reports in stages (preliminary analysis, investigation, definition of actions to be taken, reporting, archiving) and the possible application of disciplinary action.

The **policy**, available in all languages where the Group is based, will be uploaded on the websites of the Group's companies.



### PRIMA INDUSTRIE and the European Taxonomy

The European Sustainability Taxonomy (EU regulation 2020/852) is a regulation that defines the criteria according to which it is possible to determine whether an economic operation is environmentally sustainable or not. The scope of application is the same as that of Legislative Decree 254/2016 and therefore PRIMA INDUSTRIE is also required to perform the related analysis. In December 2021, the Delegated Acts concerning the transparency of companies in non-financial declarations and the relative contributions that companies can make in terms of taxonomy and subsequent disclosure of information relating to corporate sustainability were published.

The company carried out an in-depth examination of its economic activities, according to the guidelines provided by EU Delegated Act 2021/2178 and concluded that none of the company's activities can be considered within the scope of the activities eligible for the taxation. This is not because the company does not invest in the sustainable economy, in terms of low impact and circularity, but because the products and services offered do not currently fall within the parameters included in the European classification. PRIMA INDUSTRIE's products and services do not fall within those listed in the EU Taxation Compass and therefore cannot be considered eligible for reporting purposes: it can therefore be concluded that the company's activities fall within the "NSI - No Significant Impact" category.

## 2.4 GOVERNANCE

The objective of the **governance** system is to direct the process for creating sustainable value within the company to meet the expectations of the diverse stakeholders, referring to the actions of governance, as well as to direction and control.

The **corporate governance** system adopted by PRIMA INDUSTRIE plays a central role in the clear and responsible conduct of the Company's operations, contributing significantly to the creation of sustainable value for the medium to long term.

PRIMA INDUSTRIE adopts a traditional system of administration and control that ensures constant communication between management and shareholders. It complies with the principles set out in the Code of Corporate Governance 2020 for listed companies to which PRIMA INDUSTRIE adheres.

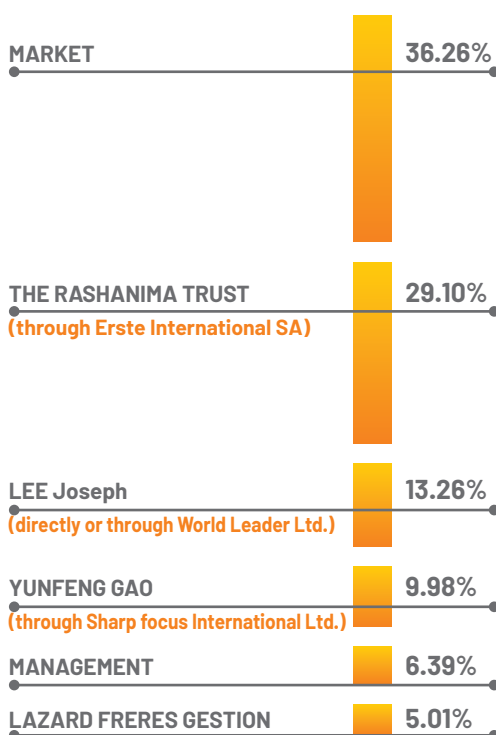
PRIMA INDUSTRIE describes in detail its **Governance system** and the concrete application of the Code in the Annual Report on Corporate Governance and Ownership Structure, drawn up annually pursuant to article 123-bis of Legislative Decree 58/1998 (Consolidated Finance Act), to which the reader is referred for information not expressly reported in this chapter. All Group companies have a governance system that is appropriate for their size and complies with local laws.



## Ownership structure and legal form

PRIMA INDUSTRIE is a company limited by shares and has been listed since 1999 on the MTA market (STAR segment) of Borsa Italiana SpA. The fully paid share capital at 31/12/2021 is € 26,208,185.

According to the Shareholders' Register after payment of the last dividend (May 2019) and the communications received by the Company or the supervisory authority, the most recent ownership structure, with major shareholdings, is as follows:



*In accordance with the combined provisions of article 1, paragraph 1, letter w-quater 1) of Legislative Decree 58/1998 and article 117, paragraph 1 of Consob issuers regulations no. 11971/1999, major shareholdings are classified as those held by those with a stake in the share capital of the issuer larger than 5%, with the issuer defined as a SME.*

## Governance structure

The **Corporate Governance** structure adopted by PRIMA INDUSTRIE SpA follows the recommendations and rules contained in the Code of Corporate Governance for listed companies. The aim is to ensure better transparency and efficiency in corporate governance to safeguard shareholders, investors and all the stakeholders. PRIMA INDUSTRIE SpA adopts the traditional system of administration and control, according to which, its main bodies are the Board of

Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

The official audit of PRIMA INDUSTRIE Group is carried out by an independent firm of auditors.

PRIMA INDUSTRIE has adopted an internal control and risk management system aimed at ensuring a healthy, proper management of the business consistently with the set objectives of sustainable development, through a suitable process of identification, measurement, management and monitoring of the main risks. This control process also includes the system for managing risks associated with financial reporting. The system was designed and rolled out, taking account of the important **Corporate Governance** changes introduced at national and global level in recent years, including:

- the Legislative Decree 231/2001 on "Regulations governing the administrative liability of legal persons of companies and associations, including those without legal personality";
- US **Foreign Corrupt Practices Act, Export controls rules**;
- EU 2016/679 **General Data Protection Regulation**;
- Law 262/2005 ("Savings Law");
- the Code of Corporate Governance prepared by the **Corporate Governance Committee**

In the 2021 financial year, PRIMA INDUSTRIE adopted a "Policy for managing dialogue with shareholders and other PRIMA INDUSTRIE **stakeholders**" that contains all the information and principles that the company adopts to optimally manage dialogue with shareholders and other stakeholders. Specifically, it ensures that the information provided by the Company to shareholders and other stakeholders in the context of dialogue is aimed at ensuring the sustainable success of the Company and is proportionate and appropriate to the interests of the Company and of shareholders and other **stakeholders**.

The policy, therefore, identifies the corporate structures and bodies responsible for organising and managing relationships with shareholders and other **stakeholders**, the timing and methods of meetings with shareholders, and, in general, the management and circulation of information intended for shareholders and stakeholders. Of course, the information is provided to shareholders and other stakeholders in compliance with legal obligations, with special reference to the prohibitions on





selective disclosure of inside information. The Directors in charge, with the support of Investor Relations and the other corporate functions involved, ensure that no privileged or relevant information, nor information in any case considered confidential (due to contractual obligations or corporate requirements) and whose disclosure could in any case damage the company's interest is disclosed.

### **The Board of Directors of PRIMA INDUSTRIE SpA**

On 12 May 2020, the Shareholders' Meeting of PRIMA INDUSTRIE SpA appointed the Board of Directors. The number of members of the board was set as 11. The Board of Directors will remain in office until approval of the financial statements to 31 December 2022. When the Board of Directors was renewed, criteria related to diversity were applied, as well as the most recent provisions on gender quotas for the composition of its management, ensuring the adequate competence and professionalism of its members.

The member of the current board of directors are:

- Gianfranco Carbonato – Executive Chair
- Domenico Peiretti – Deputy Chairman
- Ezio Basso – CEO
- Donatella Busso
- Francesca de Fraja Frangipane
- Paola Gatto
- Carlalberto Guglielminotti
- Michael Mansour
- Giuliana Mattiazzo
- Mario Mauri
- Lisa Tan

### Board of Statutory Auditors of PRIMA INDUSTRIE SpA

Appointed by the Shareholders' Meeting of PRIMA INDUSTRIE SpA on 16 April 2019, the Board of Statutory Auditors will remain in office until 31 December 2021. The provisions on gender quotas were applied for the renewal of the Board of Statutory Auditors in 2019. The members of the current board of statutory auditors are as follows:

#### Statutory auditors

- Franco Nada, Chairman
- Maura Campa
- Roberto Pettrignani

#### Deputy auditors

- Roberto Coda
- Gaetana Laselva

A breakdown by gender and age group of the administrative and control figures of PRIMA INDUSTRIE S.p.A is presented as follows:

### Regulation of the Board of Directors

PRIMA INDUSTRIE has approved a Board of Directors Regulation, i.e. a document that includes information on the role of the Board of Directors, of the independent directors (number, evaluation, meetings of independent directors), the functioning of the Board itself (meeting schedule, holding of physical or digital meetings); it also establishes the rules with regard to the sending of the information to the Board concerning the agenda (timely information and adequate consideration), defines the tasks of the Chairman of the Board (role of the Chairman, invitation of directors on specific issues), the Secretary of the Board (profile and supporting function), the Lead Independent Director; furthermore, it regulates the cases in which one or more Directors have an interest, on their own behalf or on behalf of third parties (abstention), confidentiality obligations (general obligation and compliance with the MAR Regulation) and the internal committees and their function (statutory and other committees).

(Disclosure 405-1 of GRI Standard 405: Diversity and Equal Opportunities 2016)

Prima Industrie	Breakdown by gender and age group Governance Bodies 2021 (Board of Directors and Board of Statutory Auditors)						Breakdown by gender (Board of Directors)	
	Men			Women			Men	
	<30 (%)	30/50 (%)	>50 (%)	<30 (%)	30/50 (%)	>50 (%)	<30 (%)	30/50 (%)
	-	2	6	-	1	5	-	2
	-	14%	43%	-	7%	36%	-	14%

### Policy on diversity criteria for the composition of management and supervisory bodies

In accordance with the requirements of the new Corporate Governance Code for listed companies, which recommends that companies define diversity criteria for the composition of their management and supervisory bodies, PRIMA INDUSTRIE has drawn up a document containing the "Policy on diversity criteria for the composition of management and supervisory bodies." This Policy aims at identifying the criteria for a quali-quantitative composition of its corporate bodies necessary for an effective performance of the tasks and responsibilities entrusted, to help maximize the quality and effectiveness of the decision-making process of the administrative body, as well as of the activity falling under the competence of the supervisory body, also through the presence of people ensuring a sufficient diversity of views and skills necessary to understand the risks and opportunities, including strategic ones, related to PRIMA INDUSTRIE business. The Policy refers to the composition of the Board of Directors and the Board of Statutory Auditors of PRIMA INDUSTRIE and

is addressed specifically to those involved in the process of selection and appointment of members of the Board of Directors and the Board of Statutory Auditors of the Company, or to shareholders who intend to submit lists of candidates for the appointment of the Board of Directors and the Board of Statutory Auditors, to the shareholders' meeting called to appoint the Board of Directors and the Board of Statutory Auditors and to the Company's Board of Directors, as well as to the shareholders, in the event that - during the term of office - it becomes necessary to replace a member of the Board of Directors pursuant to Article 2386 of the Italian Civil Code.

Specifically, the Company, without prejudice to the obligations deriving from the pro tempore regulations in effect also with regard to independent directors and gender quotas, recommends an adequate composition of the corporate bodies in terms of diversity of age, gender and professional skills in order to optimise, as mentioned, the effectiveness of the activities falling within the competence of the Board of Directors and Board of Statutory Auditors.

Gender and age group Governance Bodies 2020 (Directors and Board of Statutory Auditors)				Breakdown by gender and age group Governance Bodies 2019 (Board of Directors and Board of Auditors)					
Women				Men		Women			
>50 (%)	<30 (%)	30/50 (%)	>50 (%)	<30 (%)	30/50 (%)	>50 (%)	<30 (%)	30/50 (%)	>50 (%)
6	-	1	5	1	8	1	4		
43%	-	7%	36%	7%	57%	7%	29%		



## The Committees

All the Committees are composed in compliance with the recommendations suggested by the Corporate Governance Code. For more details on the functions and duties of the various committees, please refer to the "Report on Corporate Governance and Ownership Structures," which is published on the company website.

### The following are members of the Remuneration Committee:

- Francesca de Fraja Frangipane (Chair of the Committee), Independent Director
- Mario Mauri, non-Executive Director
- Paola Gatto, Independent Director

### The following are members of the Committee for Operations with Related parties and the Control and Risk Committee:

- Donatella Busso (Chair of the Committee), Independent Director
- Francesca de Fraja Frangipane, Independent Director
- Paola Gatto, Independent Director

### The company has also set up a Strategy Committee from among its members made up as follows:

- Domenico Peiretti (Chair of the

- Committee) Deputy Chairman
- Carlalberto Guglielminotti, Independent Director
- Michael Mansour, non-Executive Director
- Giuliana Mattiazzo, Independent Director
- Mario Mauri, non-Executive Director

PricewaterhouseCoopers SpA is the appointed independent auditor.

## Other bodies/functions

- Head of Internal Auditing
  - Claudia Verro (until 12/31/2021)

Manager responsible for preparing the company's accounting documents

- Marco Pintauro

The members of the Supervisory Board are:

- Davide Conforti (Chairman)
- Giorgio Gaetani
- Claudia Verro

The Supervisory Board, which has autonomous powers for intervention and control, is responsible for supervising operations and compliance with the company's organisational, management and

(Disclosure 405-1 of GRI Standard 405: Diversity and Equal Opportunities 2016)

Prima Electro	Breakdown by gender and age group Governance Bodies 2021 (Board of Directors and Board of Statutory Auditors)						Breakdown by gender (Board of Directors)	
	Men			Women			Men	
	<30 (%)	30/50 (%)	>50 (%)	<30 (%)	30/50 (%)	>50 (%)	<30 (%)	30/50 (%)
	-	2	5	-	-	-	-	3
	-	29%	71%	-	-	-	-	38%

<sup>1</sup> Accompanied with a Model pursuant to ex Legislative Decree no. 231/2001 and a Monitoring Body, the Italian companies of the Group (Prima Industrie SpA, Prima A Electro SpA.).

control model as set out in Legislative Decree 231/2001, as well as overseeing its update.<sup>1</sup>

Detailed information that is relevant to shareholders, investors, analysts and the press, particularly company and financial information, can be found in the "Investor Relations" section of the website. The company structure includes an Investor Relations Manager, responsible for managing relations with the national and international financial community and all shareholders.

### Policy for managing dialogue with shareholders and other stakeholders

The Board of Directors has approved its own "Policy for the management of dialogue with shareholders and other stakeholders", i.e., a document that contains all the information and principles PRIMA INDUSTRIE adopts to optimally manage the dialogue with shareholders and other stakeholders. Specifically, it ensures that the information provided by the Company to shareholders and other stakeholders in the context of dialogue is aimed at ensuring the sustainable success of the Company and is proportionate and appropriate to the interests of the Company and of shareholders and other stakeholders. The policy therefore identifies the corporate

structures and bodies responsible for organising and managing relationships with shareholders and other stakeholders, the timing, and methods of meetings with shareholders, and, in general, the management and dissemination of information intended for shareholders and stakeholders.

Of course, the information is provided to shareholders and other stakeholders in compliance with legal obligations, with special reference to the prohibitions on selective disclosure of inside information. The Directors in charge, with the support of Investor Relations and the other corporate functions involved, ensure that no privileged or relevant information, nor information in any case considered confidential (due to contractual obligations or corporate requirements) and whose disclosure could in any case damage the company's interest is disclosed.

Gender and age group Governance Bodies 2020 (Directors and Board of Statutory Auditors)				Breakdown by gender and age group Governance Bodies 2019 (Board of Directors and Board of Statutory Auditors)					
				Men		Women			
>50 (%)	<30 (%)	30/50 (%)	>50 (%)	>50 (%)	<30 (%)	30/50 (%)	>50 (%)	<30 (%)	30/50 (%)
4	-	-	-	3	5				
62%	-	-	-	38%	62%				

### Governance structure of the companies included in the boundary

The companies included in the boundary for this Report have a governance structure that can support their specific size and complexities, as well as being compliant with the local legislation in the country in which the legal entity is headquartered.

The other company included in Italy's perimeter, in addition to the Parent Company, namely PRIMA ELECTRO SpA, also given its significant size, is characterised by a traditional governance model, i.e. characterised by the presence of a Board of Directors and a Board of Statutory Auditors.

A breakdown by gender and age group of the administrative and control figures of Prima ELECTRO S.p.A is presented as follows:

PRIMA INDUSTRIE NORTH AMERICA Inc. (USA) and Finn- Power Oy (Finland), both significant in terms of the complexity of their business and their size, have a Board of Directors, but not a Board of Statutory Auditors, which is not required by local legislation. In the United States, the administration of PRIMA POWER LASERDYNE LLC, is wholly owned by PRIMA INDUSTRIE NORTH AMERICA Inc, also due to the uniqueness of the business compared to the rest of the Group, is entrusted to a Sole Director.

The governance of Prima Power Suzhou Co. Ltd. (held 70% by PRIMA INDUSTRIE) has a Board of Directors, but in accordance with local regulations, nomination of a Board of Auditors is not required.

Smaller companies also have a Sole Director.

## 2.5 VALUES OF PRIMA INDUSTRIE GROUP

PRIMA INDUSTRIE is an international industrial Group that has grown significantly in recent years, taking on an important role as a global player. This growth has resulted in a more complex operational context, due to the number of geographical and destination markets where the Group is active, as well as, in terms of regulatory compliance, requiring the adoption of more detailed standards of conduct that can effectively satisfy new, continuously evolving regulations. The way PRIMA INDUSTRIE operates can be summed up as four main values, which are also the reasons why, over more than 40 years, thousands of customers in more than

80 countries around the world have placed their trust in the Group.

### Innovation

For PRIMA INDUSTRIE, advanced technology is a fascinating tool for serving customers. The Group is committed to the continuous innovation so it can improve its solutions.

### Passion

PRIMA INDUSTRIE puts maximum effort and passion into its work, because only through commitment and enthusiasm can the best results be achieved.

### Partnership

PRIMA INDUSTRIE builds strong partnerships with its customers to overcome the increasingly difficult challenges imposed by today's markets.

The best solutions are found by listening and analysing the needs of each customer. The most efficient, reliable and beneficial solutions stem from a real and constant partnership with the customer.

### Responsibility

The PRIMA INDUSTRIE Group believes in lasting, responsible, fair and transparent relationships with its employees, customers, partners, shareholders and the community. As part of this commitment, it provides solutions that combine productivity and sustainability for production.

## 2.6 REGULATORY COMPLIANCE AND THE GROUP'S ETHICAL VALUES

### Human Rights Policy

With reference to Human Rights, the Group places respect for human rights at the centre of its corporate strategy: this theme is one of the cornerstones of the Group's values, in the way it operates and does business, and in its relationships with employees, suppliers and other subjects outside of the company. The Group companies implement regulations



governing human rights, relative to non-discrimination, child labour and prevention of forced labour. In North America, most of the supply chain in the United States and Canada is located in these two countries, which are characterized by strict legislation in terms of the environment, safety and human rights. The same generally applies to companies operating in Europe, where suppliers, in addition to complying with EU regulations, also receive regular inspection visits. All the Group's companies recognize freedom of association and collective bargaining for their employees and implement systems to prevent discriminatory practices. The management policy regarding human rights, prepared in 2018, was explicitly shared with both internal collaborators and other stakeholders such as external suppliers beginning in 2019.

This policy, in addition to citing the international references and standards on which PRIMA INDUSTRIE based its approach to managing these issues, also defines and explains a series of principles that all the Group companies must apply in the areas of non-discrimination, freedom of association, prevention of forced labour, proper working conditions, etc. The policy also defines the tools used by the Group to identify, manage, prevent and mitigate the risks of violating human rights, in reference to employees as well as when managing the supply chain.

With reference to the supply chain, PRIMA INDUSTRIE performs periodical inspection visits at its suppliers to control diverse aspects of working conditions.

**Conduct based on the values of legality, loyalty, honesty, fairness and transparency is an important driver of economic and social development.**

### **The Code of Ethics**

To face the challenges of the international market where the Group is active, respecting the values driving its action, in 2018 the Group Code of Ethics was updated to reflect this complexity, and at the same time give more prominence to the core values of the Group. The main objective of the new Code of Ethics is the promotion of sustainable growth in respect of current standards, encouraging comprehension and respect of diversity and

developing a culture of integrity. Respect of the Code of Ethics by administrators, managers, employees and all collaborators of the Group, in Italy and abroad, is mandatory. A culture of respect and integrity, as reflected in the Code of Ethics, is equally important.

These are essential elements for the reputation of the Group, and therefore also for its continued growth.

The Code of Ethics also provides a specific reserved channel for preventing and reporting conducts that may be in conflict with the Code.

The Group's Code of Ethics contains the ethical principles and behavioural standards to be adopted with all internal and external stakeholders who have a relationship with PRIMA INDUSTRIE:

- Legality, loyalty, honesty and propriety
- Transparency, reliability and completeness of information
- Confidentiality of information
- Respect for the individual
- Impartiality and equal opportunities
- Fair competition
- Safety, environmental protection and sustainable development

These rules of conduct concern the following categories of stakeholder:

- Human resources
- Shareholders, market and communication bodies
- Customers
- Suppliers
- Public administration and other third parties

Hence, The Group's guiding principles in its business activities are set out in the Code of Ethics. All activities are carried out in accordance with the law, within a framework of fair competition with honesty, integrity, propriety and good faith, and according to the interests of customers, employees, shareholders, trade and financial partners and the communities in which the Group operates. All those who work for the Group, without distinction or exception, are committed to observing and enforcing observance of these principles within the scope of their functions and responsibilities. The Code of Ethics represents the set of ethical principles and rules of conduct that the Group recognises, shares, and promotes, in the awareness that conduct inspired by the principles of legality, loyalty, honesty, fairness and transparency is an important **driver** for economic and social development. The Code is one of the pillars of the Group's

**governance** system, which regulates decision-making processes and the way the Group and its employees operate in the interests of stakeholders.

### Anti-Corruption

The PRIMA INDUSTRIE Group conducts its business in line with the highest professional and ethical standards and operates internationally in accordance with all applicable laws and regulations. In Italy, issues relating to the fight against corruption are dealt with in Legislative Decree 231/01, while abroad they are dealt with in specific local regulations such as, for example, the Foreign Corrupt Practices Act in force in the United States, where the Group is active with three companies.

The Code of Ethics also focuses particular attention on rules of conduct to respect regulations governing exports and Anti-Corruption / anti-bribery laws. All activities are carried out in accordance with the law, within a framework of fair competition with honesty, integrity, propriety and good faith, and according to the interests of customers, employees, shareholders, trade and financial partners and the communities in which the Group operates. All those who work for the Group, without distinction or exception, are committed to observing and enforcing observance of these principles within the scope of their functions and responsibilities. The Code of Ethics is intended for the directors, employees and collaborators of the Group, as well as anyone who, directly or indirectly, permanently or temporarily, enters into relations with the company in which they pursue the same objectives.

The main anti-corruption tools adopted by the Group are:

- Communication of the Group Code of Ethics to all employees and acceptance of its contents and rules.<sup>2</sup>
- Creation of a dedicated e-mail address for reporting to the supervisory board any violations of the general principles of the Code of Ethics and of the 231 Model of PRIMA INDUSTRIE SpA and of the Model of PRIMA ELECTRO SpA
- Creation of a **Compliance Helpline** (email address and Italian and American telephone number) to incentivize and track requests for explanations and possible reports of improper behaviours (or presumed as such) by employees and corporate management.
- definition in the Code of Ethics of the rules of conduct to adhere to when

providing and receiving gifts, gratuities and benefits to and from business partners and public officials

- Inclusion in the Code of Ethics of two sections dedicated respectively to Respect of Standards Governing Exports and Respect for Anti-Corruption and Anti-Bribery Standards
- the provision in 2021, at the same time as the updating of Models 231, of a training plan for all personnel of the companies PRIMA INDUSTRIE SpA and PRIMA ELECTRO SpA (at this time the information concerning the Group's Code of Ethics was also updated; at the end of 2021 more than 75% of the people had completed the training update, which remains available for completion also in 2022);
- communication and dissemination of training material by Human Resources to employees and publishing the information on websites.

It should also be noted that during the Internal Audit, verification of the correct disclosure/communication of the Code of Ethics is included within the **Entity-level-controls**, also aimed at strengthening the dissemination of knowledge regarding the subject matter in foreign offices.

It is also noted that the new hires are required by all Group companies to read the Group's Code of Ethics and sign it to indicate acceptance (**GRI 205-2: Communication and training about anti-corruption policies and procedures**); for Italian employees it's mandatory to read and sign to read and sign the Model 231 too.

Activities aimed at strengthening and monitoring issues relating to anti-corruption and **export controls (Anti-Corruption Compliance Program)** were already carried out from 2018, considering the regulations applicable in the different countries in which PRIMA INDUSTRIE operates. The **Trade Compliance Officers** of the Group's major production companies have also been appointed, reporting hierarchically to the Company's Area Manager, and functionally reporting to the Group's **Compliance Officer**. With specific respect to US legislation, the manuals relating to export controls and anti-corruption were drafted. The principles and rules contained therein have been shared and communicated to the PRIMA POWER LASERDYNE LLC company through targeted training sessions. During 2020 and 2021, the COVID-19 pandemic limited the way training was carried out, as some in-classroom training sessions were postponed. The sessions scheduled for 2021 were therefore postponed to 2022, while in

<sup>2</sup> The Code of Ethics can be consulted and downloaded from the Group's internet and intranet sites, is also available on notice boards with direct access for employees and can also be requested from the personnel office, the legal department or internal auditing.



the previous year 16% of the total number of PRIMA POWER LASERDYNE LLC employees had been trained in Export Trade Compliance and the Code of Ethics, specifically in Application and Manufacturing.

### Privacy

Following the introduction of the European General Data Protection Regulation (GDPR) in 2018, all employees and contractors based in the Group's European locations have received training as of 2019. This course was delivered online, through the Prima Power Academy and using other tools within the Group companies that do not have access to the Academy. Following the first release, it remained available for consultation at all times; newly recruited employees receive a special information notice, which requires them to access the company Academy within the first few weeks of hiring in order to complete the mandatory courses in terms of regulatory compliance (in Italy, for example, in addition to the GDPR course, also the Model 231 course referred to above).



# 3.

# RISK MANAGEMENT MODEL

In 2014, the PRIMA INDUSTRIE Group adopted an Enterprise Risk Management (ERM) model to ensure greater transparency and information on business risks. This decision was also taken in response to regulatory measures requiring companies to adopt suitable Corporate Governance models. The ERM project was launched at PRIMA INDUSTRIE SpA in March 2014, with the main aim of reinforcing an understanding and awareness of the risks to which the company is exposed and the relationship between objectives (strategic and operational) and the potential risks of failure to achieve them. The ERM Project has been progressively extended to the main subsidiaries. Currently, the ERM model is implemented and periodically executed in the Group's major companies, at Business Unit and Group level (Prima Power, Prima Additive, Electronics e Laser).

PRIMA INDUSTRIE'S ERM process has evolved in this way during the years, developing the following phases:

- Analyse the strategic plan/budget guidelines and understand the reference scenario and the signs of change that characterise the market;
- Identify and assess corporate risks with respect to strategic objectives and the context ("*risk assessment*");
- Identify the action treatment for the main risks ("*risk treatment*");
- Continuously monitor the main risks and the implementation of corrective actions ("*monitoring & reporting*").

The approach adopted is based on regular assessment of the risks, with subsequent *follow-up* of the main risks and regular monitoring of the actions identified and/or implemented to reduce them. The risk analysis is conducted across the different functions, involving the individual department or function heads. The results of ERM activities are then presented and discussed in meetings of the boards of directors (in addition to control and risk committees) of the relevant companies and the parent company. They are also taken into consideration when the integrated internal audit plan is undergoing definition.

The ERM process for identifying and assessing risk involves the following activities:

- identification of the main risks to which the company is exposed
- definition of metrics for the qualitative/quantitative assessment of risks: impact, probability for each risk;
- identification of the **risk owners** and assessment applying the metrics defined in the model;
- definition, with the process **owners**, of actions (organizational and/or process) to mitigate the most critical risks and relative **due dates**;
- definition of methods, processes and formats for reporting relative to risk management.

The results of these activities are:

- **Goal Model** (strategic, operational, financial and compliance objectives);
- **Risk catalogue** (identification of the company's strategic and operational risks, for each business process and overall)
- **Risk assessment results & statistics** (risk matrices with positioning of each risk according to impact and probability). The impact and probability matrix adopted by the Group is divided into three areas of significance (high, medium and low) representing the severity of each risk;
- **Action Plans for the Top Risks** identified (with deadlines and personal responsible);

The risks identified are assessed according to probability and impact parameters (relating to quality and quantity):

- probability: classification scale of 5 **clusters** (from rare to almost certain). Probability is assessed mainly according to the subjective opinion of the owner(s) of each individual risk, on the basis of the situation in question (based on historical data, if available) or future forecasts.
- impact: classification scale of 5 clusters (from insignificant to extreme). The assessment of impact considers quantitative factors (financial reporting, budget/forecast values, market shares) and qualitative factors (business plan objectives, image, reputation and customer satisfaction, compliance with local legislation), that ensure an overall perspective of the risk.

Therefore, in the method developed by the

PRIMA INDUSTRIE Group, each risk owner assesses the impact and probability of risks, considering each risk in terms of:

- gross risk (assessment of the risk that does not take account of the existence and effectiveness of all treatment actions in place);
- residual risk (assessment of the risk that takes account of actions and measures offsetting the risk that the company has already put into operation);
- target risk (for residual risks with high impact and probability – **top risks** – the risk assessment is requested after the corrective actions identified by the function managers have been implemented).

The ERM risk management model that is implemented by PRIMA INDUSTRIE takes account of the risks of various business, financial and compliance activities. Therefore, the following issues are also taken into consideration: the health and safety of workers, the environment (energy resources and emissions), human resources and welfare management, and corruption.

The COVID-19 pandemic, which broke out in early 2020 and is still ongoing, represents an unprecedented discontinuity in social and economic terms. The top priority is the protection of people's health, but the impact that the pandemic has on the economy is severe. PRIMA INDUSTRIE immediately intervened and with great determination in terms of defining measures aimed at guaranteeing the health and safety of workers and business continuity. In fact, since the first signs of the pandemic appeared in China, the Group had begun to define specific rules to limit the risk of contagion, implementing specific actions in the different branches where it operates, such as:

- Establishment of a COVID-19 crisis table at the Group and individual company level (made up of managing directors and business managers and staff), with the aim to promptly provide internal procedures/rules to all the Company's employees, in accordance with government decisions regarding travel, work, health and safety in daily activities human resources initiatives;
- Activation of an email box to promote effective communication Group employees;
- Adoption of travel restrictions and other government measures decided by the individual countries;



- Activation of *Smart Working* where possible and based on the workload of employees, and of the Redundancy Fund procedures (and other similar measures adopted by various countries);
- Adoption of strict rules to regulate the access of visitors/external staff to the Company's premises (i.e. consultants, suppliers, customers);
- Strengthening of hygiene and safety measures, in accordance with the regulations provided by the national authorities;
- Constant communication with customers and suppliers, aimed at ensuring business continuity.

The "COVID-19 pandemic" risk was in fact immediately included and managed within the ERM process in 2020. Risk analysis (ERM) in 2020 and 2021 therefore focused on examining the different aspects of the business related to the pandemic in progress, addressing with the Group companies' managers, Management Control and HR the risks associated with:

- Employee health and safety
- Financial situation and planning
- Business continuity from a manufacturing point of view, presence on the market, liquidity, cost reduction.

During the analyses with the various countries, regulations and guidelines were provided regarding the measures to be taken to reduce the risks mentioned above and the individual emergency regulatory contexts of reference were taken into consideration.

To conclude the update on Risk Management, it is noted that the results of this process are considered in the definition of the annual Internal Audit Plan.



Topic of Legislative Decree 254/16	Title	Risk (description)
Social aspects, human resources management, health and safety	<b>Catastrophic events, pandemics</b>	COVID-19 Pandemic
Social aspects	<b>Social-political changes ("country risk")</b>	Blocks in production/nationalisation resulting from the instability of governments
Social aspects	<b>Social-political changes ("country risk")</b>	Protectionist policies of some governments in the countries that the Company exports to (i.e. import duties) that may reduce the ability to enter the market
Social aspects	<b>Product quality/service</b>	Increase in warranty costs due to product defects
Social aspects	<b>External communication</b>	Incomplete or delayed disclosure to shareholders, with consequent impacts on reputation and compliance
Social aspects	<b>Customer satisfaction</b>	Missed sales or sales with extremely low margins, due to some inefficiencies in the sales process ("offer-to-cash", including "project management")
Social aspects	<b>Customer satisfaction</b>	Risk of losing customers and not achieving the Group's sales objectives due to the lack of attention to customer satisfaction and the inability to quickly and effectively solve the quality problems of the product sold
Personnel management/social aspects	<b>Innovative technology for production plants and processes</b>	Obsolete plants and/or insufficiently advanced production processes that lead to higher production costs/inefficiencies
Personnel management / social aspects / relationship with the client	<b>Legal controversies</b>	Reputational damage and additional costs resulting from legal actions
Human resource management	<b>Relationship with unions</b>	Conflicts with trade unions (workers' representatives) and strikes leading to stops in production and consequent negative economic impacts (penalties for late deliveries, non-transferable fixed costs, etc.)
Human resource management	<b>Dynamics of the labour market: accessibility and availability of qualified personnel</b>	Adequately qualified resources not readily/promptly available on the market, with consequent negative impacts on the business
Human resource management	<b>Maintenance and development of "key" people and their skills</b>	Loss of human resources with skills that are critical to the continuity of business process and/or the achievement of the established strategic objectives
Human resource management	<b>Management of international communication</b>	Internal communication that is not timely/effective can negatively impact company decisions and business processes, as well as entail additional costs
Human resource management	<b>Personnel management around Health and Safety in the workplace</b>	Inadequate working conditions in terms of workers' health and safety with consequent risk of injury and work-related illnesses
Human resource management	<b>Definition of organisational structure, assignment of responsibilities, delegation system and powers of attorney</b>	Failure or delay in achieving objectives/implanting strategies due to an inadequate organisational structure
Human resource management	<b>IT systems to support business processes</b>	Inefficiencies in business processes due to a lack of/inadequate application-IT support
Corruption	<b>Group policies and procedures &amp; ethical principles</b>	Fraudulent behaviour of employees of external parties, resulting in financial losses and/or damage to the Company's reputation
Corruption	<b>Reputation and Compliance: management of agency contracts</b>	Relationships with sales agents not adequately formalised and/or recognition of commissions in the absence of the necessary requirements
Corruption	<b>Protection of personal data and cybersecurity</b>	Potential theft or loss of sensitive R&D data. Threats, vulnerabilities, and cyber risks related to possible attacks and breaches to the network or computer systems.
Human rights	<b>Human rights</b>	Suppliers that do not comply with the Company's ethical rules and human rights
Environment	<b>Changes in safety and technology regulations/laws</b>	Any changes at local/European/international level relating to technical and/or safety standards for products and/or systems, with the consequent additional implementation costs
Environment	<b>Natural Events</b>	Damage to factories/warehouses following natural events (i.e. floods, earthquakes, etc.), with consequent costs and loss of potential sales
Environment	<b>Catastrophic events, pandemics</b>	Damage/closure of factories and/or offices following pandemics

In recent months, as an indirect consequence of the pandemic and political instability on a global level (due mainly to the tensions between Russia and Ukraine that have escalated into a war), there has been strong inflationary pressure internationally on the costs of raw materials and components and, at the same time, significant instability in supply chains.

Both risks were thoroughly examined in the application of the ERM model during the preparation and approval of the budget.

The potential effects of both risks on the Group's income statement and balance sheet have been quantified and various mitigation measures have been identified to avoid or minimise the resulting impacts.

In both cases, the Group has set up working groups at top management level to monitor the situation and define immediate action to mitigate it. For additional comments on geo-political tensions relating to the Russia-Ukraine conflict, please refer to the PRIMA INDUSTRIE Group Financial Report.





4.





# ENVIRONMENT

## Environmental Sustainability

Considering the production model adopted by the PRIMA INDUSTRIE Group, no significant environmental impacts have emerged, since most production activities are outsourced (for products researched and developed internally), with most assembly carried out internally.

The risk associated with the environmental impact of the Group's activities and its machines is minimal, since the main work performed is assembly and commissioning, which do not involve the heavy use of water resources or lead to large emissions into the atmosphere. Notwithstanding this fact, PRIMA INDUSTRIE Group considers respect for and protection of the environment as one the major themes in which to base commercial, industrial, and social initiatives, adopting sustainable and responsible practices, making organisational, instrumental tools, and economic resources available that leads to continuous improvement in this area. In order to manage potential risks that are not currently present in the various companies of the PRIMA INDUSTRIE Group, constant analysis of standards and regulations is a priority, along with assessing conformity of procedures and documentation pertinent to environmental practices.

For this reason, the Group has adopted tools like newsletters from category associations and organizations that have been active in the sector for many years, as well as collaborations with external consulting companies, both legal and technical.

The evaluation of the reported environmental data shows an increase in consumption compared to the previous year. This increase is undoubtedly linked to a recovery in production and a gradual return to normality following a period marred by the global pandemic. It's important to note that, compared to previous years, a progressive increase in the use of renewable sources has been obtained as the result of a "green" policy adopted by the Group, which is reflected in the construction methods adopted in the Company's next sites (adoption of plant systems that use renewable and low-impact energy).

PRIMA  
INDUSTRIE



Confronting 2021 and 2019 (the year before the pandemic) a smaller energy consumption can be noted. This positive trend in energy consumption is the result of PRIMA INDUSTRIE Group's careful approach to the environment, as it embraces practices aimed at getting energy waste as close to zero as possible, ensuring that all systems are equipped with the latest generation of automation systems of the latest generation, which are present in the newer buildings. Lastly, the production plant in Collegno (TO), which was completed in the summer of 2021, was also built according to the latest green building criteria to minimise environmental impact.

The two most important companies in each division (PRIMA INDUSTRIE SpA for PRIMA POWER and PRIMA ELECTRO SpA for the PRIMA ELECTRO Division) have installed an environment and safety management system to ensure that all existing and future group companies address environmental issues as an important aspect of their business, with priority focus on current environmental legislation.

The entire company structure is involved in this organisation with the aim of achieving the assigned environmental objectives. The main objectives are:

- managing production in such a way as to minimise the impact on the environment;
- preventing, reducing or eliminating environmental pollution, where possible
- pursuing the continuous improvement of environmental performance.

As part of a CSR policy for a '**plastic free**' approach, starting in the last months of 2021, the Italian plants have introduced dispensers for micro-filtered water from the water system, either natural or with added carbon dioxide, and aluminium flasks have been given to all workers. In the company restaurant at the Collegno site, too, plastic bottles were no longer distributed, with glasses being provided to be filled at the dispenser. The choice of recyclable water bottles combined with the availability of free refillable water saves at least one water bottle per day for every worker in the company, leading to a significant reduction in the related environmental impact. In Finland, the possibility of using water dispensers with their own containers has existed since 2018.

These initiatives allow for a reduction in the amount of plastic waste produced and eliminate the negative impact on the environment caused by the production and transport of pre-packaged bottled water.

An additional action taken aimed at reducing plastic consumption, and therefore the production of plastic waste in the Collegno (TO) and Cologna Veneta (VR) plants, was the introduction of glasses made of recycled material in the hot drink dispensers.

Finally, with the aim of reducing the production of hazardous waste based on the principle of re-use, in the production plant in Cologna Veneta (VR), where there is a machine tool department, the use of washable technical cloths to clean the tools and parts produced has been promoted.

### Sustainable production

The PRIMA INDUSTRIE Group has always focused on environmental issues during the research and development of its products. This concept is the basis for the Group's decision to combine productivity and environmental sustainability in the "Green means®" concept.

The companies in the PRIMA POWER Division, particularly PRIMA INDUSTRIE SpA, have focused on the transition from CO<sub>2</sub> to laser fibre machines.

This change in technology has enabled us to reach various goals related to environmental sustainability:

- waste reduction and elimination of the use of gas: lower CO<sub>2</sub> production
- greater production efficiency and lower cooling capacity/lower heat production: lower CO<sub>2</sub> production

Panelling, bending and punching machines and their related automation systems have passed from hydraulic technology to a servo-electric type.

- lower energy consumption (82% energy reduction): lower CO<sub>2</sub> production
- elimination of hydraulic oils: no hazardous waste produced
- lower production of heat and noise during operation: improved work conditions for the operator and lower impact on the environment

green  
means®





## Energy management

One of the aspects that are fundamental for reducing consumption is energy consumption management. Group companies have monitored energy consumption through internal form-filling assessments and reports. Audits and evaluations are also carried out with the assistance of external consultants and companies aimed in order to track the different aspects that cause the impacts that Group locations can have on the environment (emissions, electricity/water consumption, waste production, soil/subsoil pollution).

Various methods have been adopted to reduce consumption, ranging from raising awareness among personnel to adopting responsible energy-saving behaviour, such as turning off PCs and electronic equipment at the end of the workday, to investing in plant control systems, so that start-up and shutdown times can be managed and planned, especially on holidays or in the evening/night.

The PRIMA INDUSTRIE Group has taken the energy efficiency route at its sites. It has invested in several Italian and foreign sites in the installation of new lighting fixtures with low energy consumption devices and in adopting renewable sources – e.g. photovoltaic, geothermal, biomass – for heating and energy production.

This project, which is based on an eco-sustainable approach, began with the construction of the PRIMA INDUSTRIE Group's headquarters in 2016 and continued over the last few years until the summer of 2021, when the new production plant in Collegno (TO) was completed.

Since 2016, the site in Collegno (TO) has been expanded and is now a real industrial complex, which features:

- the **Headquarters**, consisting of a 2300 m<sup>2</sup> office building housing the Corporate Offices of PRIMA INDUSTRIE and the divisional offices of PRIMA POWER and to which a showroom of 1800 m<sup>2</sup> is annexed, where all the Group's machines are displayed and where customers are welcomed;
- the **Advanced Laser Center**, a centre of approximately 4500 m<sup>2</sup> dedicated to the research and innovation of advanced laser machines and systems and to additive manufacturing;
- the **Production Plant**, a building of approximately 10000 m<sup>2</sup>, where machines and laser systems for sheet metal working are produced.

The buildings are made from "green" materials and are energy self-sufficient. Each building is equipped with the latest technologies for energy saving, including thermal insulation and energy production, thanks to photovoltaic panels, solar panels and a geothermal system. Lighting is managed by a home automation system to reduce waste. This type of construction reduces CO<sub>2</sub> emissions and lowers energy consumption.

The new Finnish production facility in Seinäjoki was built in 2018 based on this model. This is a Class A building and has high energy efficiency. In fact, it too has been built using the most innovative green technologies, including an efficient heat recovery system, a solar panel system and a lighting system made with low

### 410 tonnes of CO<sub>2</sub> saved per year

- Lighting
- Electrical system
- Cooling
- Heating
- Ventilation
- Water Heater

### Estimated emissions (ton CO<sub>2</sub>/year)

Traditional building: 875  
Current building: 465

### Estimated emissions (MKW/year)

Traditional building: 2335  
Current building: 1211  
Savings: 1124



consumption LED technology light fittings that are automatically regulated with twilight sensors and movement sensors that allow spaces to be sufficiently illuminated without wasting energy. Thanks to the adoption of these systems, it is possible to reduce energy consumption by approximately 30% compared to the same building equipped with 'traditional' systems.

The PRIMA INDUSTRIE Group looks to the future with an eye on what should be left for future generations, with an all-round commitment to reducing energy needs and CO2 emissions, by increasing efficiency and the use of renewables.

**The PRIMA INDUSTRIE Group looks to the future with an eye on what should be left for future generations, with an all-round commitment to reducing energy needs and CO2 emissions, by increasing efficiency and the use of renewables.**

The philosophy of respect for the environment and a commitment to sustainability are central to investments choices, intended to improve the conditions of production plants all over the world.

The environmental data reported shows an increase in consumption compared to the previous year, characterised by the pandemic emergency and the subsequent decrease in global production. In order to obtain a more accurate analysis of the consumption trend, a

comparison should be made with 2019, when there was an increase in the consumption of electricity and fuel for cars due to the restart of production activities, including mobility and travel; this increase is mainly due to the extension of the reporting scope.

It is important to highlight the increase in energy consumption from renewable sources: a **positive trend** indicating the Group's commitment and investment in a **green policy**.

The eco-sustainable approach is also evident in the reduction of energy consumption for heating from fossil fuels compared to the year 2019 and an increase in the use of renewable sources.

Disclosure 302-1 of GRI 302: Energy 2016

ENERGY CONSUMPTION	2021 [GJ]	2020 [GJ]	2019 [GJ]
<b>Electricity TOT</b>	<b>41,484</b>	<b>32,924</b>	<b>35,277</b>
Renewable sources	10,948	8,022	7,957
Non-renewable sources	30,536	24,902	27,32
<b>Heating TOT</b>	<b>23,037</b>	<b>19,783</b>	<b>24,884</b>
Renewable sources	1,923	1,487	1,317
Non-renewable sources	21,114	18,296	23,566
<b>Company vehicle fuels</b>	<b>34,678</b>	<b>21,428</b>	<b>27,222</b>
Renewable sources	6	0	0
Non-renewable sources	34,672	21,428	27,222

## Emissions management

The environmental impact of the various production units of PRIMA INDUSTRIE Group is low, since activities are mainly related to assembly. Thus, emissions from the Group's production sites cause low levels of atmospheric pollution, in accordance with existing regulations and authorisations.

The Group also considers with attention CO<sub>2</sub> emissions from company cars. The aim is to choose latest generation cars with a low impact for the environment. The Group also tries to raise awareness among personnel regarding the proper use of transport, with **corporate policy guidelines** and by promoting carpooling in some locations. At the Collegno site, for example, a company car pooling system was introduced in September 2021, which saved 104.33 kg of CO<sub>2</sub> in the four months of operation leading up to the end of the year.

As already stated in the previous section, the Group always aims to use more green technologies and to replace vehicles that use diesel and gas fuels with electric vehicles. With this in mind, electric car recharging stations have been installed at both the Collegno (TO) headquarters and the Seinäjoki plant in Finland.

PRIMA INDUSTRIE Group's management, which pays attention to environmental issues, has ensured a substantial reduction in emissions due to non-renewable sources such as fossil fuels. This is thanks to the increased adoption of heating types such as district heating, for which renewable sources such as biomass are used in some countries.

Disclosure 305-1 e 305-2 of GRI Standard 305: Emissions 2016

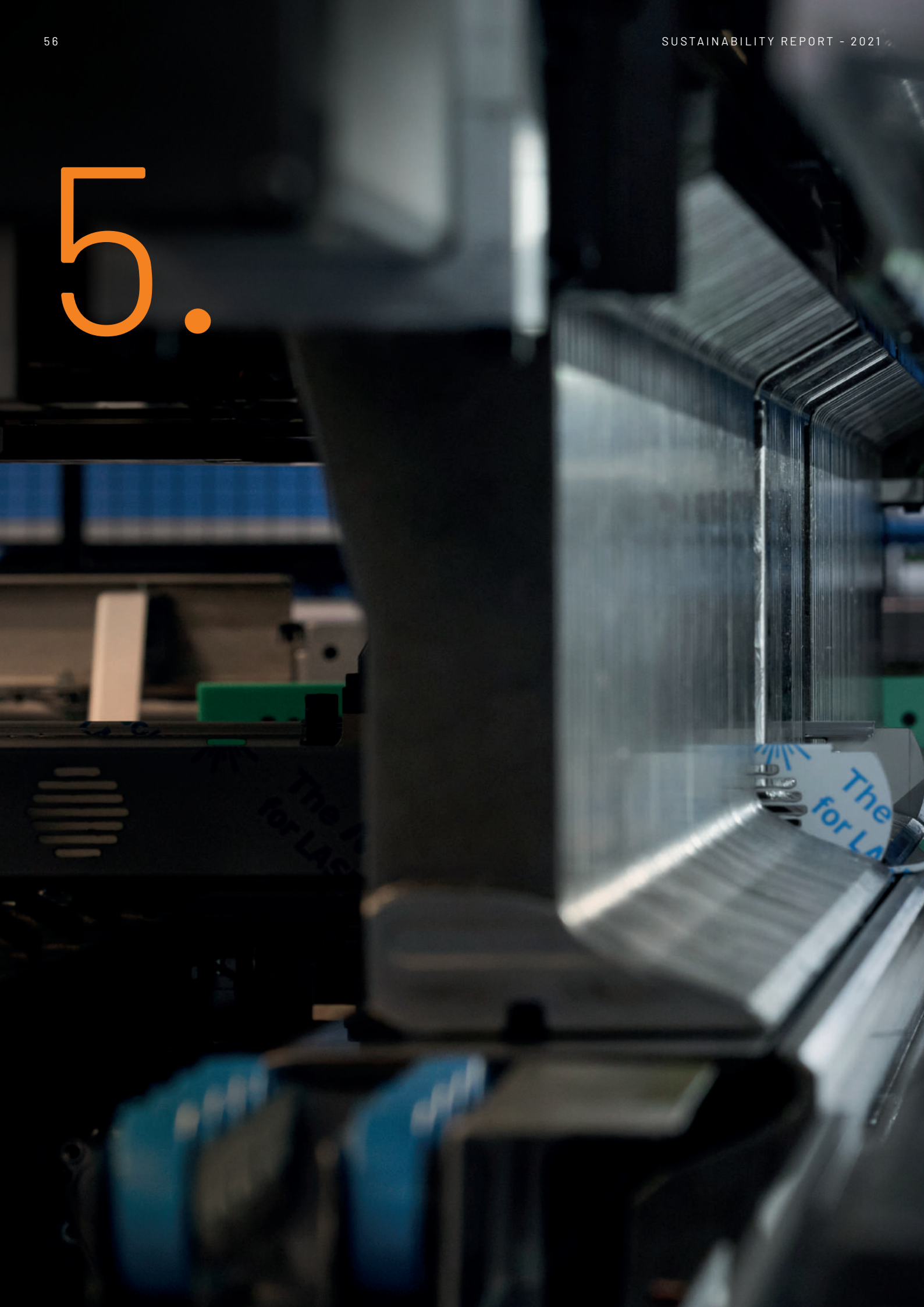
Emissions	2021 [tCO <sub>2</sub> e]	2020 [tCO <sub>2</sub> e]	2019 [tCO <sub>2</sub> e]
Scope 1	325	340	496
Scope 2	4,680	3,198	3,095







# 5.





# PRODUCTS

## 5.1 Product quality

The products of the PRIMA POWER Division (laser machines and sheet metal working machines) are manufactured, tested and checked against reference documents (Machine Quality Book) containing the sequence of standardised assembly, wiring, commissioning and testing operations.

The Machine Quality Book contains the relevant operational documents for the building of products, such as:

- Operating instructions
- Mechanical diagrams
- Electrical diagrams
- Control modules

The machine quality book is standardised for all products in the division (laser, bending and punching).

At the end of the process, each product undergoes "outgoing certification", which checks the completeness and conformity of all the phases in the machine quality book.

During new product development, the Product Manager (PM) defines the procedure to be followed according to the guidelines set out on the "Project Phases Management" form, containing the input data and output documents (i.e. the inputs for the next phase) for each phase. Transition to the next phase is subject to a special check and approval by the departments (phase gate) where the risk analysis is also carried out. All products are CE marked and undergo applicable product certifications.

### Main objectives for product quality

The main instrument for monitoring the quality of products is the **Field Intervention Rate (FIR)**, which measures the average number of customer service interventions during the warranty period.

This produces a periodic analysis with details and trends of the quality of products and their individual components.

These analyses enable us to define corrective and preventive/improvement actions on internal and external (with the involvement of suppliers) products and processes.

Processes are monitored by means of a system of indicators (KPI), by measuring each process for effectiveness and efficiency and in order to define improvement plans.

"Quarta3" is the ERP management software that allows standardisation and automation of product/process quality management and automatic identification of product and process performance indicators (KPI). The connection process between Quarta3 and the new service tool "PST" (**Prima Service Tool**) was completed throughout 2021.

In this way, the provision and usability of data regarding service interventions is drastically improving, which are classified by Quarta3 in real-time and aggregated by the Business Intelligence software to elaborate on KPIS and provide detailed analysis on all aspects of product quality throughout all manufacturing and aftersales processes at the customer's premises.

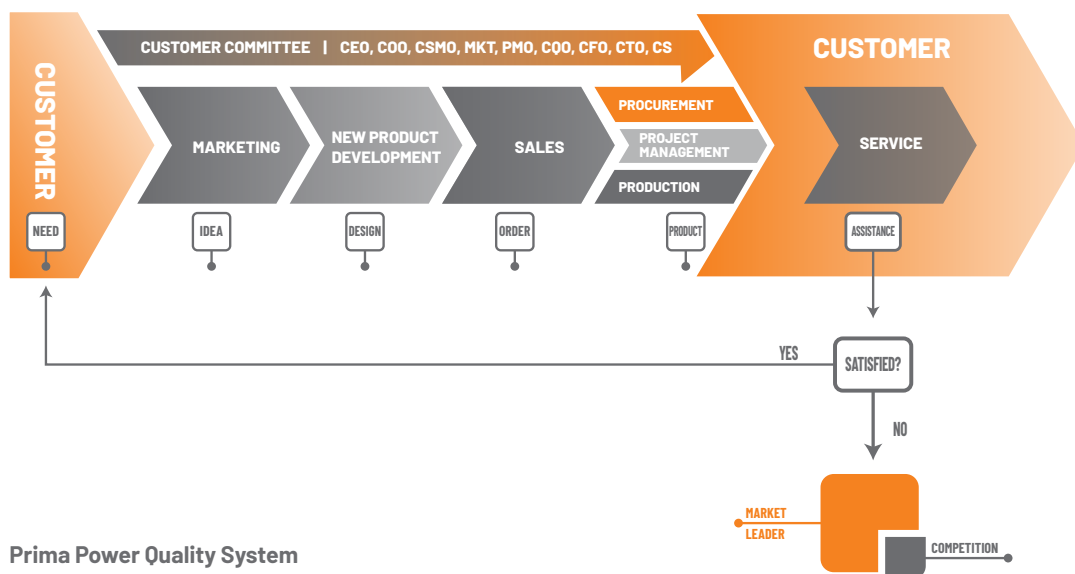
## CUSTOMER SATISFACTION

Customer satisfaction is PRIMA INDUSTRIE's main objective given our awareness that growth and profitability can only be achieved with satisfied customers. For this purpose, the company has implemented a Customer Committee, which meets weekly and aims to improve business processes dedicated to customer service, using specific KPIs to measure performance.

- **Customer Committee**

The Customer Committee is chaired by the CEO with first level managers (Finance & HR, Quality, Sales, R&D, Operations, After-sales, Project Management) with the aim of focusing the Company on monitoring and the continual improvement of customer satisfaction, defining extraordinary measures for the management regarding important issues through an escalation process.

**Customer satisfaction is PRIMA INDUSTRIE main goal**

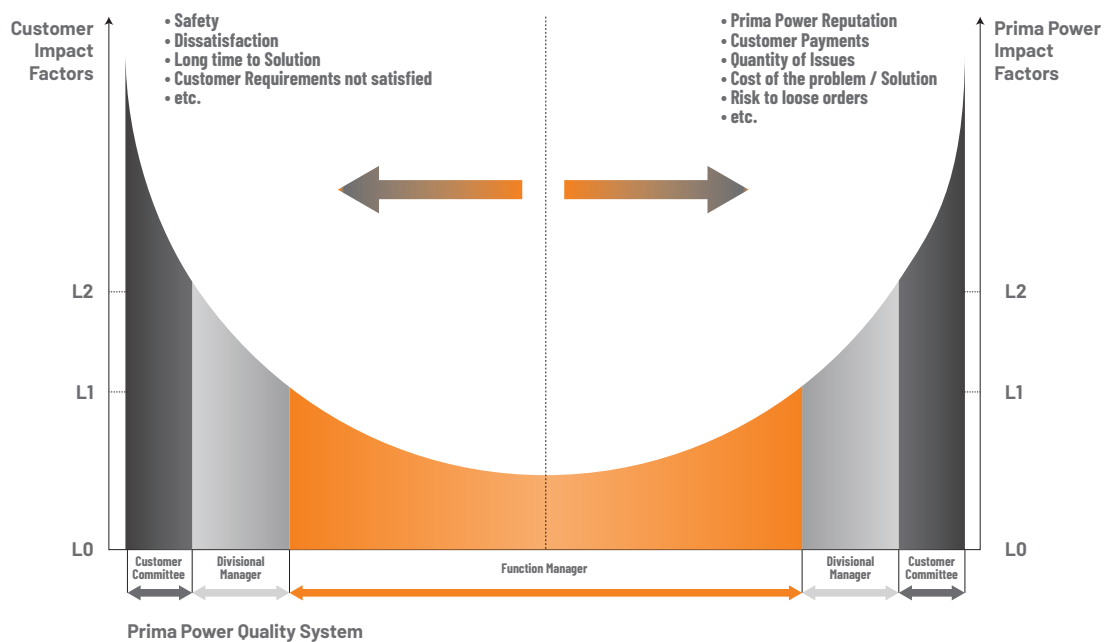


## ESCALATION PROCESS

The **Escalation Process** defines the rules, roles, and criteria for the management of information flows if a problem is escalated that impacts **Customer Satisfaction** and the relative **ownership** of the solutions.

This process is implemented through the parameters that objectified the process through defined characteristic features:

- Impact factors (for the customer and for PRIMA INDUSTRIE)
- Impact levels with defined thresholds
- Services before escalation





## Customer Satisfaction Survey

In April 2021, a fourth customer satisfaction survey campaign was launched for the PRIMA POWER division through telephone interviews<sup>3</sup> to measure customer satisfaction in four main areas:

- **Sales**
- **Installation**
- **Product**
- **After-sales**

The countries involved in this fourth survey were: Italy, US, Spain, Finland, Poland, the United Kingdom, Portugal, Bosnia, Germany, the Czech Republic, France, India, Serbia and Turkey.

Despite the ongoing status of the pandemic, there was still a high percentage of customers contacted who responded to the 2021 survey, a figure that has continued to grow since previous years and is higher than the average for surveys in this area.

The 2021 survey introduced a new metric for measuring **Customer Satisfaction**: the **Net Promoter Score (NPS)**, which is a management tool that can be used to assess loyalty in a business-customer relationship.

The **survey** results generated a dedicated analysis and specific actions were adopted to continuously improve our products and services based on the information received. Members of PRIMA POWER Top Management (Customer Committee) also visited some customers who participated in the survey to demonstrate even more attention to the customer and their satisfaction.

The results from the **survey** carried out with customers are tightly linked to the evaluation and incentive process of company managers, as within the MBO system there is an objective that is achieved only when there is a high percentage of satisfied customers.

Following the path, an additional survey will be conducted in 2022 that further expands the perimeter of the involved countries.



<sup>3</sup> The telephone interviews were carried out by an external consulting company and the results were classified and aggregated internally in the relevant analysis to obtain the reference KPIs and monitor their patterns and trends over time.





## 5.2 PRODUCT SAFETY

Health and safety has always been a fundamental value for PRIMA INDUSTRIE, which is why the Group provides the organisational, instrumental and financial resources needed to pursue its objectives for the continuous improvement of safety.

### The PRIMA INDUSTRIE way

PRIMA INDUSTRIE products are made in accordance with the Machinery Directive (2006/42/EC) and other directives and standards specific to the type of product made.

Planning and Development (P&D) involves a **Risk Analysis** based on the product specifications.

This document is the basis for the **design** of technical solutions to the mechanical, electrical, SW, PLC aspects of product safety.

When products are changed or updated, so too are the **Risk Analysis** and the above technical solutions.

During the Design and Development phase, all the technical documents are grouped together in the Technical File, which is added to as the product is developed and contains all safety-related documents on completion of P&D.

At the end of P&D and when technical file is complete, the product can be placed on the market, according to the rules for CE marking.

This is an ongoing process aimed at keeping to the timeline for the risk analysis and systematic collection of technical drawings. This is to ensure that the technical file is put together in step with development, prototyping and the final decision on the product, including the decision regarding the user manual.

Based on the information collected, no incidents took place in the year 2021 related to product non-conformities and causing damage to the health and safety of the operators (Disclosure 416-2 of the GRI Standards 416: Customer Health & Safety 2016).

## 5.3 INNOVATION

PRIMA INDUSTRIE has a history of technological innovation in the manufacturing industry. The development of the company's products and services has always been a ground-breaking approach to laser and sheet metal forming technology, but also to software and, currently, the digitalisation of processes/services. The DNA of innovators in the fields of mechatronics, photonics, microelectronics, and process innovation has driven the current product portfolio in the fields of sheet metal working, micro-drilling, and **Additive Manufacturing** machines.

At the heart of PRIMA INDUSTRIE's innovation lies the customer's need for the automation of manufacturing processes and the simplicity of using machines through process-integrated intelligence: this translates into competitive advantages for the customer. The customer is a key component of the product/process innovation process and dialogue with them is constant with respect to understanding their needs or anticipating them, translating them into innovative ideas.

PRIMA INDUSTRIE's approach to innovation aims to maximise the value chain and is now being shaped in an environment that is increasingly interconnected, agile and dynamic. In this context, it is important to be able to communicate and collaborate with different players in manufacturing, managing knowledge and development flows both inside and outside the company.

PRIMA INDUSTRIE has therefore adopted the philosophy of **Open Innovation**, capable of involving different stakeholders in innovation in the manufacturing industry at both the Italian and European level, and promoting a model that considers not only internal ideas and resources, but also tools and skills from the external context, including research centres and start-ups.

PRIMA INDUSTRIE has therefore developed over the years an ecosystem of partners and suppliers aimed at continuous product development and the growth of skills in its technology sector, allowing customers to implement profitable products in the context of their industrial production.

Therefore, from the outside comes a technological impulse built up through PRIMA INDUSTRIE's collaborations with Research Centres and Universities, small innovative companies and leading groups in their

sectors, to increase the understanding of the customer's needs and the technological expertise of the group.

### Customer is the key component of the product and service innovation process.

Improvement of PRIMA INDUSTRIE products translates into a continuous commitment, which never ceases with the launch of a new product. In addition to developing performance, the Group works to improve all aspects of the life cycle of the product, from installation to maintenance to assistance, to ensure that the customer can always get the most profit from their investment.

The main objectives of innovation and development of our solutions are:

1. To guarantee competitiveness for the customer, improving productivity, flexibility and efficiency. PRIMA INDUSTRIE offers a wide range of machines for processing sheet metal and automation systems, which can be combined to offer the most suitable solution for the needs of every customer. This is the first step to ensure customer satisfaction: offering their *own* productive solution.
2. To ensure maximum product safety. The health and protection of those who use PRIMA INDUSTRIE machines in any circumstances and in any part of the world are non-negotiable requirements for the development of every product, taking precedence over the cost reduction logic. Knowing how to innovate means combining technological progress with people's well-being.
3. Increasing energy efficiency in products. Energy cost is a crucial factor in customer decisions, especially in areas where the cost of energy is high, and PRIMA INDUSTRIE is constantly innovating its products to minimize consumption. The Energy in Efficient Use® identifies all the Group's products that, thanks to the use of servo-electric technology or fibre laser sources, guarantee a reduction in electricity consumption.
4. Contributing to limiting the impacts of industry on the planet. PRIMA INDUSTRIE is aware of the importance of pursuing sustainable development,

based on the responsible use of resources and reduction of environment pollution. Green Means® is the core philosophy at the base of the development of Group products, according to which our solutions are designed and developed to allow sustainable production, thanks to reduced consumption, waste, polluting materials, maintenance, noise and required space in the workshop.

To reach its objectives, PRIMA INDUSTRIE considers its investments in innovation on components with high added value to be a strategic move; laser sources, a fundamental element for performance, quality and precision in processes; the laser head, the technological heart of the machine, optimizing processes for all applications; the software, controlling machine dynamics and ensuring efficient **data-driven** management of production; the automation, managing material flows and simultaneously ensuring productivity and flexibility.

To ensure maximum satisfaction, PRIMA INDUSTRIE maintains core competencies within the Group and offers its customers the advantages of a **one-stop supplier**: complete control over the technology and the different parts of the machine, a single point of contact for maintenance and assistance, and full responsibility for the success of the product solution.

Work on higher value-added components enables the development of efficient processes such as lasers, solutions supporting a circular economy like Additive Manufacturing, and industrial systems

adopting digital services to achieve complete accessibility and sustainability. As a result, PRIMA INDUSTRIE is in line with the sustainability objectives shared by the European Commission through to 2030, participating in objectives such as climate action, the **circular economy** and **industry innovation**.

**Research and Development** activities undertaken by the Group over the course of 2021 totalled 19,973 thousand Euros, (of which 15,945 thousand Euros in the PRIMA POWER segment and 4,028 thousand Euros in the PRIMA ELECTRO segment).

The capitalised portion amounted to € 2,390 thousand (of which € 934 thousand in the PRIMA POWER segment and € 1,456 thousand in the PRIMA ELECTRO segment), a decrease compared to € 5,479 thousand as of 31/12/2020.

The level of costs incurred in the research and development of new products is testament of the Group's consistent commitment to investing in the future and improving its competitiveness on international markets, through its offering of technologically advanced products.

Product development and innovation projects are scheduled on the three-year product plan, updated on a rolling basis every year. For the next three years, the industrial plan will also include the **product roadmap**.

For each single project, a rigorous analysis on return on investment is applied before it is inserted into the plan (business case). This careful assessment is also repeated before



Sustainability goals shared by the European Commission through to 2030





the project is initiated to perfect the plan based on market demands.

### Technological innovation trends in the manufacturing sector

The main technological innovation trends in the manufacturing sector involve the following aspects:

#### 1. Connectivity and digitalisation:

Interconnected systems that can be managed remotely with easy accessibility, but also systems that communicate with the operator, supporting them in the most difficult or complex operations, for their safety and to ensure a high-quality process. This includes the adoption of IoT, cloud-based architectures and communication networks such as 5G.

PRIMA INDUSTRIE is at the forefront in the development of pilot lines with 5G technology in manufacturing, using the **Internet Of Things** and cloud solutions for optimised management of systems and data.

#### 2. Social and economic sustainability:

Processes and systems for improving efficiency and reducing waste and consumption. It is a circular path

to support competitiveness in the manufacturing system. This includes the integration of technologies aimed at recycling, saving energy, extending product life cycles and above all making components functional to improve their performance while in use.

PRIMA INDUSTRIE participates in this trend by working on efficient laser sources for different types of material, advanced processes such as **Additive Manufacturing** to repair components or make them functional, laser-processing systems dedicated to **e-mobility** and **green manufacturing**.

#### 3. Flexible and Advanced systems:

Sophisticated systems that work with a high degree of flexibility and ensure ease of use and fast reconfiguration. In this regard, we are increasingly hearing about distributed control, modular manufacturing, cloud-based services, the use of Artificial Intelligence (AI), and the use of the Internet. PRIMA INDUSTRIE has an innovation business dedicated to the modularity of hardware and software solutions and greater flexibility through the use of laser technology. This includes studies dedicated to **Artificial Intelligence** for autonomous systems.



### **Connectivity and digitalization: interconnected machines**

Today, manufacturing is at the centre of a digital transformation, where cutting-edge digital technology is being developed to drive improvements in flexibility, added value and efficiency.

Smart manufacturing is the key to addressing these issues, but it is also a complex environment driven by new technologies that will help boost the competitiveness of the European manufacturing industry: cloud, artificial intelligence (AI) and machine learning, new connectivity technologies (5G), the internet of things (IoT) and sensor technology, digital twins and robotics are all contributing to changes in manufacturing. Currently in production, some of these technologies are partially used while others need to be set up to be fully utilised.

**Today, manufacturing is at the heart of a digital transformation, where cutting-edge digital technologies are being created to generate advances in flexibility, added value and efficiency.**

For PRIMA INDUSTRIE, the use of machine data is the real asset in exploiting these technologies, which can be based on history and statistics, leading to greater knowledge of their production processes and therefore to their improvement (in terms of efficiency and much more). With this vision in mind, every machine used in manufacturing can be equipped with sensors to collect the most significant data from the process. The data is then stored and processed in a cloud so that it can be used for reporting, quality and improving production. Specifically, being able to access data means making production measurable and therefore being able to envisage different business models linked not only to investment in machinery but also to **servitisation**, i.e., the sale of services or even the operational rental of the machinery itself, which can be repaid depending on productivity.

Machines are getting smarter and may have lower operating costs, so an operator may be able to easily control several machines and processes even simultaneously.

Service and technical support also benefits and it is easier to service machines remotely, drastically reducing the number of trips and allowing for more targeted intervention when a machine malfunctions and needs to be fixed.

The machines produced by the PRIMA INDUSTRIE group are all sensorised and the data are easily made available thanks to the forty years of experience in mechatronic integration used to design and manufacture them.

Each machine can generate large data sets that can be made available in the cloud courtesy of an internet connection and a data gate for cloud connection. This is referred





to as the **IoT (Internet of Things)** in which meaningful data sets from machines can be collected and processed in the **cloud**.

Today, innovation and research in Industry 4.0 is strongly focused on intelligence that uses this data to optimise and improve production processes. There is increasing talk of **machine learning** and artificial intelligence, applied, for example, to the use of intelligent CAD/CAM, which guides the operator to correctly program the machine, and of **high-power computing**, which allows the computational capacity to be in the cloud and to program the machine from any device capable only of displaying the results. In addition, process monitoring is increasingly moving towards the integration of production quality, where it becomes important not only to be able to monitor, but also to intervene and automatically correct any errors during the process, the so-called “**zero defect**

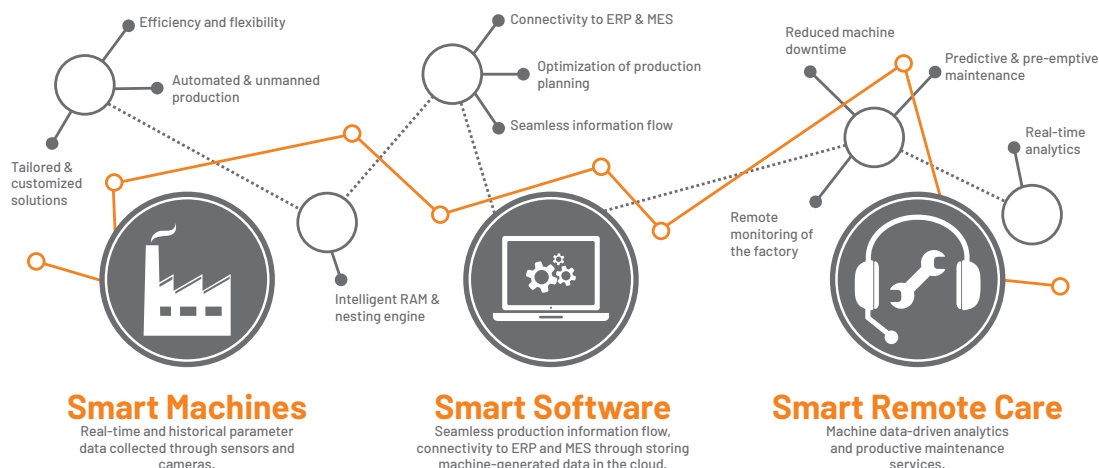
**manufacturing”**.

Other important aspects related to Industry 4.0 technologies are the virtual and augmented reality tools that can help with assisted procedures during machine use and maintenance training, but above all can be used for remote machine servicing.

As bandwidth increases and data exchange improves, these technologies will be increasingly used, and 5G will enable more effective and reliable remote intervention on machines. 5G will also enable human-machine collaboration and data exchange between different devices in **real time**.



## Industry 4.0 inside



### Social and economic sustainability: electrification as a key lever for sustainable mobility.

In terms of sustainability macro-trends, an important market for PRIMA INDUSTRIE, namely the automotive sector, can have a strong impact.

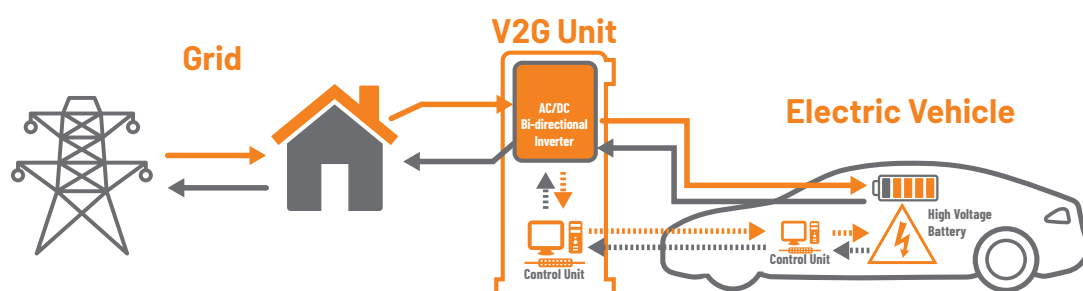
**E-mobility** or sustainable mobility is growing rapidly and laser technologies can play an important role in the creation of solutions ranging from machine modules to electric battery assemblies. Electric mobility is in fact strongly linked to laser technology.

The car's structure has to be increasingly lightweight, able to accommodate larger and larger batteries, maintain a low weight so as not to impact on range, and be steadily safer in order to comply with standards. Lightness and strength are essential and high-strength steels are used for this purpose. These steels are so hard that the only way they can be cut is through the use of the laser process. In this case, the use of Additive Manufacturing technology also plays an important role, helping with the redesign of components with a view to making them lighter.

In addition, European targets aim to reduce CO<sub>2</sub> emissions by 55% by 2030 and 2021 saw rapid growth in the global electrification market with global sales of electric vehicles (BEVs and PHEVs) reaching 6.75 million units in 2021, 108% more than in 2020. In this

context, the need for companies to innovate using environmentally friendly solutions is becoming increasingly challenging. As one of the leading EMS partners in the market of embedded solutions, and thanks to its significant technological know-how and ability to design and develop cutting-edge integrated electronics, PRIMA INDUSTRIE's research and development expertise is focusing on innovative fast charging solutions to accelerate the transition to sustainable mobility. Bi-directional DC chargers, specially designed for superfast charging hubs and car parks, promise to unlock the enormous potential of electric vehicle batteries, going beyond their primary task of providing power for mobility. In fact, the batteries can also be connected to the general power grid to make it more stable and efficient. V2G (Vehicle-To-Grid) is a technology that helps transform electric cars from a simple means of transport into energy storage facilities that can exchange energy with the grid.

**PRIMA ELECTRO's research and development expertise is focusing on innovative charging solutions to accelerate the transition to sustainable mobility**



### **Flexible and Advanced systems: Additive Manufacturing and other innovative technologies**

One of the main examples of PRIMA INDUSTRIE's commitment in this area concerns the development of **Additive Manufacturing** technology.

**Additive Manufacturing** is an advanced manufacturing process that produces components by adding material layer by layer, as opposed to the traditional methods of removing material to shape the object. It allows the manufacturer to use only the material needed to build the part, and to remove traditional design constraints and lighten or make the part functional where required.

The explorative stage of this technology began in the late 1990s and early 2000s. For a long time this technology was used only in research or prototyping sectors, until 2009-2010, when the aerospace sector decided to use it for producing components. Today, the process allows not only prototypes but also small series production with high added value, with the aim of expanding the use of additive manufacturing to larger volumes.

Additive technologies can be different, but the most widely used ones in industry are based on the laser process.

In the metals sector, additive technologies are mainly two types:

#### **1. PBF powder bed fusion technology.**

Powder bed fusion technologies are approximately 95% laser-based and 5% electron beam. For these technologies, several layers of powder are laid (powder bed) and the laser or electron beam is directed through a laser scanner head to meld the metallic material layer by layer to create a three-dimensional component. At the end of the process, the component is immersed in the powder and then removed by aspirating the excess powder. This technology can produce very complex components and construction parts from a geometric standpoint, and the components are almost always finished with a good superficial quality. Nevertheless, it is not a technology easily scalable in dimensions, and it is not very productive. The latest trends in this technology to increase productivity involve increasing the number of lasers per machine, to implement parallel processes for each single layer. The sectors where this technology is most often used are **aerospace, oil & gas, research and development for visual prototyping** and logistics for the production of **spare parts** with high added value.

#### **2. DED direct energy deposition technologies.** Direct energy deposition technology is based on the use of nozzles that spray the powder where



necessary and the laser beam that melts the material as it is applied. This technology is very productive, but can almost never produce finished components, due to the reduced superficial quality. It is a technology that is often used for repairing metallic components with high added value, and for adding custom features to existing components/objects. The sectors where this technology is most frequently used are **aerospace, tooling** and **oil & gas**.

It is estimated that the market for **Additive Manufacturing** systems for metal components will reach 2.8 billion euro in 2025 with a CAGR of 29% between 2020 and 2025.

As far as metal systems are concerned, more than 12,000 systems were installed by 2020, with annual sales of around 1,990 units in the last three years. Growth expectations for the coming years are high, with estimates showing a CAGR of 22.4% from 2020 to 2025 for metal system units.

The graph, taken from AMpower's report entitled "**Metal Additive Manufacturing**" (March 2021), shows the market for metal systems for **Additive Manufacturing**:

Despite the growth, **Additive Manufacturing** is not yet a mature technology in terms of productive capacity, scalability in large

dimensions and process reliability. For these reasons, the innovation trends in this technology are aimed at increasing productivity, increasing work volumes of additive machines and rendering the process more stable using **high-speed monitoring processes** and **Artificial Intelligence**.

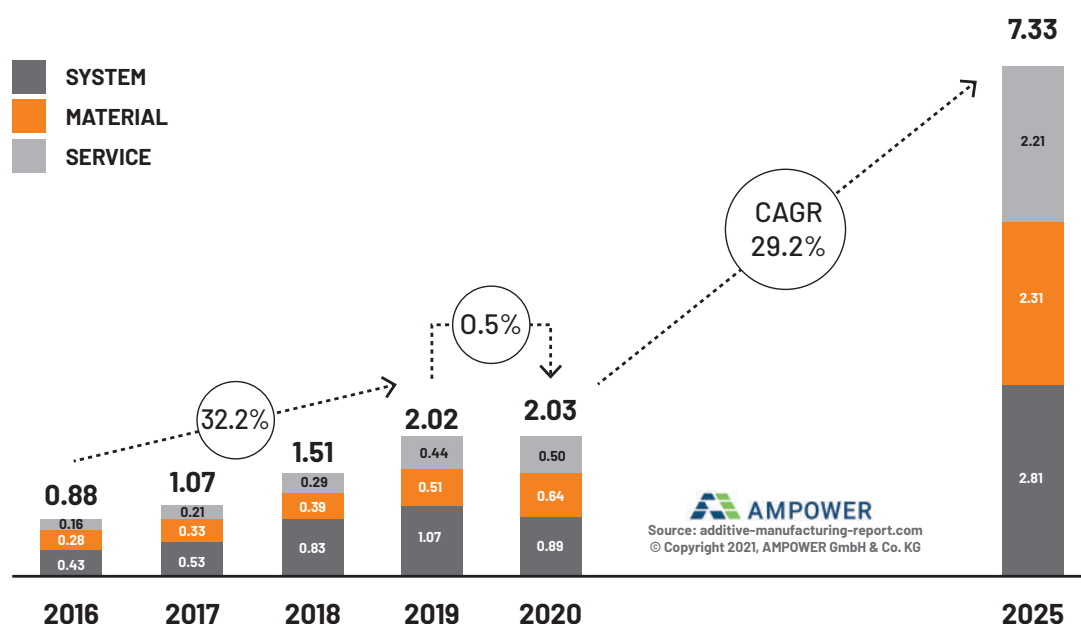
PRIMA INDUSTRIE works in the field of **Additive Manufacturing** through the PRIMA ADDITIVE division. This division projects, constructs and resells laser machine solutions for additive technologies and supports the customer from an applicative standpoint while learning and exploring these laser technologies for metallic parts.

The added value of PRIMA ADDITIVE surely lies in its industrial experience in the world of laser machines of the PRIMA INDUSTRIE Group, in the use of internal components (mainly laser source and numerical control), as well as in applicative support for the customer. PRIMA ADDITIVE is one of the very few players in the world that can offer both solutions, PBF (powder bed fusion laser technology) and DED (**Direct Energy Deposition**) technologies.

The commercial and product strategy of the PRIMA ADDITIVE division is based on strategic partnerships with investments in research and development.

Investments in research and development

Figure - expected growth of AM metal systems by 2025 [EUR Bn].



were dedicated to strengthening the product portfolio, adopting new solutions to improve the process (e.g. monitoring) and developing machine-related services to introduce digital solutions to assist the customer.

In 2021, the Prima Open Additive programme was also launched, which aims to create strategic agreements with competence and research centres to jointly carry out innovative projects and implement application developments dedicated to PRIMA ADDITIVE customers.

As far as the product portfolio is concerned, PRIMA ADDITIVE has strengthened its proposition regarding the powder bed technology by developing solutions of different sizes, in order to widen the range of applications and materials to be processed and meet the needs of multiple sectors. The small machines (working volume Ø150 mm \* H 160 mm) are versatile and allow you to work on different research tasks dedicated to different materials and applications.

The larger machines (working volume 400 mm \* 400 mm \* 600 mm) allow higher productivity and automation, allowing Additive Manufacturing to be adopted in the production of larger volumes. Currently, the **powder bed** technologies are being developed in collaboration with the start-up 3D New Technology, in which PRIMA INDUSTRIE has a stake.

Then there is the strategic partnership with E-plus 3D, the main Chinese player in this sector, to have a co-branded entry level product (working volume 258 mm \* 258 mm \* 350 mm) ready to be distributed in Europe, with potential synergies on the high added

value components of the laser machine.

**At the heart of PRIMA ADDITIVE's service is the common goal it shares with its customers: to support, train, operate and protect their production to guarantee performance.**

In 2021, the main developments were devoted to:

- system scalability on larger, more flexible platforms
- adoption of green lasers for higher process efficiency and quality on highly reflective materials (e.g. copper alloys, gold, silver, etc.).
- enhanced process reliability through monitoring and inspection solutions for the laser and its interaction with the material.
- development of modular and multi-laser solutions to increase the productivity of systems

As far as **Direct Deposition** is concerned, this additive technology is developed from the platform of three-dimensional cutting machines designed and manufactured by PRIMA POWER. For this technology, the proposed solution is made possible through strategic partnerships with the main players in this sector in terms of powder deposition nozzles, **powder feeders** and CAD/CAM.



In 2021, the main developments were focused on:

- Adoption of monitoring solutions for the DED process
- REAL DED (**real time adjustment of the laser beam for the DED**): adopting flexible and modular solutions to integrate the DED process with other laser processes

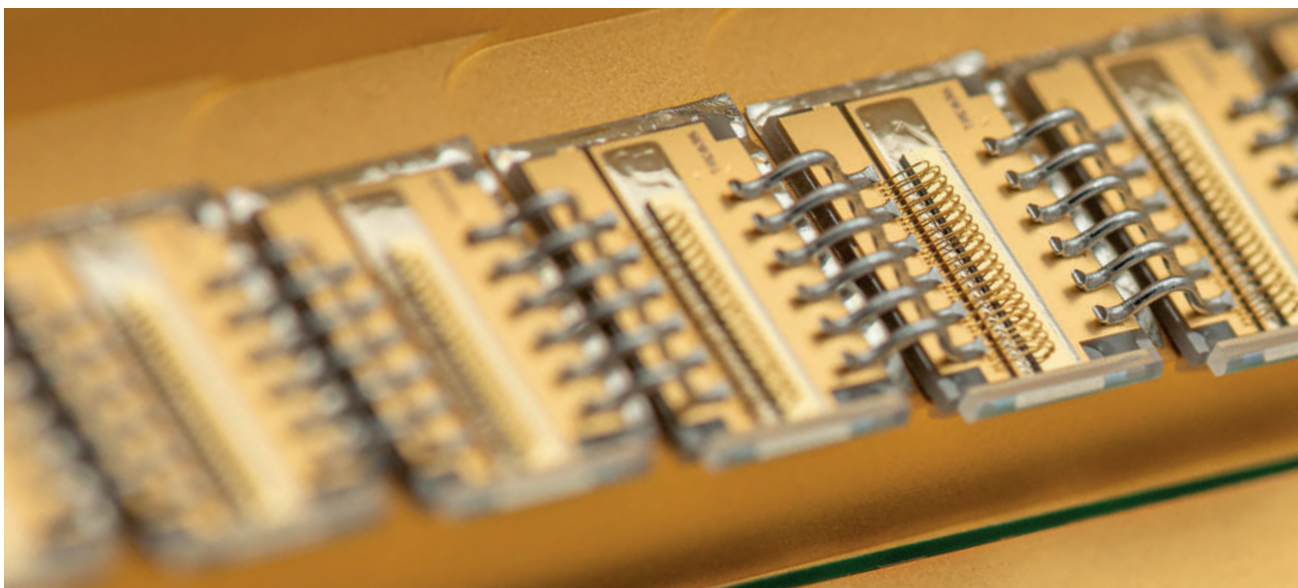
PRIMA ADDITIVE's value also lies in the full support it gives to the customer, ranging from the feasibility study phases for the use of the right technology, to the support of the integration of this technology in their own production context.

The key product for the customer is not just the machines and applications, but the production capacity PRIMA ADDITIVE can achieve with the products and technology.

The core of PRIMA ADDITIVE's service is the common goal it shares with its customers: to support, train, operate and protect their production to guarantee its performance. The service covers the entire life cycle of the system and technology and is designed to achieve one main goal: maximising added value and profit for you, our customer.

### Cutting-edge technologies for developing new markets

Over the years, CONVERGENT PHOTONICS has developed a broad portfolio of efficient and reliable industrial products recognised for their superior performance. After more than 60 years in the high-power industrial laser source market, CONVERGENT PHOTONICS is now developing new products and technologies to enter innovative and niche markets, with a highly verticalised business model to maintain maximum control over the technology and production process. With experience as a leading manufacturer of industrial laser sources, CONVERGENT PHOTONICS is distinctively positioning itself as an innovative medical laser supplier with significant growth opportunities in highly promising niche markets. Specifically, the R&D team's efforts are focusing on the development and production of blue semiconductor laser diodes, which are becoming increasingly popular on the market due to their high electro-optical efficiency, small size and durability.





## The approach of OPEN INNOVATION

PRIMA INDUSTRIE's Open Innovation approach has been strengthened in recent years with partnerships and participation in initiatives in Italy and Europe. Working with various players in the manufacturing world, from universities and research centres to small and medium-sized technology providers and large companies, PRIMA INDUSTRIE strives to be at the frontier of innovation in the European manufacturing sector.

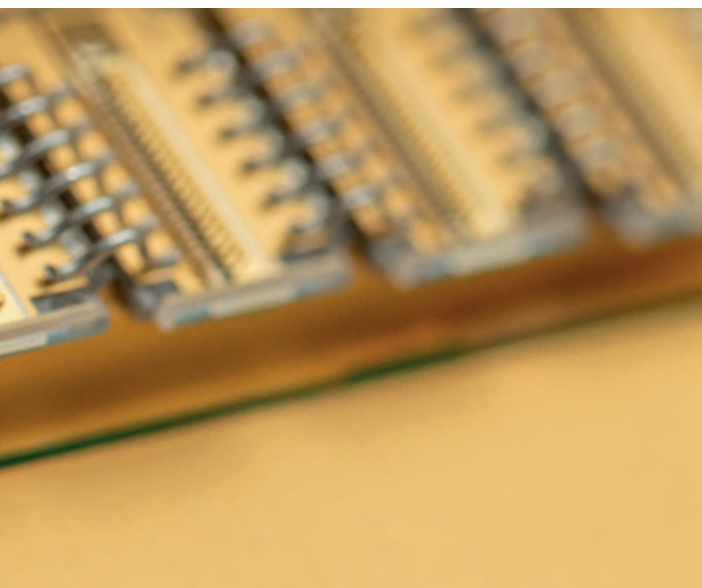
Ongoing initiatives can be summarised as follows:

### Joint innovation and research projects

Participation in the **European Innovation Community on Manufacturing, promoted by the European Institute of Innovation Technology (EIT Manufacturing)**, and started in 2019, has allowed PRIMA INDUSTRIE to be active in the field of Innovation, defining a shared project plan with European partners for the development of manufacturing and to carry out dedicated projects focused on the industrialisation of the results.



Manufacturing



In addition to the Innovation programme, the EIT Manufacturing has **Education** and **Business Creation** programmes in which PRIMA INDUSTRIE participates to promote **training** and **retraining** on new technologies or to explore new business models for manufacturing and technology transfer to large and small companies. ([www.eitmanufacturing.eu](http://www.eitmanufacturing.eu))

### Joint laboratories

In 2021, the **Prima Open Additive Lab** programme was launched, which are qualified centres that help PRIMA ADDITIVE customers to explore and adopt **Additive Manufacturing** technology in their own companies, as well as to identify new sustainable industrial applications for the profitable use of this technology. The Prima Open Additive Labs are reference centres located in several European countries that adopt PRIMA ADDITIVE technological solutions and support companies with feasibility studies, technology testing and prototyping of additive manufacturing components using PRIMA ADDITIVE machines.



### Pilot lines

Working in partnership with national competence centres such as CIM4.0 and MADE, PRIMA INDUSTRIE is part of the cultural programme of change in the digitalisation of the industry and offers its solutions in the pilot lines made available to companies to explore new technologies.

The partnership with **CIM 4.0, the Competence Centre in Turin** ([www.cim40.com](http://www.cim40.com)) aims to provide strategic and operational support to manufacturing companies in the digital era, supporting the **Additive Manufacturing** process and technologies for the **digital factory**. Thanks to this collaboration, we were able to set up a pilot line in the area dedicated to the use of digital technologies and advanced production processes for small companies. PRIMA ADDITIVE solutions have been identified to support companies in the adoption of **Additive Manufacturing**.

## + COMPETENCE INDUSTRY MANUFACTURING 4.0

**MADE, the Competence Centre in Milan,** integrates manufacturing and digital technologies and PRIMA INDUSTRIE participates in the centre, contributing with its latest generation systems and expertise regarding **Additive Manufacturing** and advanced manufacturing processes.

PRIMA INDUSTRIE's participation as a partner in the **Competence Centre** of Milan, MADE ([www.made-cc.eu](http://www.made-cc.eu)) took concrete shape with the promotion of **Additive Manufacturing** in the new MADE centre where there is a PRIMA ADDITIVE system at the disposal of visitors and interested users. Together with MADE, PRIMA INDUSTRIE has launched a research and development project aimed at strengthening the sustainability and digitalisation of the **Additive Manufacturing** process.

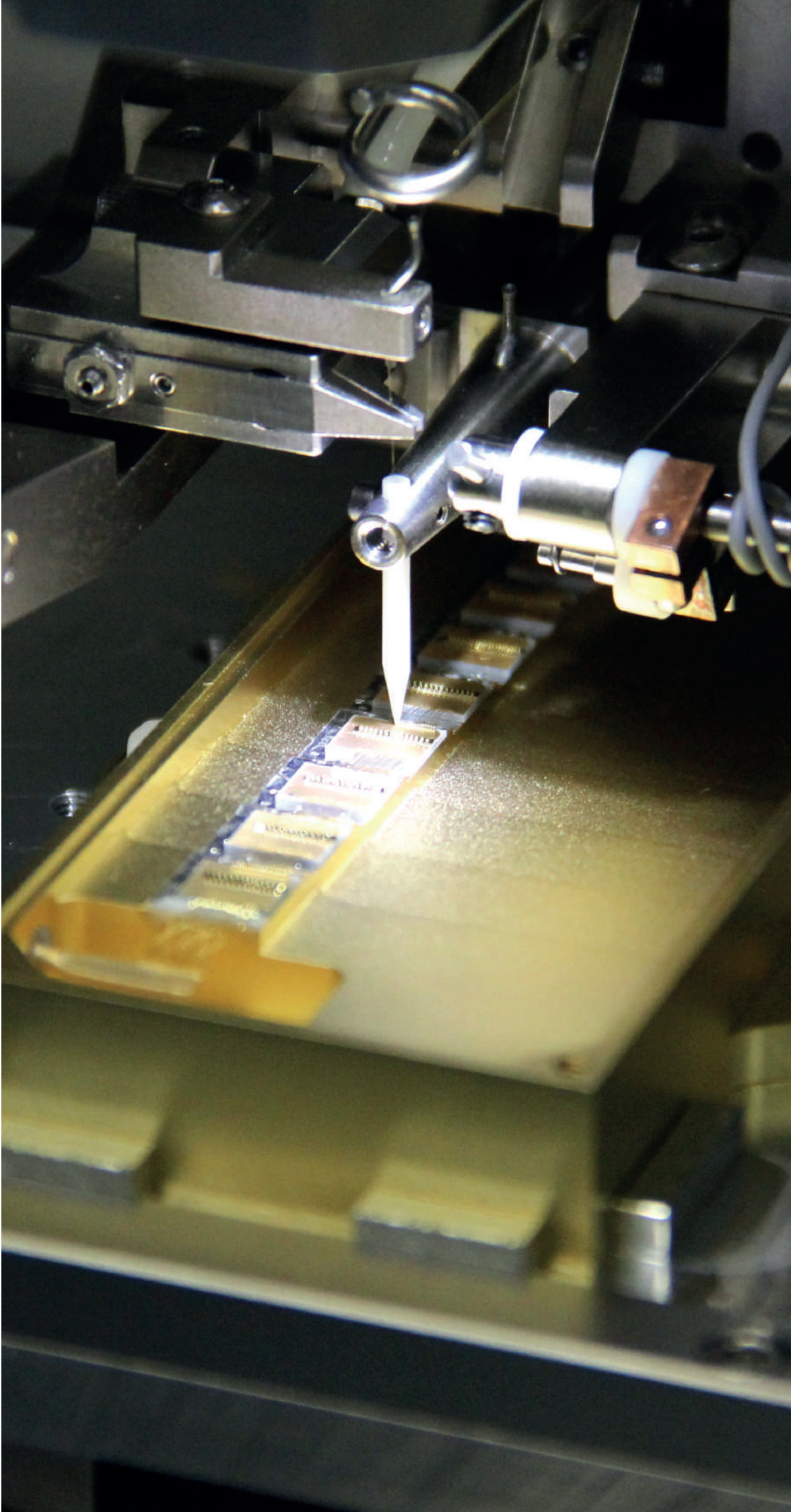


### Training courses

The CIM4.0 Academy is the CIM4.0 training course that aims to enhance participants' soft skills in new technologies and the operating models they enable. The training programme aims to provide the skills, through real business challenges, to be able to address, guide and manage the digital transformation and related process re-engineering of companies operating in different industrial and manufacturing sectors. Some PRIMA INDUSTRIE employees have been involved in the previous training courses.









6.



# PROCESSES

## 6.1 Quality and Business processes

### The Quality System

PRIMA INDUSTRIE has a Quality Management System (QMS) that has been certified since 1997 in accordance with the requirements of the ISO 9001 standard currently in the 2015 edition (UNI EN ISO 9001:2015).

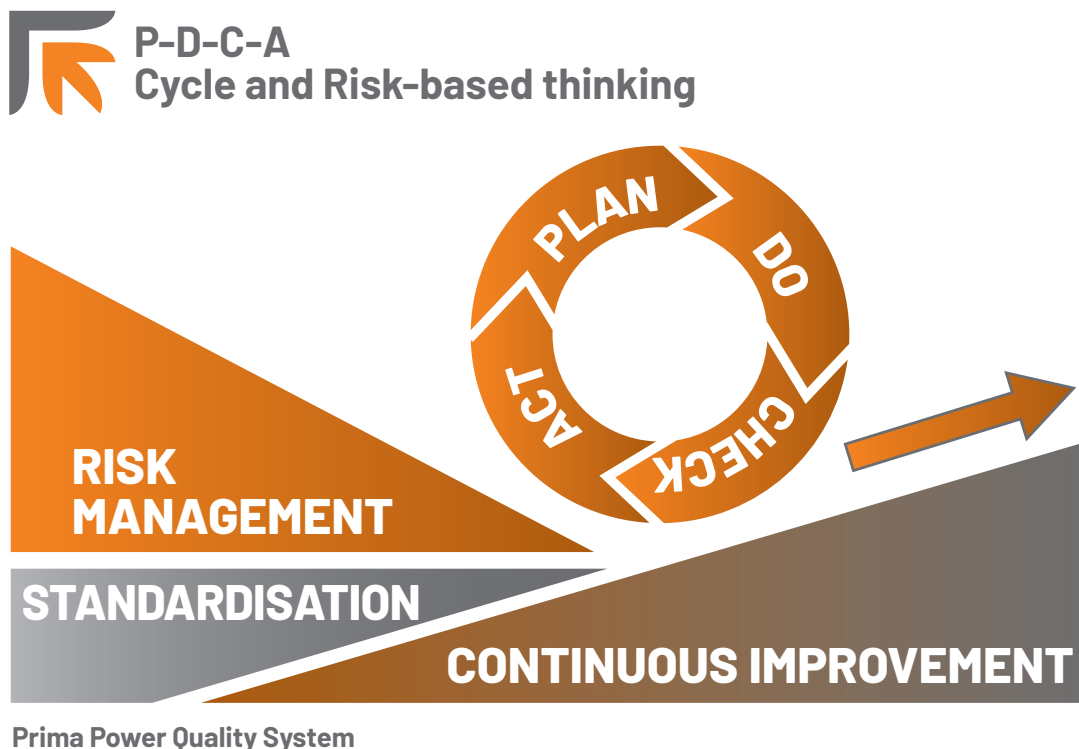
The PRIMA INDUSTRIE Quality Management System is a set of factors implemented to manage quality within the company.

- Organisational structure,
- Responsibilities,
- Procedures,
- Processes
- resources.

The aims of the quality management system are:

- ensuring and improving the capacity to regularly provide products and services that meet customer and applicable mandatory requirements;
- facilitating opportunities to increase customer satisfaction;
- addressing the risks and opportunities associated with the context in which PRIMA INDUSTRIE operates and with the Group's objectives.

PRIMA INDUSTRIE's Quality Management System is based, without exception, on the observance of the UNI EN ISO 9001: 2015 standard requirements, integrating the principles of the process approach in accordance with the Plan-Do-Check-Act (PCDA) methodology and "Risk-based thinking" according to the procedures of Enterprise Risk Management (ERM) to plan and implement procedures that address risks and opportunities.



Production and support processes have been defined within the QMS in order to standardise control methods and tools.

### Quality policies

PRIMA INDUSTRIE has defined, implemented and maintains a Quality Policy that is appropriate to the purposes and the context in which it operates. The quality policy is communicated to all company departments and units, in order to:

- Establish a framework for setting quality objectives
- Make all efforts to reach applicable requirements
- Make a commitment the continuous improvement of the quality management
- The In-Company Quality Control Procedures

The reorganisation and updating of quality management procedures was prosecuted in 2021, with two main objectives:

1. Standardisation of PRIMA POWER Processes at Divisional level and subsequent KPI
2. Definition of "Phase and Gate" flows for improvement of process controls.

## 6.2 SUPPLY CHAIN MANAGEMENT

Relations with suppliers, as with all those with whom the PRIMA INDUSTRIE Group has dealings, are based on the criteria and behaviours of fairness, transparency and collaboration, loyalty. The search for the most qualified and competitive market sources is focused on the objective of adding value to the business while respecting the relevant requirements applicable, case by case, to the purchase of components, systems, goods, and services.

Precisely for this reason:

- Supplier selection and development is carried out by objectively assessing key information, comparing alternatives homogeneously and impartially and considering the needs of internal and final customers. The safety, quality and reliability of the products and services acquired are the priorities constantly pursued.
- Supply conditions are agreed on with our suppliers by considering the necessary requirements and using a clear, direct, and mutually satisfactory approach. The terms and conditions agreed on are set out or referred to in the purchase orders and/or contracts



governing the activities.

To ensure transparency, information and documents relating to supplier selection processes are archived and stored.

The supplier evaluation system operates according to established market standards and considers, among other things, the structure, technical and production capabilities of suppliers, as well as financial risk, quality, safety, and environmental management systems. This system provides, among other things, for audits of both new and existing suppliers. Over the last two years, the number of audits carried out has been forcibly limited by restrictions in place to contain the pandemic<sup>4</sup>.

Respect for the Group's principles is an essential aspect of establishing and developing healthy and lasting relationships with suppliers; for this reason, the company is committed to circulating the contents of the Code of Ethics and the Human Rights Policy to suppliers.

In 2020, references to the recent Human Rights policy were included in the selection of new suppliers. Notably, a specific question was included in the document used for process audits that aimed at highlighting any human rights violations. In the event of a negative assessment, the supplier cannot be improved. This will be included in the next few years in the new digital supplier management platform, which will be progressively implemented at Group level.

Supply chain management is evolving to exploit the potential of working as a team, but at the same time ensuring the necessary autonomy, speed, and flexibility at a local level. The goal is to be ready to face the challenges of the future, keeping the needs of all our stakeholders at the forefront.

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<sup>4</sup> 65% of supplier audits in 2021 addressed new qualifications and approvals



**Respect for the Group's principles is an essential aspect of establishing and developing healthy and lasting relationships with suppliers; for this reason, the company is committed to circulating the contents of the Code of Ethics and the Human Rights Policy to suppliers.**

### **Types of company in the Group and Organisational Model**

There are two types of company within the boundary of the Group under examination. These can be classified as:

- industrial: PRIMA INDUSTRIE SpA, FINN POWER OY, PRIMA POWER LASERDYNE LLC, PRIMA POWER SUZHOU Co., Ltd., PRIMA ELECTRO SpA, Convergent Photonics, LLC (merged at the end of 2020 into PRIMA POWER NORTH AMERICA Inc, which has in the meantime been renamed PRIMA INDUSTRIE NORTH AMERICA Inc) and PRIMA ELECTRO Suzhou Co., Ltd. which independently manage the Supply Chain activities relating to the industrial processes regarding "evision customer orders" and "new product development"

according to their competence

- commercial: where the supply chain is integrated with those of the industrial companies that supply them. These companies have autonomous control of the procurement of services and capital goods that are essential to operations.

The companies classified in this way operate according to their own supply chain models, which fulfil the operating needs of the division they belong to and their approved suppliers. These, in turn, can be classified as:

- suppliers of goods and services for industrial processes,
- suppliers of goods and services for product development
- suppliers of goods and services for operations.

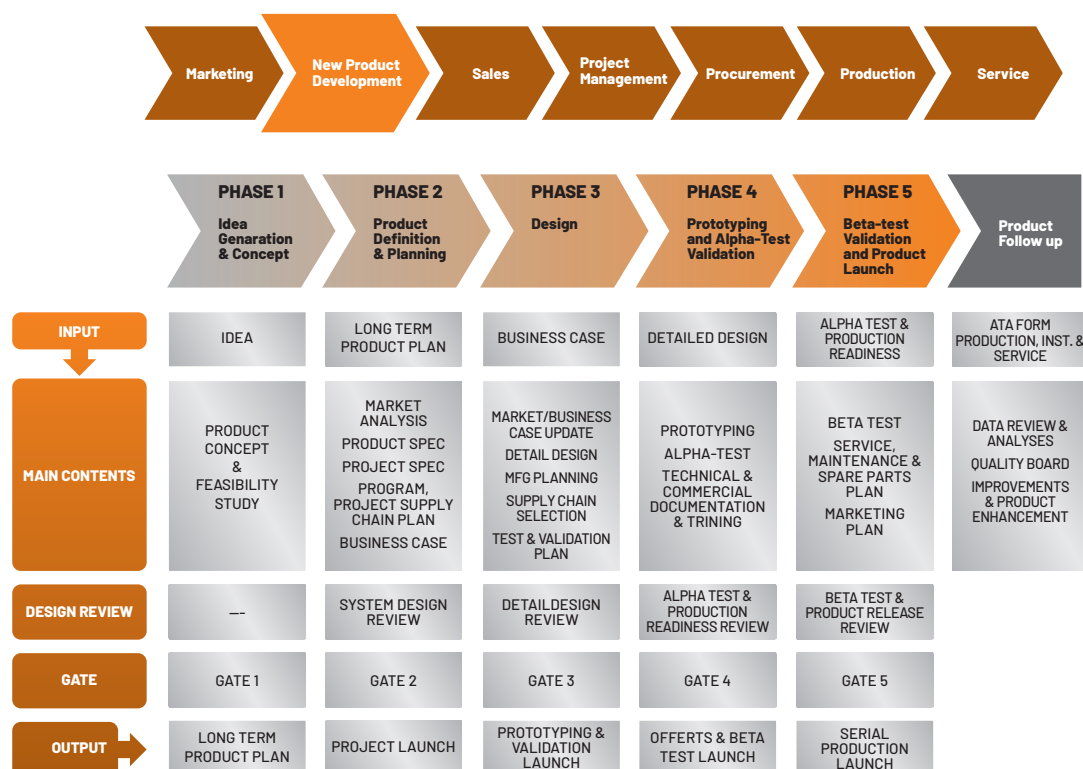
### **Suppliers Management system**

The Group has defined processes and procedures model (with a plan to extend it to all the companies within their control) as part of a programme aimed to ISO 9001:2015 certification.

This model involves, with specific aspects for each company, procedures for:

- selecting and approving suppliers, through an analysis of parameters to measure their competence and quality, the reliability of the company and compliance with fundamental ethical principles;





- vendor rating assessment, to measure performance in terms of quality, price and delivery;
- self-control methods for suppliers of custom components and verification of their ability to maintain standards.

The purpose of these procedures is to define the operating procedures, roles and responsibilities of the stakeholders involved in the procurement processes. They are also intended to set up control activities for the companies with regard to:

- protection of savings and regulation of financial markets in accordance with Law 262/2005
- quality system requirements;
- provisions of the Organisation, Management and Control Model adopted by PRIMA INDUSTRIE SpA, in accordance with article 6 of Legislative Decree 231/2001;
- requirements of the internal Control System monitored by the Internal Audit unit;
- other applicable standards and regulations for the process in question.

The process of extending the use of the supplier portal continues, in line with the Group's digitalisation policies, and will

undergo an important evolution in the coming years as part of the ERP renewal and standardisation project.

## 6.3 DIGITALISATION

### PRIMA INDUSTRIE's commitment to digitisation and the plan for the next years

The Group has increased the digitisation of its business processes over the last few years both internally and externally in terms of its relationship with its customers and other relevant **stakeholders**.

The preparatory investments go on with respect to an increased digitalisation of business processes through the introduction of new company IT systems; priorities concern updating of the ERP platform and CRM, new management systems to support service in the field, the relationship with suppliers, HR Management, and other business areas, and also the internal collaboration between the Group companies.

Some initiatives will bring results in the coming years, while for some processes,



digitisation has already started and has brought with it tangible results in terms of business efficiency.

In the area of internal process efficiency, for example, the last few months have seen the launch of two very important initiatives: the updating of the ERP system and the start of a project to create a centralised PLM platform. The two projects, as well as developing and updating the two systems, are aimed at increasing the standardisation of the company's core processes.

The ERP project, estimated to last about three years, will involve all the group's companies, and will bring significant benefits in terms of standardising processes, reducing manual management reporting activities, allowing greater focus on controlling product costs, and improving control of the circulating stock of spare parts by increasing centralised visibility. The centralisation of the ERP system will also relieve small commercial branches of the burden of maintaining accounting systems, facilitate their group reporting activities and allow the branches to focus on caring for and engaging with end customers.

The PLM project has very important objectives with respect to the efficiency of business processes. The choice of a centralised platform will enable the standardisation of the processes of the different R&D departments while simultaneously obtaining important benefits in terms of rationalisation of designs and components. Therefore, the expected impact is also in the reduction of product costs. The chosen system will also make it easier to enable the use of new technologies and accelerate the time to market of new products.

Given the focus on digital innovation issues, the Group has over the years made several investments in information security. The constant updating and monitoring of systems, the move of some applications to the cloud, and the selection of certified platforms and primary vendors, are all part of a strategy for continuous evolution and improvement.

Investments in IT security, however, do not stop there. The Group understands how important it is to work on all the elements that contribute to the security of its systems: for this reason, in recent years, awareness-raising and training initiatives have been launched, and continue, aimed at all employees to communicate the basics through examples and practical cases.

The push towards digitisation has been present for many years in the industrial sector in which PRIMA INDUSTRIE operates, and the limitations in terms of physical presence and travel, imposed by the pandemic started in 2020, have only accelerated a process that had already started and that the company had already undertaken in previous years. This made it possible to react quickly and effectively to the new remote and digitalisation needs that emerged during these years.

With respect to personnel management, the digital tools already active in the company have allowed a rapid transition to smart and remote working for many employees in 2020.

In 2019, less than 30% of the company's employees had the opportunity to work remotely (mainly from home), and the opportunity was linked to the type of work they carried out (mainly in sales or technical assistance) or to the implementation of this facilitation in some company areas (for example, for the employees in the Italian PRIMA ELECTRO offices). This percentage rose to almost 60% in 2020 and is expected to reach 54% in 2021.

In 2021, this once again made it possible to avoid interruptions in operations during lockdowns in each country. It has therefore also made it possible to avoid reductions to work, and, consequently, to the wages of the workers themselves during the various lockdown periods. The opportunity to work from home also allows for a better balance between work life and personal life: for the next few years, the company plans to continue the option of remote working for employees, in similar percentages to those of the last year (which allowed the tool to be evaluated not only during the healthcare crisis, but also when the crisis was temporarily reduced). This opportunity will be managed in accordance with the guidelines and legislation of the various countries, to also encourage a more digital and smart approach on the part of employees.

### The digitalisation of commercial processes

With respect to its relationship with the customer, PRIMA INDUSTRIE has started the process of digitising data relating to its commercial and after-sales activities for some years.

#### Contact with the client: Prima@Home

Due to the restrictions imposed by the pandemic in 2020 in terms of travel and meetings, the company launched a digital program (Prima@Home) which, through demonstrations of machines and a series of thematic webinars on all proprietary technologies from all its Tech Centres around the world, kept contact with customers active. Due to this project, the company has managed to maintain a strong relationship with its customers, creating efficiency by opening a new "smart" communication channel (reducing pollutants, optimising working times, life/work balance) that has continued in 2021.

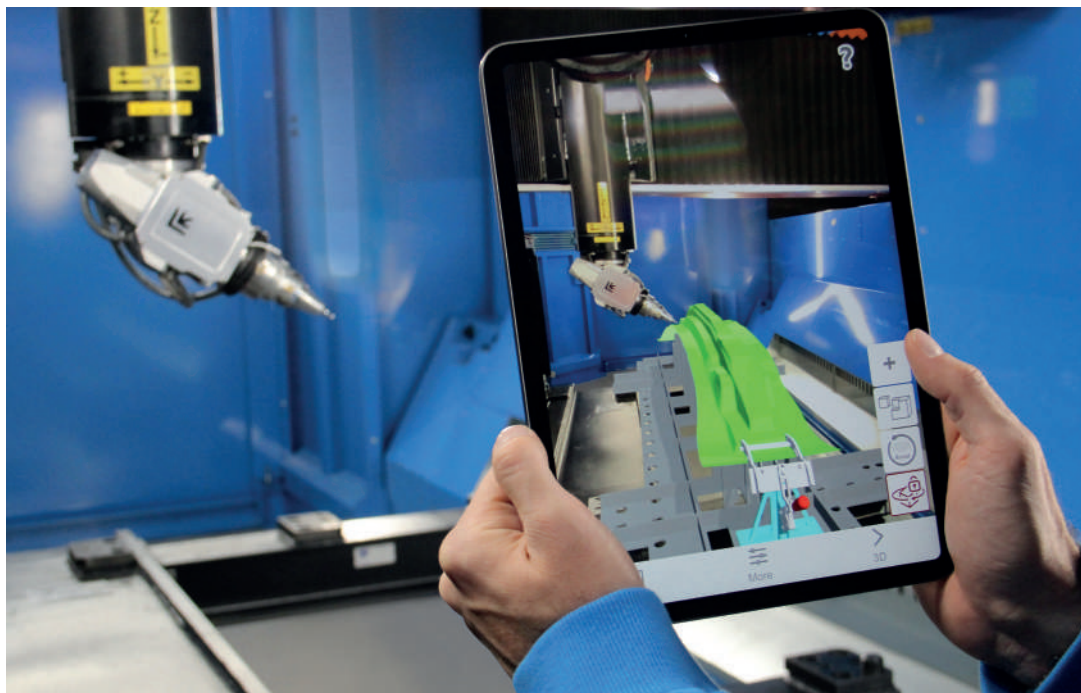
Specifically, 19 events were organised remotely this past year: unlike in 2020, when the Prima@Home mode was aimed at maintaining contact with customers remotely, in 2021 it reached a more stable and less pandemic-like set-up, focusing on demonstrations that would have greater impact and effectiveness remotely, because

they related to new machines or specific market segments.

The remote events were accompanied by the resumption of in-person demonstrations in all company Demo Centres: Italy (Collegno and Cologna Veneta), The US (Chicago), China (Suzhou), and Finland (Seinäjoki). Around 25 were organised in the main locations, reaching more than a thousand participants in total, including the remote mode Prima@Home.

The Prima@Home platform will continue to function as a digital bridge in the future, as it has shown to have several advantages both for the company and its customers:

- Reduction in travel costs (and the carbon footprints associated with them);
- Reduction of the time that the customer has to dedicate to the machine's first demo, allowing a quicker subsequent study of the features most closely linked to the customer's needs;
- Increase in the efficiency and effectiveness of its commercial activities, since it can be more general in making first contact through the demo, and more punctual in terms of subsequent contact with the customer (which can always be managed remotely, or in-person at the nearest Demo Centre).





### Digitisation of the entire commercial process

Regarding the commercial activities related to the customer, the management system for market and sales (Sales Force) was extended in 2019 to include negotiation with the customer, effectively digitising the entire business process.

This expansion has made it possible to manage commercial activities more efficiently and across the board, rationalising contact initiatives and improving customer management procedures. From an uneven and “analogical” management of the sales process, we moved on to harmonised management in all phases of the relationship with the customer, from first contact with the customer, to the closing of the order. Before the introduction of this system, each sales office managed its customers independently, which reduced the opportunity for synergies and increased data processing times.

The system is integrated during the initial stages with marketing tools, which manage communication campaigns and initial contacts with potential customers. It allows people who work in sales to access all the information they need to manage the customer quickly and effectively, starting from a set of introductory information that can be updated and integrated, without forcing the customer to repeat them when interacting with different contact references. Once the sharing needs and negotiation phases are concluded, the order data “feeds” both the Project Management processes, which will lead to the production and subsequent delivery of the machine. The commercial and billing processes allow

both business operators and customers to save time that would normally be dedicated to administrative activities, and to reduce errors related to inaccuracies.

Since the start of the project in 2019, all 20 branches of the PRIMA POWER Division have been switched to integrated management, digitising the data of more than 8000 negotiations in 2 years, negotiations that were previously managed independently and not shared by the branches themselves.

### After sales: Prima Service Tool and Remote Care

Finally, in the area of After Sales, 2021 gave a further boost to improving the digitalisation processes started in previous years.

PRIMA POWER offers its customers state-of-the-art technology: **Remote Care** service. Instead of waiting for an unexpected machine outage, Remote Care proactively analyses machine performance, ensures production efficiency, helps avoid unplanned production stoppages and saves time in correcting malfunctions. Remote Care is a powerful tool that maximises machine uptime and production efficiency.

The remote monitoring system, in accordance with the highest standards of security and data confidentiality, collects machine data, records operation history and saves data on equipment usage and alarms in the PRIMA POWER database.

The data collected is used to produce efficiency reports that include an analysis of downtime, alarms, and machine conditions. Upon request, PRIMA POWER specialists can



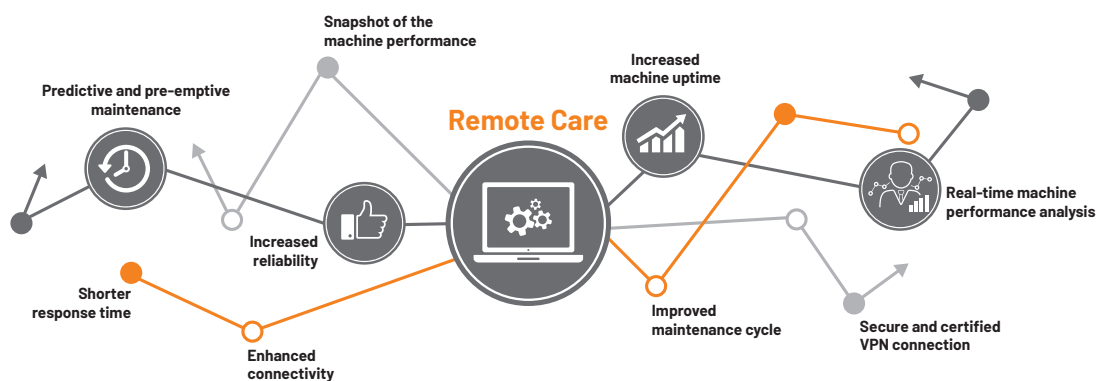
analyse the material, produce a summary, and suggest actions to improve the overall efficiency of the production process.

**In recent years, the Group has increased its initiatives to digitise its business processes, both internal and aimed at relationships with customers and other relevant stakeholders.**

Remote Care provides an overview of the current condition of individual machines and of production as a whole. Remote Care enables direct online contact between PRIMA POWER and the customer's production technology, providing quick access to the machine's condition and speeding up remote assistance.



### Benefits of Remote Care at a glance:



**PST, Prima Service Tool**, is an IT tool that contains all the information relating to the installed machines and is integrated with other management systems used in the company, including quality, ERP, reporting, staff management. The tool is linked both to the Remote Care systems introduced above and to the company's internal management systems.

Through the PST, both the service technician and the customer can access the necessary data for the installation and maintenance of the machine, saving time and reducing unexpected stops related to the failure to foresee the need for intervention. The immediate connection of the data coming from the machine with the technician performing the maintenance with quality data allows them to know the most critical aspects in real-time and to immediately implement any required corrective actions. This information shortens the intervention times and increases the responsiveness and planning of interventions, allowing management of contracts with increasingly reduced intervention times in the event of production downtime.

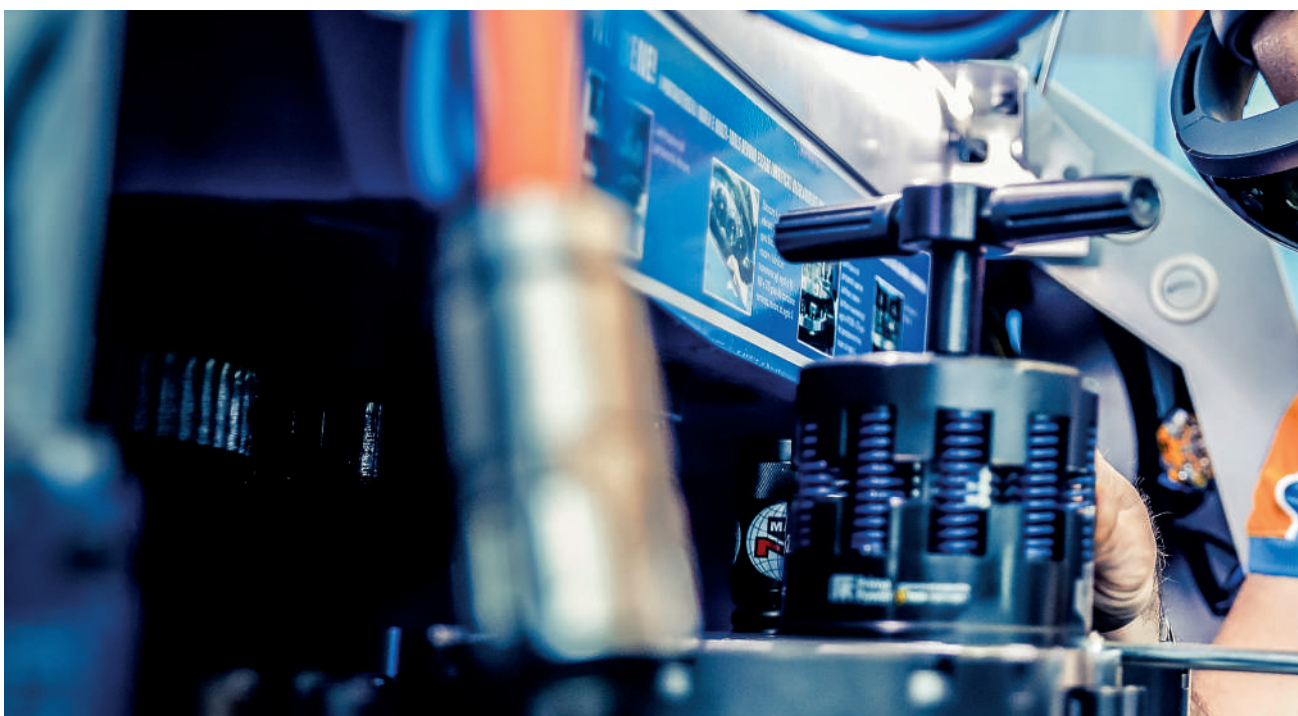
The reduction in manual registration and reporting activities regarding the interventions carried out frees up time for more technical and less administrative

duties.

The PST system, in communication with the connected machines online and with the database inserted by the technicians during repairs, allows the sending of precise information signals to the Service Managers, informing them when a system will soon need maintenance and preparing the renewal of or a new Service Contract proposal built ad hoc on the characteristics and needs of the system and of the customer: the opportunity to anticipate repairs and maintenance needs is a win-win, solution for both the company and the customer, making it possible to optimise service times and methods without having to intervene urgently, instead scheduling the repair at the best time according to the customer's needs.

New **dashboards** are available for all countries within the PRIMA INDUSTRIE perimeter, enabling the monitoring of key points of the Global Service Business in real time and an overview of the progress of the department's activities.

The digitalisation of activities that were previously managed on paper or by e-mail also saves considerable time for other departments working with Service and After Sales: for example, reporting on the productivity of service teams (**Utilization Rate**) is now automated, facilitating the



data analysis process managed by the management control department.

In addition, the Quality Department receives periodic and automatic information on the **list of faults** found on the equipment during each intervention, which saves time in collecting and analysing the data and allows for greater precision in carrying out the work. An Installation Report is received, again from the Quality department, via the information that installers upload to the PST, providing an analysis of the issues encountered throughout the product installation.

Thanks to the FAST app, technicians can also report all their travel and intervention times on a daily basis: this way they only have to enter the data once across all systems, including HR and Payroll: the system is fully integrated into all areas of the company where the data mainly needs to be communicated.

The digital signature also saves time in compiling the Service Report and avoids printing on paper, which is a step forward in terms of sustainability and ecology.

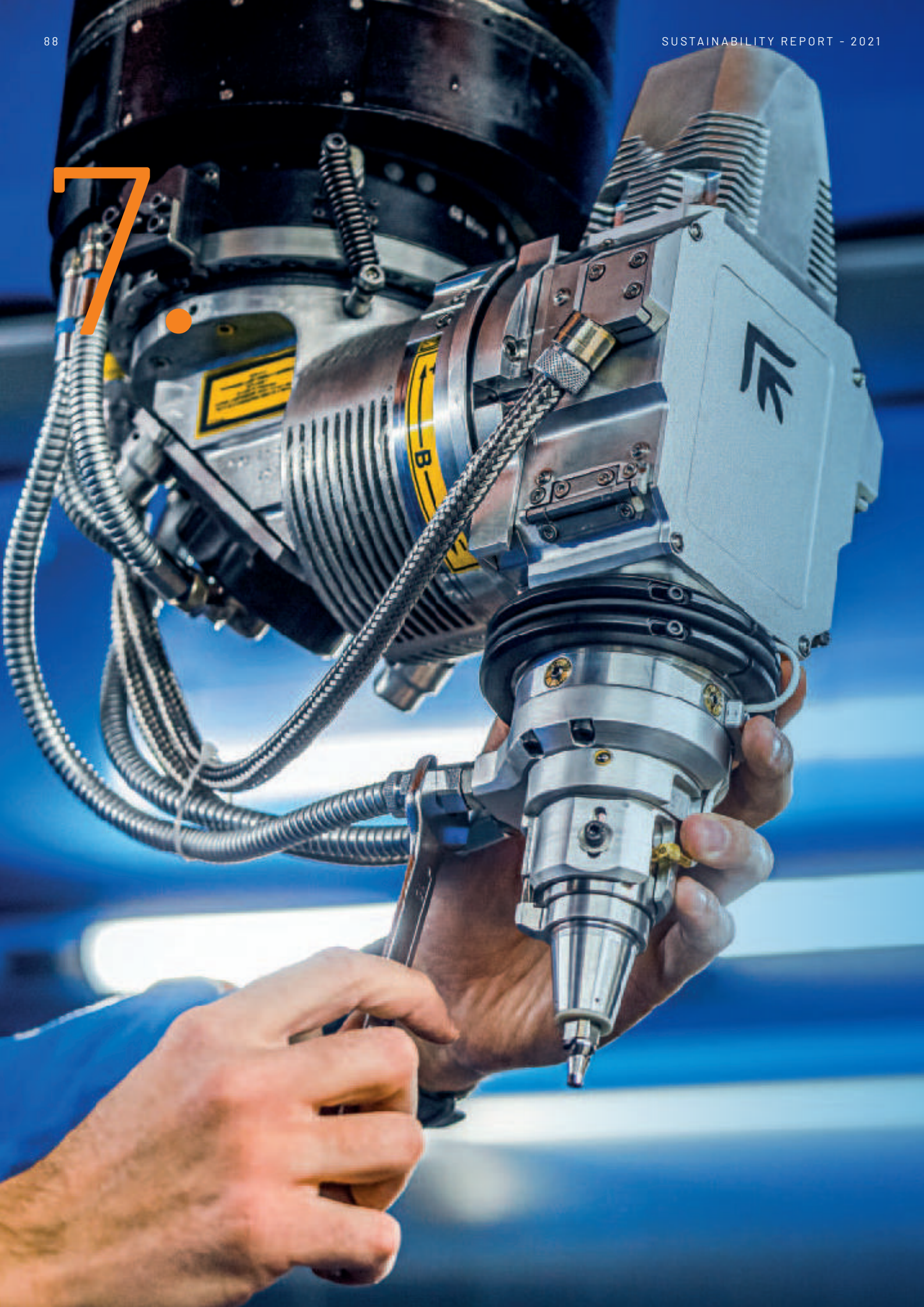
The streamlining of the process and the automatic calculation of the technicians' travel kilometres significantly speed up the pre-invoice calculation and the complete

invoicing process, reducing the tasks of the Back Office staff.

In conclusion, the successful implementation of the STP has made it possible to speed up, simplify and improve the work of all the parties involved within the company: thanks to the interfaces with the ERP systems and the punctual input of data by all the countries, it is possible to punctually control, predict and correct the performance of the Global Service Business, not only to achieve increasingly ambitious company objectives in terms of turnover and margins, but above all to offer customers an excellent level of service, which anticipates their needs and helps them in their business. Finally, both the employees of the Service organisation and their colleagues in other organisations involved have seen a reduction in repetitive activities with little added value and have been able to focus on more technical tasks that require greater professionalism and allow them to increase their skills.







7.



# HR AND SOCIAL MANAGEMENT

## 7.1 Human Resources in PRIMA INDUSTRIE Group

Despite never needing to formalise a specific policy on human resource issues, PRIMA INDUSTRIE has always considered its people as the Group's most important strategic asset. The Group supplies not only high-tech products, but also solutions designed to meet the needs of customers and with the ability to resolve complex problems.

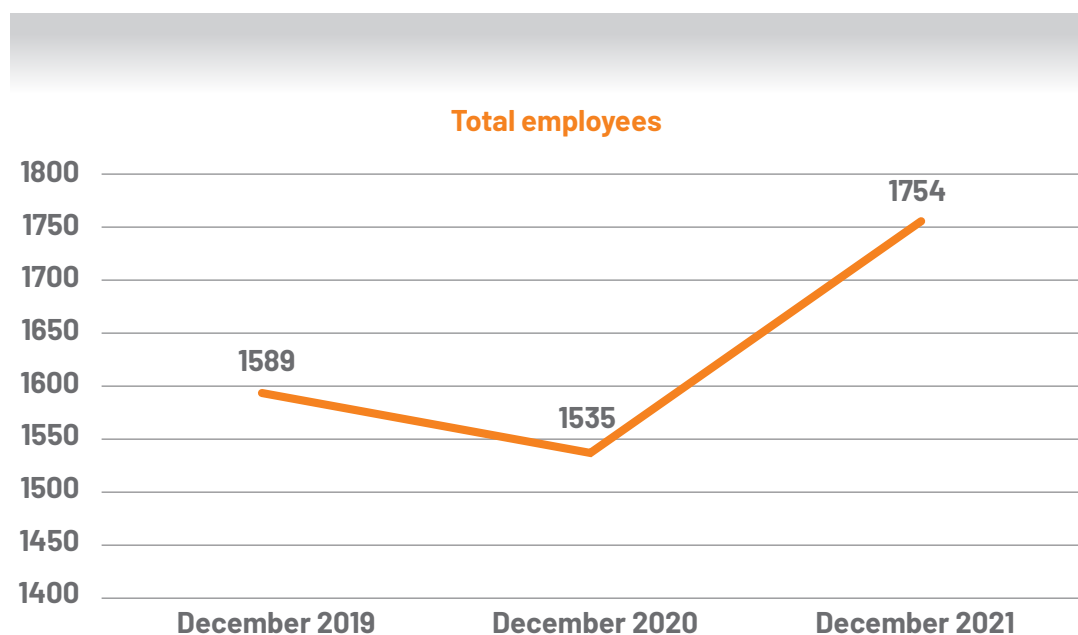
All business processes involve low levels of repetition, from the formulation of offers to sales, from design and production to after-sales service. The correct functioning of the processes is guaranteed by an important investment in IT systems: this investment is supported by a team of people dedicated to the implementation of the systems themselves and is focused on providing concrete operational advantages to the company's staff with respect to how they carry out their daily tasks.

Knowledge, competencies and professional and human skills are the main assets in which the Group wants to invest for success. Thus, proper human resource management is focused on:

- protection of Human Rights;
- investments in professional growth;
- protection of the work environment, health and safety;
- organisation with a high degree of involvement;
- reward system based on the identifying and evaluating the skills people have acquired and their merit;
- appreciation of diversity and different abilities.

All of the Group's companies have been included in the current Annual Report to provide a more precise and accurate analysis. Therefore, the figures reported below must include the expanded scope of the valuation when comparing with previous years. Similarly, the headcount figure reported for 2021 covers all the Group's companies, whereas the perimeter for previous years was lower.

### Number of PRIMA INDUSTRIE Group employees in the perimeter:



People are at the centre of the organisation and are therefore key to human resource management processes:

- selection process;
- mainly permanent contracts and apprenticeships to ensure proper training;
- links with universities and higher technical institutes, including international ones;
- training/information for new employees to help them settle in;

99% of the staff employed are on fixed-term contracts, in line with the company's long-term strategy, and this percentage is in line with trends in previous years, considering that the scope of analysis has been extended. The breakdown of age is as follows: 10% of employees are aged under 30, 61.8% are aged between 30 and 50 and 28.2% are over 50. The average age of employees has risen slightly compared to previous years; this is partially due to low turnover rate, as explained later.

Disclosure 102-8 of GRI Standard 102: General Disclosures 2016

#### TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

	Women			Men			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
<b>Permanent employment contract</b>	<b>263</b>	229	230	<b>1,473</b>	1,299	1,336	<b>1,736</b>	1,528	1,566
<b>Fixed-term contract</b>	<b>2</b>	2	3	<b>16</b>	5	20	<b>18</b>	7	23
<b>Total</b>	<b>265</b>	231	233	<b>1,489</b>	1,304	1,356	<b>1,754</b>	1,535	1,589



Disclosure 405-1 of GRI Standard 405: Diversity  
and Equal Opportunities 2016

	2021						
	Gender			Age			
	Women	Men	Total	<30 years	30-50 years	>50 years	Total
<b>Manager / Senior Manager and others</b>	0.3%	3.2%	3.5%	0%	1.4%	2.1%	3.5%
<b>Manager</b>	1.2%	6.8%	8%	0.1%	4.2%	3.6%	7.9%
<b>White Collars / Professional</b>	11.4%	37.9%	49.3%	4.2%	32.2%	12.9%	49.3%
<b>Blue Collars</b>	2.2%	37%	39.2%	5.7%	24%	9.6%	39.3%
<b>TOTAL</b>	15.1%	84.9%	100%	10%	61.8%	28.2%	100%

	2020						
	Gender			Age			
	Women	Men	Total	<30 years	30-50 years	>50 years	Total
<b>Manager / Senior Manager and others</b>	0.3%	2.9%	3.3%	0.0%	1.6%	1.7%	3.3%
<b>Manager</b>	1.1%	7.1%	8.2%	0.1%	5.1%	3.0%	8.2%
<b>White Collars</b>	11.7%	34.9%	46.5%	3.7%	30.2%	12.6%	46.5%
<b>Blue Collars</b>	1.9%	40.1%	42%	7.0%	25.7%	9.3%	42%
<b>Total</b>	15.0%	85.0%	100.0%	10.7%	62.7%	26.6%	100.0%

	2019						
	Gender			Age			
	Women	Men	Total	<30 years	30-50 years	>50 years	Total
<b>Manager / Senior Manager and others</b>	0.3%	3.0%	3.3%	0.0%	1.6%	1.7%	3.3%
<b>Manager</b>	0.9%	6.4%	7.2%	0.1%	4.7%	2.4%	7.2%
<b>White Collars</b>	11.7%	35.9%	47.6%	4.7%	30.3%	12.6%	47.6%
<b>Blue Collars</b>	1.8%	40.2%	41.9%	8.7%	23.8%	9.4%	41.9%
<b>Total</b>	14.7%	85.3%	100.0%	13.5%	60.4%	26.1%	100.0%

Part-time work is requested by 2.9% (2.4% in 2020 and 2.1% in 2019) of workers, with a fairly even distribution between female and male staff in contrast to previous years (the prevalence of female staff opting for part-time work is 52.9% in 2021, while it was

67.6% in 2020 and 69.7% in 2019) of the total number of requests: the number of male staff who have requested it has doubled in the last year. The following is information on the companies included in the reporting boundary.

*Disclosure 102-8 of GRI Standard 102: General Disclosures 2016*

	2021			2020			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Full time</b>	<b>238</b>	<b>1,465</b>	<b>1,703</b>	206	1,292	1,498	210	1,346	1,556
<b>Part time</b>	<b>27</b>	<b>24</b>	<b>51</b>	25	12	37	23	10	33
<b>Total</b>	<b>265</b>	<b>1,489</b>	<b>1,754</b>	231	1,304	1,535	233	1,356	1,589



PRIMA INDUSTRIE prefers permanent contracts or vocational internships for the Group's new hires, inserting people with university or a high school diploma.

Turnover (the number of workers who left during the period compared to the workforce at the beginning of the period multiplied by 100) was 8.9% in 2021; in the precedent years, it was 7.1% in 2020. In past years, it was 11.4% in 2019 and 7.1% in 2020. In contrast to previous years, the turnover of employees was positive: 169 employees joined and 155

left, whereas in 2020 and 2019 the trend had been negative.

The turnover figure for 2021 is higher than for 2020, but this year was not very representative given the stagnation of the labour market following the pandemic. The turnover of less than 9% in 2021 is all the more significant given the dynamics of this year's labour market, which is characterised by a high level of dynamism and the so-called "great resignation" phenomenon.

Disclosure 401-1 of GRI Standard 401:  
Employment 2016

	2021			2020			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Hired</b>	<b>32</b>	<b>137</b>	<b>169</b>	19	50	69	22	93	115
<b>Terminated</b>	<b>32</b>	<b>123</b>	<b>155</b>	23	90	113	34	156	190

	2021				2020				2019			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
<b>Hired</b>	<b>62</b>	<b>83</b>	<b>24</b>	<b>169</b>	16	41	12	69	36	63	16	115
<b>Terminated</b>	<b>24</b>	<b>84</b>	<b>47</b>	<b>155</b>	16	58	39	113	33	83	74	190

	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
<b>Turnover</b>	<b>12.1%</b>	<b>8.3%</b>	9.9%	6.6%	13.7%	11%

	2021			2020			2019		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
<b>Turnover</b>	<b>17.5%</b>	<b>7.7%</b>	<b>9.1%</b>	7.5%	6%	9.4%	11.7%	8.5%	17.9%



During 2021, as in previous years, there were collaborations with high schools and universities in the regions where PRIMA INDUSTRIE has production sites. These partnerships have led to initiatives in secondary schools, with the aim of bringing students closer to the world of work and providing a space for discussion with professionals to help in the orientation phase. Collaboration with universities has been maintained and internships have been set up, even though, due to the pandemic, fewer internships have been created for undergraduates in 2020 and 2021 than in the past. Despite the pandemic, business managers continued to maintain contact with educational institutions through lectures and **workshops**.

### Initiatives related to the perception of the corporate climate

A new business climate survey was conducted in 2021, as was done in 2018: this survey was supposed to be carried out in 2020, but it was postponed due to the pandemic.

The survey involved the entire population of the Group unlike the previous one in 2018 where, as it was the first wide-ranging survey, only the main locations and branches of the PRIMA Power Business Unit were included. Despite the expansion of the employee base surveyed, the response in terms of percentage of respondents remained stable, thus highlighting the desire of PRIMA INDUSTRIE workers to engage in dialogue and communicate with the company.

The survey touched again, in part, on the themes explored in the previous one, so as to be able to compare the average response and assess the extent to which the measures for improvement that were put in place following the first survey were appreciated.

It also had a second focus on sustainability and corporate welfare issues, which were specifically explored. Specifically, with regard to sustainability, an open question was introduced to explicitly receive workers' suggestions to increase the company's impact in this area, with concrete and inclusive initiatives.

Some of the initiatives related to employee wellbeing, introduced as a result of suggestions made during the previous survey, were consolidated, and accelerated during 2021, after having slowed in 2020.

Among them, we would like to highlight a few examples, some of which have already been

mentioned above:

- The diffusion of remote working in a structured manner, and not simply linked to the pandemic, in most of the countries in which the Group operates. As indicated in Chapter 6, nowadays more than half of the workers have the possibility to choose to work remotely for a few days a week, while, due to the type of work they do, it wasn't possible to offer this opportunity to the remaining 46%.
- Initiatives to support more environmentally friendly mobility for workers: for example, the launch of the carpooling project at the Collegno plant and encouraging cycling to work in Finland.
- In the Italian and Finnish plants, there are drinking water dispensers and each employee has been given a water bottle to drink water from. Plastic water bottles have also been abolished in food and beverage facilities, making way for more environmentally friendly water consumption.
- During 2021, the company's corporate communication increased and improved, with a newsletter on a regular, though not fixed, basis, used to inform all employees of the latest news, initiatives, and changes. For the PRIMA Power and PRIMA Additive Business Units, moreover, the Connect section of the HR portal PRIMA People remains active, where all official announcements and the organisation chart are published for reference.

### Contracts and dialogue with social partners

The distribution of the workforce reflects the business model of the PRIMA INDUSTRIE Group. It employs key and highly skilled figures, while outsourcing activities supporting the business process, such as personnel administration. The highest concentration of employees is at the office workers and professional levels given the Group's strong specialisation.

Some of the statutory contractual provisions have been improved in some of the company's locations.

For example, in PRIMA INDUSTRIE SpA, they are better than the requirements outlined in the applicable contract:

- health and accident insurance, even outside work,
- leave,
- advance payment of staff-leaving



- indemnities (TFR),
- part-time contracts,
- annual productivity bonuses
- compensation for travel, particularly for installers,
- flexible start time,
- works canteen,
- paid and unpaid (e.g. for medical appointments and assisting a family member during serious illness).

Human Resources management is integrated throughout Group companies. However some companies offer different contractual and financial terms to their employees, based on agreements with trade unions with different historical relationships and company contracts originally different. The Group is working on this issue for the purpose of increasing integration in the various countries, while respecting specific cultural and legislative regulations as much as possible.

Trade union relations are conducted through continuous dialogue between the parties. Conflict is moderate and mostly relates to national disputes.

Interaction comparison between the company and the unions takes place at various levels and on various issues, including:

- issues related to worker health and safety,
- plans to fill in gaps resulting from skills assessments,
- training proposals from trade union representatives,

- company performance and future national and non-national industrial plans

Evidence of the Group's focus on people can be found in low **turnover** and absenteeism. Furthermore, PRIMA INDUSTRIE contributes to the development of local human capital in the areas where it operates, thanks to strong collaborations with local authorities, the local Industrial Union and increasingly important collaborations with Schools and Universities.

Despite the low number of disputes, the supervisory board is informed on a quarterly basis of any disputes which are usually resolved by agreement between the parties or settlement reports with trade unions.

Dialogue with workers' representatives has led the company to join local social projects for people in need and to create employment opportunities. The Group introduces workers from protected categories, integrating them wherever possible according to their individual's abilities. The number of workers with disabilities has remained constant over the years.

Below are the figures for 2021:

Disclosure 405-1 of GRI Standard 405: Diversity and Equal Opportunities 2016

NUMBER OF EMPLOYEES BELONGING TO MINORITY/VULNERABLE GROUPS			
	2021	2020	2019
<b>Manager / Senior Manager and others</b>	<b>0</b>	2	2
<b>Manager</b>	<b>0</b>	-	-
<b>White Collars</b>	<b>12</b>	14	16
<b>Blue Collars</b>	<b>20</b>	17	17
<b>TOTAL</b>	<b>32</b>	33	35

## 7.2 TRAINING AND DEVELOPMENT

Thanks to their experience in the sector and their in- depth knowledge of the Group's activities, certain figures within PRIMA INDUSTRIE have made a decisive contribution to the Group's success. The Group's future results partly depend on the skills and involvement of key figures.

For this reason, one of the risks that PRIMA INDUSTRIE must manage and offset is the loss of the professionalism and skills of its employees and, as a result, know-how specific to the business.

PRIMA INDUSTRIE has always invested in training, also in pre-recruitment training and orientation courses for school-leavers, with technical diplomas, in order to encourage their integration. The same is done for recent graduates, through ongoing relationships with polytechnics and universities. Annually these relationships produce PhD and Master programmes well connected to the Group's business, which allow young people to enter the world of work with important skills in technical and management areas.

For some years now, the Group has introduced a performance management system that is becoming more and more important in personnel management and, above all, for defining individual and Group training courses

From the point of view of **performance management**, 2020 was a year of transition: the global economic conditions meant that

the company took the opportunity to review its evaluation and incentive processes. In 2021, the performance management system has been modified and also the incentive methods such as LTI and MBOs. Specifically, the parameters defining the LTI for the group's top management include specific sustainability parameters and objectives such as, among others, **diversity**.

**In order to attract and retain qualified key personnel, it is therefore of fundamental importance for the Group to invest in the training and development of its human resources.**



Disclosure 404-3 of GRI Standard 404:  
Training and Education 2016

	Performance Management								
	2021			2020			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Manager / Senior Manager and others</b>	<b>1</b>	<b>32</b>	<b>33</b>	2	26	28	5	50	55
<b>Manager</b>	<b>6</b>	<b>61</b>	<b>67</b>	7	59	66	7	69	76
<b>White Collars</b>	<b>57</b>	<b>265</b>	<b>322</b>	116	377	493	118	390	508
<b>Blue Collars</b>	<b>27</b>	<b>200</b>	<b>227</b>	22	334	356	19	305	324
<b>Total</b>	<b>91</b>	<b>558</b>	<b>649</b>	147	796	943	149	814	963

Disclosure 404-1 of GRI Standard 404:  
Training and Education 2016

	Average hours of training by gender and employee category					
	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
<b>Manager / Senior Manager and others</b>	<b>10.4</b>	<b>1.6</b>	4.6	7.4	5.3	12.1
<b>Manager</b>	<b>4.7</b>	<b>5.2</b>	18.6	3.1	1.0	1.9
<b>White Collars</b>	<b>2.3</b>	<b>8.6</b>	3.8	7.8	9.4	12.4
<b>Blue Collars</b>	<b>2.3</b>	<b>6.3</b>	1.0	6.9	7.6	4.6

Changes in performance management systems and the fact that the data reported in 2021 refers to the first year of the pandemic, 2020, (in which many businesses have suffered an understandable slowdown) lead to significantly lower performance management data than in previous years, mainly related to incentive and bonus schemes for business managers and sales and service staff.

Training and education Hours activities totalled 11,233 hours in 2021, compared to 10,143 in 2020 and 12,764 in 2019.

This increase is linked to the expansion of the scope of the evaluations and it should be considered that training is still limited by the continuing pandemic, which has required a reorganisation of training efforts by managing them through distance or blended learning solutions. However, the number of classroom and face-to-face courses increased compared to 2020. Nonetheless, the company continues to offer its employees the opportunities to update and develop their skills, adapting them in terms of time and methodology, to the organisational situation caused by the pandemic.

### 7.3 WELFARE

**Part-time** positions help to balance private and working life. Previously, some information on these positions have been given. In this regard, company agreements in the different countries derogate from national contracts, showing the willingness to accept requests by workers, in every case in which they have been made.

**PRIMA INDUSTRIE Group, in accordance with the provisions of the Code of Ethics, guarantees equal opportunities, as a primary factor in the company's success to ensure equal respect for the unique qualities of each individual worker.**

Regarding assistance and medical examinations, in the countries where the company presence is greater (Italy and Finland), the company contracts are more advantageous than those outlined by national legislation, providing 3 days of paid leave for assistance in the event of the serious illness of a family member, 24 hours of paid leave for medication examinations, and 20 hours of physiotherapy, on an annual basis. In Finland, employees are given the opportunity to take time off work for short periods of illness (maximum 3 days) without a medical certificate.

In many of the company offices, workers are provided with supplementary health insurance at the expense of the company. In some cases, it covers healthcare expenses only for the employee; in other cases, it also includes family members. The existence of this insurance has provided greater protection to works also in relation to the pandemic, providing specific coverage in relation to COVID-19. In Italy, for example, it provided greater coverage in the event of hospitalisation in intensive care.

Moreover, in accordance with Italian law, , all Group employees in Italy can take leave depending on their needs. The workers who have taken advantage of this opportunity in the past months and no longer need access to a leave have returned to work, remaining in the company. Others are taking leaves for longer periods out of necessity, in accordance with the regulations outlined by the law.

### 7.4 THE IMPORTANCE OF GENDER EQUALITY

In relation to the provisions of the Code of Ethics, PRIMA INDUSTRIE guarantees equal opportunities as a primary factor of the Group's success, for fair treatment of each worker and to safeguard their psychophysical integrity. Discriminatory behaviour based on political opinions and trade union affiliations, religion, race, nationality, age, gender, sexual orientation, health status or other private characteristics of the person is not allowed.

Even though the Group operates in a productive and industrial context, the distribution of personnel based on gender has continued over time to demonstrate a higher presence of women, especially in the staff and commercial administrative areas. The percentage of the female population stands at 15.1%, a constant figure compared to the previous year.

The company is actively involved in initiatives to promote the study of STEM subjects among the female student population, as specified below, to promote gender diversity in technical fields.

The provisions of national collective agreements and legislation on remuneration are applied in the countries in which the company operates.

Below is the ratio of pay between women and men according to professional category. The percentage represents the pay of female staff compared to that of men (the latter is considered 100).



Disclosure 405-2 of GRI Standard 405:  
Diversity and Equal Opportunities 2016

Average hours of training per person			
	2021	2020	2019
	% Ratio	% Ratio	% Ratio
<b>Manager / Senior Manager and others</b>	<b>54%</b>	60%	53%
<b>Manager</b>	<b>89%</b>	90%	85%
<b>White Collars</b>	<b>69%</b>	85%	83%
<b>Blue Collars</b>	<b>78%</b>	69%	68%

## 7.5 PRIMA INDUSTRIE'S COMMITMENT TO THE COMMUNITY

### Culture, education and training

This gives us continuous access to resources and up- to-the-minute expertise and allows us to establish collaborative relationships, with potentially positive repercussions on our products.

Partnerships with high schools and universities located near the Group's offices are strong. In countries where the company's presence is greatest, partnerships with the Polytechnic University of Turin in Italy and Seinäjoki University of Applied Sciences and the University of Vaasa in Finland are solid.

There are also several other initiatives and activities that are being carried out with universities. The following are listed as means of example:

- Participation in second level Masters' programmes promoted by the Polytechnic and sponsored by Regione Piemonte. For example, a Master's degree in Additive Manufacturing is under way, which has enabled young graduates with a technical background to be recruited as interns.
- Participation in research projects, also in the form of PhDs. Also in this case, the graduates who were involved were hired with an Apprenticeship for Higher Education contract.
- Work placements for students often preparing their degree dissertation on innovative topics
- Welcoming groups of students

on educational visits, including presentation of our technological solutions and – with the help of Human Resources– career or training orientation information

- Participation with our Managers and Technicians in technology-oriented lectures/tutorials directly at the universities concerned (again, 2020 was characterised by remote attendance).

Not just partnerships in the area: PRIMA INDUSTRIE participates in manufacturing research and innovation at the European level, collaborating with several research centres, competence centres and universities in different EU countries.

### PRIMA INDUSTRIE cultivates and maintains close links with academic institutions, including universities and high schools.

In addition to the partnerships already established in previous years on specific innovation projects, such as those with the Fraunhofer Institute in Germany and the MTC, Manufacturing Technology Centre on the PROMETHEUS project, or with SUPSI – Swiss University, the Belgian Welding Institute, and the Greek University of Patras on the AVANGARD project, others have been added in connection with new projects, such as:

- TNO, Netherlands Organisation for applied scientific research (market project 4.0),
- AIMEN, ASOCIACION DE INVESTIGACION METALURGICA DEL NOROESTE (project integrad).



In Italy, moreover, scholarships are provided to the children of employees following the achievement of the qualifications listed below and the relative threshold achievement scores with respect to their grades:

Professional school-  
leaving diploma (75/100)

Full school-  
leaving diploma (75/100)

Bachelor's  
degree (99/100)

Master's  
degree (99/100)

### **Commitment and investment in the community**

In addition to educational institutions, local communities are also involved through investment in local sporting activities, in some cases in the form of sponsorship, in others as support for local sports clubs, particularly youth sport in Finland. Also in Finland, the company participates in the Kilometre Race, a competition between different companies in which they record their cycling routes (both to and from work and in their free time) to promote this environmentally friendly means of transport. Again in 2021, the company collaborated with local associations that provide support to young people and women, in some cases by providing donations and in others with a real partnership to support their activities.

### **Relationship with institutions**

PRIMA INDUSTRIE participates in various representative or sector associations, in the various locations where it is present. These memberships are, in most cases, aimed at spreading innovation and technology, the culture of "Industry 4.0," and sustainability.

Not only are specific contributions paid to these associations for membership purposes, but active participation of the company's professionals is also guaranteed with respect to networking meetings, conferences, and other related initiatives.

Relations with institutions and public administrations are based on the principles of honesty, propriety, transparency and full compliance with laws and regulations, respect for the public nature of their function, as set out in the Group Code of Ethics and regulated by the Organisation, Management and Control Model in accordance with Legislative Decree 231/2001

Here are some of the main associations/ institutions of the Group is a member:

#### **In Italy:**

- Unione Industriale, Turin
- AICQ Piemontese - Associazione Italiana Cultura Qualità (Italian Association of Cultural Quality)
- Confindustria, Verona
- Confindustria Canavese
- Amma, Turin
- Federmeccanica
- UCIMU - Italian Union of Machine Tool Manufacturers
- SIRI - Italian Robotics and Automation Association
- MESAP technology hub in Piedmont



**In China:**

- Wujiang Foreign Enterprise Association
- Wujiang Intelligent Manufacturing Association

**In Finland:**

- Employer Union Technology Industries of Finland
- South Ostrobothnia Chamber of Commerce

**In Germany:**

- Verband deutscher Laseranwender - Blechbearbeitung - e.V.

The company is also part of the European associations EFFRA - European Factories of the Future Research Association and CECIMO - European Association of the Machine Tool Industries and EIT manufacturing - European Innovation & Technology for Manufacturing.

The President, Engineer Gianfranco Carbonato, is still personally involved in the main trade associations and previously he served as President of AMMA, the Industrial Union of Turin, and of Confindustria Piemonte, as well as Vice President of Federmeccanica and member of the Confindustria Council. In May 2021, he was elected as one of the 20 general representatives on the General Council of Confindustria for the two-year period 2021-2023.

Other Group managers are also active members of trade associations: Domenico

Appendino is a Director of UCIMU and President of SIRI, Gianni Di Santo is a Director of AICO Piemontese, Francesca Lombardo is a Director of AIDP Piemonte and Valle d'Aosta, and Paolo Calefati is a member of the Board of Directors of CIM 4.0 Competence Center and Member of the Technical-Scientific Committee of OCG - Cluster Fabbrica Intelligente Italiana.

From 2018, the company is one of the promoters (and founding member) of the Social Promotion Association "STEM by Women - Donna Professione STEM"

This association has the purpose of:

- promoting and advancing industrial trends,
- promoting participation of women in STEM studies (Science, Technology, Engineering and Mathematics),
- promoting the development of STEM professions in industry,
- promoting inclusive, participatory policies as tools for increasing the industrial competitiveness of the company and the country.

Participation in the Association is not limited to its constitution. Some employees are actively involved in its founding and management organisations and participate in local activities.



## 7.6 OCCUPATIONAL HEALTH AND SAFETY

The Group has a keen eye on workplace health and safety matters. This awareness is demonstrated in a company policy that states that the entire company structure the employer, the employer's representatives, the head of the prevention and protection service (RSPP), safety managers, the supervisors, all the workers, whether employees or contract workers – is involved in reaching safety targets. In order for these objectives to be achieved, the Parent Companies of the four Business Units, PRIMA INDUSTRIE SpA for PRIMA Power and PRIMA Additive, and PRIMA ELECTRO SpA for Laser and Electronics, have implemented an Environment and Safety Management System to ensure that there is a commitment to address the Health and Safety aspects of all existing and future businesses as relevant aspects of their operations, considering compliance with current legislation on health and safety at work a priority.

Since safety training is one of the cornerstones of risk prevention, despite the difficulties that emerged during the pandemic, the Group has tried to carry out all the planned training courses, organising, where possible and compatible with the requirements of the competent Authorities, in-person courses in compliance with the relevant protocols and adopting suitable measures to contain the spread of infection. However, the company also made use of distance learning.

Training is carried out and updated with specific reference to the job position and with special attention to training new hires, so they can immediately have complete awareness about Health and Safety issues.

Information and awareness of risks is instilled in all workers, through safety communication projects, brochures and meetings on specific issues. All levels of the company are given safety training. With the knowledge that safety in the workplace depends on the contribution of each employee, training/information sessions are held at Italian plants throughout the year, specifically involving the production units and aimed at involving all employees in a true culture of safety in which there is a collaborative exchange of views aimed at promoting healthy and safe behaviour in all work environments. In the American companies, PRIMA Power North America and PRIMA Power Laserdyne, suggestions regarding employee health and safety issues are welcomed and encouraged.

To this end, a form was created in which these suggestions could be recorded and sent to the safety authority and Human Resources for subsequent analysis by a Safety Committee, made up of various company figures, with the aim of continually improving working conditions. In addition, each employee is given a safety handbook outlining the main risks related to each job and the relevant company regulations and procedures to reduce the risk. A similar document is also adopted in the Finnish Group company to train and inform new employees about the risks present in the plant.

The participation of workers is high and constant and is guaranteed by the workers' safety representatives (RLS), who are tasked with reporting information and requests from the employees. Continuous exchange of information, through specific meetings organized with the Prevention and Protection Service Manager, are opportunities to share ideas and projects designed to improve working conditions for employees from a health and safety standpoint.

### **Training and the involvement of personnel are the cornerstone of the health and safety management system, with a view to creating a truly safe "culture".**

The continuous dialogue and collaboration between all company levels in terms of health and safety in the workplace are particularly important for the PRIMA INDUSTRIE Group, even more so with the persistence of the COVID-19 pandemic in 2021. Numerous additional measures have therefore been put in place to protect the health of workers.

Employee involvement and training, along with investments in machinery, equipment and plants have ensured a low frequency of accidents and low severity. Overall, the trend in occupational accidents is positive, with a reduction in the number of accidents, also in relation to the recovery of production activities compared to 2020, a year in which the pandemic led to a slowdown in production.



Disclosure 403-9 of GRI Standard 403:  
Occupational Health & Safety 2018

	2021*	2020*	2019
<b>Number of recorded occupational injuries</b>	<b>23</b>	35	31
<b>Recorded work-related injury rate</b>	<b>8.5</b>	16.6	12.0
<b>Rate of deaths as a result of accidents at work</b>	<b>0</b>	0	0

\* The 2020 and 2021 data was calculated based on the provisions of the new version of GRI 403. In 2020, the number of accidents that resulted in serious consequences (excluding death) and the rate of accidents at work that resulted in serious consequences (excluding death) were equal to 0.4.

PRIMA INDUSTRIE SpA and PRIMA ELECTRO SpA, continually involve a competent doctor in the evaluation and reduction of all potential risk to ensure that the potential risk to the health of workers is zero. The 2020 and 2021 data was calculated based on the provisions of the new version of GRI 403. In 2020, the number of accidents that resulted in serious consequences (excluding death) and the rate of accidents at work that resulted in serious consequences

(excluding death) were equal to 0 while in 2021 there was one accident with serious consequences and a rate of accidents at work with serious consequences (excluding fatal accidents) of 0.4. The focus on health issues, especially those related to the spread of the Coronavirus, is also a priority in other companies in the Group such as Finn-Power OY, which has shared with employees guidelines and instructions, extracted from documents issued by the Finnish authorities, on the best practices to be adopted during business trips and on company sites, with the aim of protecting the health of its employees.







# SUSTAINABILITY REPORT 2021

**Consolidated  
non-financial statement of  
PRIMA INDUSTRIE Group in  
accordance with Legislative  
Decree no. 254/2016**

**Indicators Table**



GRI Standard	Disclosure	Chapter	Notes	Reporting Perimeter
<b>GRI 102: General Disclosures</b>				
GRI 102: General Disclosures	Disclosure 102-1 Name of the organization	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-2 Activities, brands, products, and services	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-3 Location of headquarters	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-4 Location of operations	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-5 Ownership and legal form	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-6 Markets served	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-8 Information on employees and other workers	<b>7. HR AND SOCIAL MANAGEMENT</b>	The reported amounts refer to personnel employed at 31 December of the relevant year.	All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-14 Statement from senior decision-maker	<b>LETTER FROM TOP MANAGEMENT</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-16 Values, principles, standards, and norms of behaviour	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-18 Governance structure	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-40 List of stakeholder groups	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-42 Identifying and selecting stakeholders	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-43 Approach to stakeholder engagement	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-44 Key topics and concerns raised	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-45 Entities included in the consolidated financial statements	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-46 Defining report content and topic Boundaries	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-47 List of material topics	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-50 Reporting period	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-52 Reporting cycle	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-53 Contact point for questions regarding the report	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-54 Claims of reporting in accordance with the GRI Standards	<b>1. Methodological note</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-55 GRI content index	<b>Indicators Table</b>		All the Companies of the Group
GRI 102: General Disclosures	Disclosure 102-56 External assurance	<b>INDEPENDENT REPORT ON THE LIMITED AUDIT OF THE NON-FINANCIAL STATEMENT</b>		All the Companies of the Group

GRI Standard	Disclosure	Chapter	Notes	Reporting Perimeter
<b>Framework of Legislative Decree 254/2016: Energy resources (from renewable and non-renewable sources)</b>				
<b>Material Topic: Energy resource management</b>				
GRI 302: Energy 2016	302-1: Energy consumption within the organization	4. ENVIRONMENT	<ul style="list-style-type: none"> <li>- Regarding the reported data, the conversion factors referred to in the Environmental Indicator Protocols published on the Global Reporting Initiative</li> <li>- The main types of fuel used are natural gas for heating and diesel and petrol for company cars. For some of the companies, other fossil fuels are used for heating (combustible oil, LPG) and biomass fuel.</li> <li>- For the subdivision of electrical and renewable source energy consumption, any autonomously produced electrical power was taken into account, in addition to the composition of the energy mix used for the production of power sold by suppliers (where explicitly indicated on the bill).</li> </ul>	Total data on energy consumption includes all the companies included in the reporting boundary (see Chapter 1 "Methodological Note"). Note that for Finn Power OY, the electricity and heating data are only reported for the production plant in Seinäjoki, Finland, and for the PP Belgium Nazareth branch office.
<b>Framework of Legislative Decree 254/2016: Greenhouse gas emissions and air pollutant emissions</b>				
<b>Material Topic: Emissions management</b>				
GRI 305: Emissions 2016	Disclosure GRI 305-1 Direct (Scope 1) GHG emissions	4. ENVIRONMENT	<ul style="list-style-type: none"> <li>- The values reported in Scope 1 concern direct emissions from combustion for the generation of thermal energy for heating or production processes.</li> <li>- DEFRA 2021 emission factors were used for the reported data.</li> </ul>	All the companies included in the reporting boundary (see Chapter 1 "Methodological Note"). Note that for Finn Power OY, the data is only reported for the production plant in Seinäjoki, Finland and for the PP Belgium Nazareth branch office.
GRI 305: Emissions 2016	Disclosure GRI 305-2 Energy indirect (Scope 2) GHG emissions	4. ENVIRONMENT	<ul style="list-style-type: none"> <li>- Values reported in Scope 2 concern emissions from purchased electricity and, for buildings rented by the companies within the reporting perimeter, thermal energy.</li> <li>- The Terna 2021 emission factors were used with respect to the reported data.</li> <li>- Note that the reported data, with respect to what it is indicated in the "Reporting Requirements" of the GRI Disclosure, relates to the calculation of Scope 2 emissions using the location-based method.</li> </ul>	All the companies included in the reporting boundary (see Chapter 1 "Methodological Note"). Note that for Finn Power OY, the data is only reported for the production plant in Seinäjoki, Finland and for the PP Belgium Nazareth branch office.

GRI Standard	Disclosure	Chapter	Notes	Reporting Perimeter
<b>Framework of Legislative Decree 254/2016: Social and personnel management issues and gender equality</b> <b>Material Topic: Human resources management and social issues</b>				
GRI 401: Employment 2016	Disclosure 401-1 New employee hires and employee turnover	7. HR AND SOCIAL MANAGEMENT	The turnover rate was determined by comparing the number of workers who left in the period 01/01-31/12 in the year referenced with respect to the workforce at 01/01 in the year in question for all companies in the perimeter multiplied by 100.	All the Companies of the Group
GRI 404: Training and Education 2016	Disclosure 404-1 Average hours of training per year per employee	7. HR AND SOCIAL MANAGEMENT	The calculation of the average training hours is made by finding the ratio between the training hours provided and the staff at 31/12 of the referenced year.	All the Companies of the Group
GRI 404: Training and Education 2016	Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	7. HR AND SOCIAL MANAGEMENT	The data collected from the Companies relates to the assessments from 2020, which were carried out in the first half of 2021.	All the Companies of the Group
GRI 405: Diversity and Equal Opportunities 2016	Disclosure 405-1 Diversity of governance bodies and employees	7. HR AND SOCIAL MANAGEMENT		The breakdown by age and gender groups of the members of the governing bodies is given only for Parent Company PRIMA INDUSTRIE and for PRIMA Electro.
GRI 405: Diversity and Equal Opportunities 2016	Disclosure 405-2 Ratio of basic salary and remuneration of women to men	7. HR AND SOCIAL MANAGEMENT	Compared to the "Reporting Requirements" of Disclosure GRI, the data reported only relates to basic salary.	The figure for employees belonging to protected categories concerns all of the Group's companies. All the Companies of the Group



GRI Standard	Disclosure	Chapter	Notes	Reporting Perimeter
<b>Framework of Legislative Decree 254/2016: Occupational Health &amp; Safety</b>				
<b>Material Topic: Health &amp; Safety (internal and external)</b>				
GRI 403: Occupational Health & Safety 2018	Disclosure 403-1 Occupational health and safety management system Disclosure 403-2	<b>7. HR AND SOCIAL MANAGEMENT</b>		Prima Industrie S.p.A. -
GRI 403: Occupational Health & Safety 2018	Hazard identification, risk assessment, and incident investigation	<b>7. HR AND SOCIAL MANAGEMENT</b>		All the Companies of the Group
GRI 403: Occupational Health & Safety 2018	Disclosure 403-3 Occupational health services Disclosure 403-4	<b>7. HR AND SOCIAL MANAGEMENT</b>		All the Companies of the Group
GRI 403: Occupational Health & Safety 2018	Worker participation, consultation, and communication on occupational health and safety Disclosure 403-5	<b>7. HR AND SOCIAL MANAGEMENT</b>		All the Companies of the Group
GRI 403: Occupational Health & Safety 2018	Worker training on occupational health and safety 403-6	<b>7. HR AND SOCIAL MANAGEMENT</b>		All the Companies of the Group
GRI 403: Occupational Health & Safety 2018	Promotion of worker health 403-7	<b>7. HR AND SOCIAL MANAGEMENT</b>		All the Companies of the Group
GRI 403: Occupational Health & Safety 2018	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<b>7. HR AND SOCIAL MANAGEMENT</b>		All the Companies of the Group

GRI Standard	Disclosure	Chapter	Notes	Reporting Perimeter
GRI 403: Occupational Health & Safety 2018	403-9 Work-related injuries	7. HR AND SOCIAL MANAGEMENT	<p>- Accidents considered in the calculation of the indicator include all accidents at work involving days lost, excluding accidents en route.</p> <p>- The recorded workplace injury rate is the ratio between the number of injuries and the number of hours worked, multiplied by 1,000,000.</p> <p>- An accident at work with serious consequences (excluding fatal accidents) is defined as death or damage from which the worker cannot recover, does not recover, or it is unrealistic to expect full recovery from so that the worker can return to their previous state of health within 6 months.</p>	All the Companies of the Group
			<p>The relative rate is the ratio between the number of injuries with serious consequences and the number of hours worked, multiplied by 1,000,000</p> <p>- The rate of deaths due to accidents at work is the ratio of the number of deaths as a result of accidents at work to the number of hours worked, multiplied by 1,000,000.</p> <p>- Accidents are recorded and analysed autonomously by each company, in order to monitor trends and evaluate any preventive and corrective actions that should be taken to bring the total number of</p> <p>- Note that the reported data, with respect to what is indicated in the "Reporting Requirements" of the GRI Disclosure, relates only to the employees of the Group and does not provide a breakdown by region.</p>	

GRI Standard	Disclosure	Chapter	Notes	Reporting Perimeter
<b>Framework of Legislative Decree 254/2016: Fighting active and passive corruption</b>				
<b>Material Topic: Ethics, integrity &amp; anti-corruption</b>				
GRI 205: Anti-corruption 2016	Disclosure 205-2: Communication and training about anti-corruption policies and procedures	<b>2. THE PRIMA INDUSTRIE GROUP</b>	- Note that the reported data, with respect to what is indicated in the "Reporting Requirements" of the GRI Disclosure, concerns only the anti-corruption training provided to employees of PRIMA Power Laserdyne LLC, and the training regarding Law 231 provided to new hires in PRIMA INDUSTRIE SpA and PRIMA Electro SpA.	The indicator is reported exclusively with respect to the following companies:  PRIMA Power Laserdyne LLC  Prima Industrie SpA  PRIMA Electro SpA
GRI 207: Taxes 2019	Disclosure 207-1 Approach to tax	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 207: Taxes 2019	Disclosure 207-2 Tax governance, control, and risk management	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 207: Taxes 2019	Disclosure 207-3 Stakeholder engagement and management of concerns related to tax	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
GRI 207: Taxes 2019	Disclosure 207-4 Country-by-country reporting	<b>2. THE PRIMA INDUSTRIE GROUP</b>	The data reported are for the year 2020.	All the Companies of the Group
<b>Framework of Legislative Decree 254/2016: Human rights and non-discrimination</b>				
<b>Material Topic: Responsible supply chain management</b>				
	Consolidation of new suppliers and existing audits	<b>6. PROCESSES</b>	Percentage of new supplier audits over total audits performed	The suppliers reviewed concern the production sites of the following companies: PRIMA INDUSTRIE SpA and Finn-Power OY,
<b>Other Frameworks not covered by Legislative Decree 254/2016:</b>				
<b>Material Topic: Quality</b>				
GRI 416: Customer Health & Safety	Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<b>5. PRODUCTS</b>		All the Companies of the Group
<b>Material Topic: Innovation</b>				
	Investment in Research and Development	<b>5. PRODUCTS</b>		All the Companies of the Group
<b>Material Topic: Customer satisfaction</b>				
	Customer Satisfaction Survey	<b>5. PRODUCTS</b>		Countries involved: Italy, USA, Spain, Finland, Poland, UK, Portugal, Bosnia, Germany, Czech Republic, France, India, Serbia, Turkey; only for the perimeter of the B.U. PRIMA Power
<b>Material Topic: Economic growth and financial sustainability</b>				
	PRIMA INDUSTRIE Group's financial performance	<b>2. THE PRIMA INDUSTRIE GROUP</b>		All the Companies of the Group
<b>Material Topic: Process digitisation</b>				
	Tracked negotiations with digital tools	<b>6. PROCESSES</b>	The figure is taken from reports made by the management system used for commercial processes (SalesForce).	All companies belonging to the PRIMA Power and PRIMA Additive Business Units.





# **SUSTAINABILITY REPORT 2021**

**Independent  
auditor's report  
on the Consolidated  
Non-financial Statement**



**PRIMA INDUSTRIE SPA**

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED  
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND  
ARTICLE 5 OF CONSOB REGULATION NO. 20267 ADOPTED BY  
RESOLUTION OF 18 JANUARY 2018**

**YEAR ENDED 31 DECEMBER 2021**





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

*pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation No. 20267 adopted by Resolution of 18 January 2018*

To the Board of Directors of  
Prima Industrie SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (hereafter the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Prima Industrie SpA and its subsidiaries (the "Prima Industrie Group" or the "Group") for the year ended 31 December 2021 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 14 March 2022 (hereafter the "NFS").

Our review does not extend to the information set out in the paragraph "Prima Industrie and the European Taxonomy" of the NFS, required by article 8 of European Regulation 2020/852.

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

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 and updated to 2019 by the GRI - *Global Reporting Initiative* (the "GRI Standards"), with reference to a selection of GRI Standards, identified by them as the reporting standards, as disclosed in paragraph "Methodological note" of the NFS.

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

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

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

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

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### ***PricewaterhouseCoopers SpA***

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

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

### ***Auditor's responsibilities***

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

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

In detail, we performed the following procedures:

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

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



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In detail, we held meetings and interviews with the management of Prima Industrie SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

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

- at Group level:
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the following companies, Prima Industrie SpA, Prima Electro SpA, Finn-Power OY, Prima Power GmbH, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Prima Industrie Group for the year ended 31 December 2021 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards, as disclosed in paragraph "Methodological note" of the NFS.

Our conclusions on the NFS of the Prima Industrie Group do not extend to the information set out in the paragraph "Prima Industrie and the European Taxonomy" of the NSF, required by article 8 of European Regulation 2020/852.

Turin, 31 March 2022

PricewaterhouseCoopers SpA

*Signed by*

Piero De Lorenzi  
(Partner)

Paolo Bersani  
(Authorised signatory)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 translation.*



