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YEARS OF INNOVATION

2017 Sustainability Report



2017 Sustainability Report

(Consolidated non-financial statement in accordance with Legislative Decree no. 254/2016)

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[Gianfranco Carbonato]
Executive Chairman

Letter from top management

For the first time, Prima Industrie publishes its Sustainability Report, for the financial year 2017. The report is prepared in accordance with the requirements of Legislative Decree 254/2016.

2017 was a fundamental year for the growth of the Group led by the Company. In addition to being the 40th year since its foundation, it was a record year for the Group, with approximately 450 million Euros in turnover. Order intake was 12.7% and the year ended with a significant order book at 170 million Euros, providing good visibility of expected turnover for 2018.

Prima Industrie wishes to emphasise that the growth achieved was made possible through responsible management of the company, aimed at increasing our ability to generate value with a sustainable outlook (financially, socially and environmentally). In order to achieve this, we have paid due attention to the expectations of all stakeholders who, whether directly or indirectly, attribute value to and are affected by the decisions and activities of Prima Industrie.

The company would like to use this Sustainability Report to communicate the responsible approach it has undertaken for many years, consisting of sustainable behaviours, practices, values and products.

Through the “Green means®” concept, the Group’s machinery division (Prima Power) boasts a long history in the continuous development of highly automated, low-maintenance systems with low-energy impact, all to the benefit of competitiveness for the customer and sustainable development.

Starting from the needs of the customers, but also the expectations of all other stakeholders, Prima Industrie has responded to the challenge of guaranteeing the rights that are required in modern society: energy saving, curbing pollution, safeguarding the health and safety of workers, reducing waste, ensuring closer collaboration between man and machine, social responsibility towards the community.

In all this, it is always people who make a difference. Their understanding of sustainability and its importance to their respective activities and areas of responsibility is the cornerstone of our progress.

We are sure that sustainability is increasingly important for the success of our business. It contributes to our growth, improves our cost efficiency and reduces risks. At the same time, only through sustainable business practices can we maintain the foundations for a sustainable society and a solid economy.

In addition to the parent company Prima Industrie, the boundary of the Sustainability Report includes the most important subsidiaries. This demonstrates that sustainability is an asset shared by the entire Group and that the entire production and sales process depends on it, with the involvement of all players in every country in the world.

We therefore thank all our employees, partners, customers, shareholders and stakeholders for contributing to a successful year and for accompanying us on our journey of sustainability and ensuring a better world for present and future generations.

The Chairman of the Board of Directors



Methodological Note

This statement is also a way for Prima Industrie to maximise transparency in its communications with stakeholders.

Document Objectives

With this first edition of the non-financial consolidated statement (hereinafter also the “Statement” or the “Sustainability Report” or the “document”), 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 “the Decree”), presenting the “Consolidated non-financial statement” in

the form of a “separate report” which, “to the extent necessary to ensure an understanding of the business of the undertaking, its progress, its results and its impact, covers environmental, social and personnel-related issues, respect for human rights, the fight against active and passive corruption, which are relevant to the activities and characteristics of the undertaking”.

In addition to responding to the requirements of the Decree, the Statement is also a way for Prima Industrie to maximise transparency in its communications with stakeholders and to report on its initiatives and performance with regards to (environmental and social) sustainability.

Reporting standards

Legislative Decree 254/2016 requires the issues indicated in the previous paragraph to be reported “in accordance with the methods and principles set by the reporting standard used as a reference or by the independent reporting methods used for drafting the statement”.

With regard to this aspect, Prima Industrie has decided to use the GRI Standards issued by the “Global Reporting Initiative” as the technical and methodological reference for reporting the information required by the Decree and contained in this document. Specifically, the Group has chosen to prepare the document according to the “GRI-Referenced” procedures set out in the GRI guidelines, using a selected set of GRI Standards to report the information required by the Decree.

References to the selected GRI Standards are provided in both the Statement and the GRI Disclosure table at the end of this document.

Reporting period and scope

The non-financial data and information contained in this document concern the following companies in the Prima Industrie Group:

- Prima Industrie SpA
- Finn-Power OY
- Finn-Power Italia Srl (merged into Prima Industrie SpA with effect from 1 February 2018)
- Prima Electro SpA
- Prima Power North America Inc
- Prima Power Laserdyne LLC

- Prima Power GmbH
- Prima Power Iberica SL

When defining the reporting boundary, Prima Industrie considered the following three parameters:



including within the boundary the Group companies which at 31 December 2016 met at least two of the three set parameters.

The resulting boundary provides insight into the business, its performance, its results and its impact.

The 2017 figures for Prima Industrie Group show percentages of coverage achieved by the above companies as 90% of assets, 85% of revenues and 80% of employees.

Considering that this is the first year of disclosure of non-financial information for Prima Industrie, the quantitative data in this document refer to the financial years 2016 and 2017. As of next year, in order to ensure compliance with the principle of comparability over time, the document will be prepared on an annual basis and the figures for the reported year will be compared with those of the two previous financial years.

This document has undergone a limited audit by PricewaterhouseCoopers SpA. The results of the audits conducted in accordance with Article 3 paragraph 10 of

Legislative Decree 254/16 and with Consob Regulation no. 20267 are contained in the auditors report included at the end of this Statement.

The Board of Directors of Prima Industrie approved the Statement on 2 March 2018. This Statement is published on the company website in the “Investors” section at www.primaindustrie.com.

For more information on the issues dealt with in this document, please contact the Prima Industrie Group at: ir@primaindustrie.com.

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.

In order to identify the most important issues to be included and developed in this Report, Prima Industrie:

- identified its stakeholders;
- 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, which included the transversal involvement of all departments in the parent company in a dedicated working group.



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

Stakeholders were identified as those subjects (individuals, groups, organisations) with financial links to the company or with various interests in it or who are significantly affected by it.

This document provides the above stakeholders of Prima Industrie with an overall picture of the Group’s performance in terms of sustainability.

By 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.

The Group’s focus on sustainability issues is mainly reflected in its customers, who are in direct contact with final consumers, and builds a good reputation for those who have invested in a responsible company. In addition to these, 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, etc.

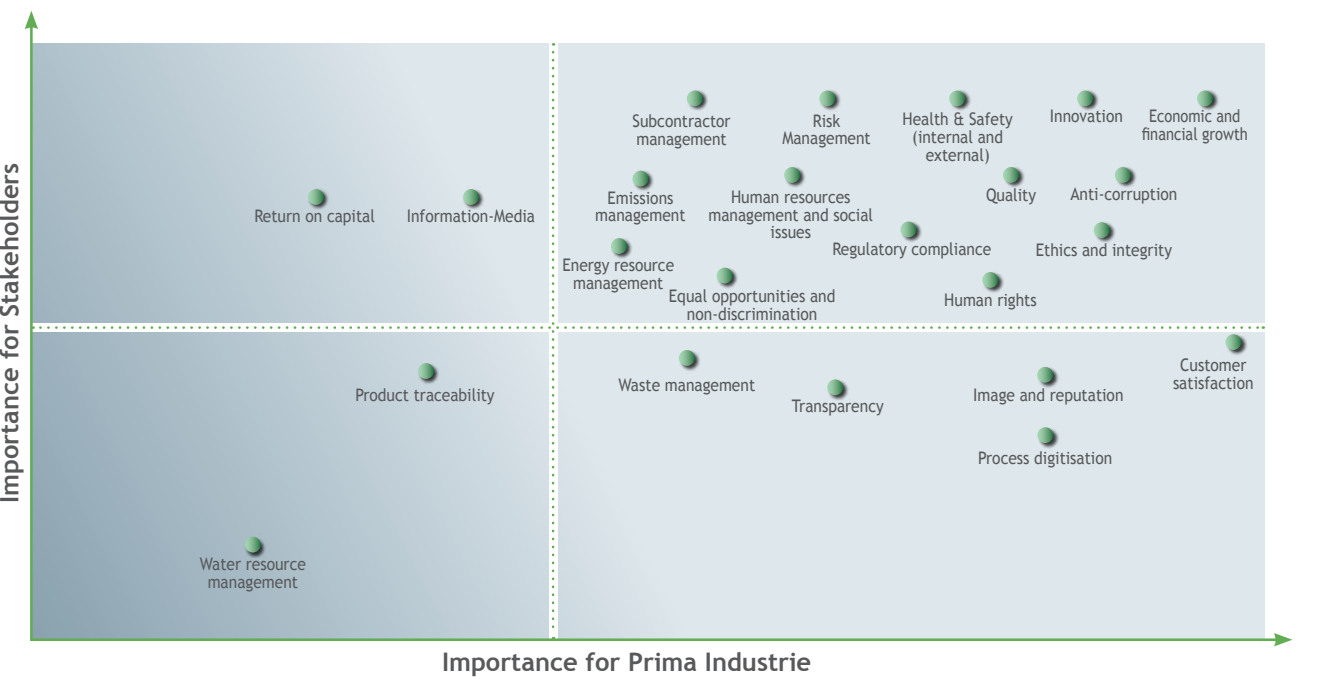
The Group has worked consistently over time to develop an information and communication system which it uses to interact and dialogue with all of its local, national and international interlocutors.

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.

Materiality analysis

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.

These issues are placed in the upper right section of the materiality matrix and are disclosed in this document.





The Prima Industrie Group

About us

Introduction

Prima Industrie SpA is an Italian company limited by shares with registered office at 32 Via Antonelli, 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 12,000 machines installed in more than 80 countries and is one of the world's leading manufacturers in its reference markets.

The Group has approximately 1,800 employees and production plants in Italy (PRIMA INDUSTRIE SpA, PRIMA ELECTRO SpA, FINN-POWER Italia Srl 1),

Finland (FINN-POWER OY), USA (CONVERGENT PHOTONICS LLC, PRIMA POWER LASERDYNE LLC) and China (Prima Power Suzhou Co.Ltd).

The Group also boasts a considerable direct sales and after-sales presence in BRIC and NAFTA countries, the European Union and other emerging markets in Asia, with a network of agents and distributors, covering approximately 80 countries in the world.

The Prima Industrie Group is structured into two divisions: laser machines and machines for sheet metal processing (Prima Power) and industrial electronics and laser technologies (Prima Electro). The activities of these divisions are described in more detail in the rest of this document.

1. Finn-Power Italia Srl was merged into Prima Industrie SpA on 1 February 2018 with accounting and fiscal effect from 1 January 2018

Companies belonging to the Group

Subsidiaries - Prima Power Division

PRIMA POWER	HEADQUARTERS	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD
FINN POWER OY	Metallite 4, FI - 62200 Kauhava, FINLAND	€ 30,000,000	100%	Full
FINN-POWER Italia S.r.l.	Viale Artigianato 9, 37044, Cologna Veneta (VR), ITALY	€ 1,500,000	100%	Full
PRIMA POWER LASERDYNE LLC	8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 200,000	100%	Full
PRIMA POWER SUZHOU Co. LTD.	Xinrui Road 459, Wujiang Ec. & Tech. Develp. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8,000,000	70%	Full
PRIMA POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10,000	100%	Full
PRIMA POWER CANADA Ltd.	390 Bay Street Suite 2800 Toronto, Ontario M5H 2Y2 CANADA	CAD 200	100%	Full
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 MEXICO	USD 250	100%	Full
PRIMA POWER GmbH	Lise-Meitner Strasse 5, Dietzenbach, GERMANY	€ 500,000	100%	Full
PRIMA POWER IBERICA S.L.	C/Primero de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6,440,000	100%	Full
PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	Ul. Holenderska 6 - 05 - 152 Czosnów Warsaw, POLAND	PLN 350,000	100%	Full
OOO PRIMA POWER	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4,800,000	99,99%	Full
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepêcle, 91280 St. Pierre du Perray, FRANCE	€ 960,015	100%	Full
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B2 A Dupleks Gül Blok Daire:4 Kartal - Istanbul, TURKEY	€ 1,470,000	100%	Full
PRIMA POWER UK LTD	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Full
PRIMA POWER INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, INDIA	Rs. 7,000,000	99,99%	Full
PRIMA POWER SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 - Freguesia do Ó - 02968-00, Sao Paulo BRASIL	R\$ 4,471,965	99,99%	Full
PRIMA POWER CHINA Company Ltd.	Room 2006, Unit C, Tower 1, Wangjing SOHO, Chaoyang District, Beijing, P.R. CHINA	RMB 2,038,778	100%	Full
PRIMA POWER AUSTRALASIA Pty. LTD.	Suite 2, First Floor, 100 Queen street, PO Box 878, Campbelltown, NSW, 2560 AUSTRALIA	A\$ 1	100%	Full
BALAXMAN OY	Metallitie 4, FI-62200 Kauhava, FINLAND	€ 2,523	100%	Full

As already stated, Finn-Power Italia Srl was merged into Prima Industrie SpA on 1 February 2018 with accounting and fiscal effect from 1 January 2018.

Subsidiaries - Prima Electro Division

PRIMA ELECTRO	HEADQUARTERS	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15,000,000	100%	Full
CONVERGENT - PHOTONICS, LLC	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24,119,985	100%	Full
PRIMA ELECTRO (CHINA) Co.Ltd.	23G East Tower, Fuxing Shangmao n.163, Huangpu Avenue Tianhe District 510620 Guangzhou P.R. CHINA	€ 100,000	100%	Full
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160,000	100%	Full

The Group's business

Main activities

The Group's activities are organised into two divisions, described below.

The Prima Power Division 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 Prima Electro Division includes industrial electronics and laser sources as well as the design and development of power and control electronics, with the 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 and Osai brands (Osai SpA acquired in 2007).

It also includes laser sources, which are one of the laser machine components with the greatest technological content and the greatest added value. The Group designs and manufactures internally laser sources, which are later integrated into the laser machines it produces. The Group believes that having this technology is a critical factor for success in a competitive market.

In addition to the production and manufacture of CO2 laser sources, the Group has recently started manufacturing laser sources with fibre technology, in line with the most recent market evolutions, making the only manufacturer of laser machines to also have its own laser source with fibre technology.

In the laser sources sector, the division operates under the Convergent and Convergent Photonics brands (Convergent was the name of the laser source specialist company acquired by the Group in 2000).





We are always close to our customers, wherever they are.

Prima Industrie is present in 5 continents with over 1700 employees and a network of specialized distributors.

Industrial footprint
8 plants in 3 continents



Sales and service footprint

-  Branches and subsidiaries in 28 countries worldwide
-  Presence including distributors and agents in over 80 countries



More details about our presence in the world are available online:
primaindustrie.com/our-presence-in-the-world

AMERICA



PRIMA POWER
LASERDYNE LLC
Champlin, MN - USA



CONVERGENT
PHOTONICS LLC
Chicopee, MA - USA

EUROPE



PRIMA INDUSTRIE
HEADQUARTERS
AND TECH CENTER
Collegno (TO) - Italy



PRIMA INDUSTRIE SPA
Collegno (TO) - Italy



PRIMA INDUSTRIE SPA
Cologna Veneta (VR) - Italy



PRIMA ELECTRO SPA
Moncalieri (TO) - Italy



PRIMA ELECTRO SPA
Barone (TO) - Italy



FINN POWER OY
Kauhava - Finland

ASIA



PRIMA POWER
SUZHOU CO. LTD
Suzhou, China

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.			
<div><div><div></div><div>Prima Power</div></div></div> <div>DIVISION</div>		<div><div><div></div><div>Prima Electro</div></div></div> <div>DIVISION</div>	
PRODUCTION PLANT	TYPE OF MACHINE/TECHNOLOGY	PRODUCTION PLANT	TYPE OF MACHINE/TECHNOLOGY
Collegno (TO)	2D laser machines and 3D laser machines (except for Laserdyne models)	Moncalieri (TO)	Development and production of electronic boards
Cologna Veneta (VR)	Panelling machines and bending presses	Barone C.se (TO)	Assembly of Osai brand products
Kauhava (Finland)	Machines for sheet metal processing: Punching machines, integrated punching and shearing systems, integrated punching and laser cutting systems	Chicopee Massachusetts - USA	Convergent laser sources
Champlin Minnesota - USA	Laserdyne 3D laser machines for aerospace and energy applications		
Suzhou - China	2D Laser Machines and Punching Machines		

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 particularly involved in research and development at various production sites. Dedicated teams study new products and provide support for each product line. 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 which allows us to respond to the specific needs of customers.

In 2017, €23,401 thousand were invested in research and development, accounting for approximately 5.2% of consolidated revenues. 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. For all capitalised development activities, the technical feasibility and the likely future financial benefits were assessed.

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 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.

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. Our Technology and Training Centers 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 Cologna 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 its’s distributors are organised to provide after-sales service, the Group supplies the distributor with spare parts and assistance in special cases.

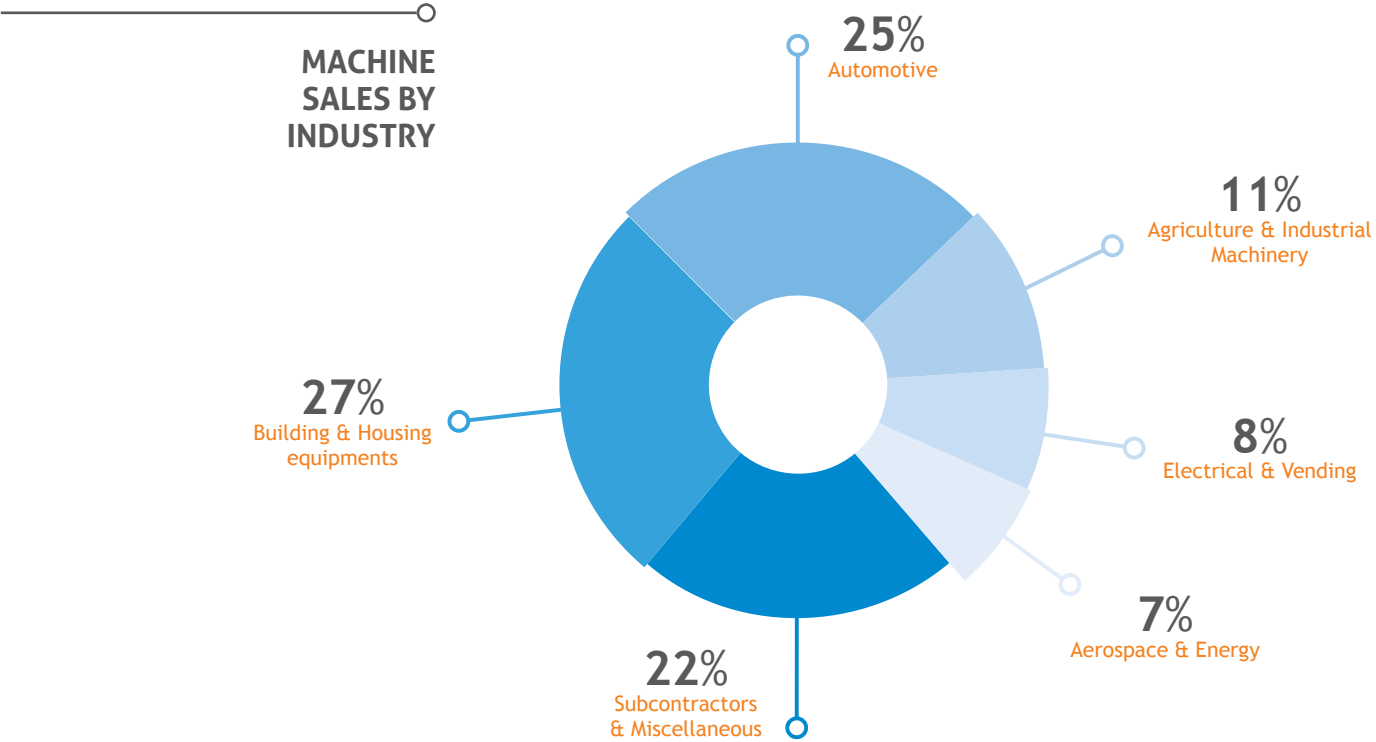
- wide range of products and services
- development and internal production of components with high technological content and added value
- focus on research and development and capacity for innovation
- global sales network
- customer support through after-sales service
- brand recognition
- market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

Markets served

The breakdown of the markets for the Group’s products in 2017 is as follows.

Key factors for success

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



Economic and financial performance

The table below presents an overview of the financial performance of Prima Industrie. For more details, see the Group’s Annual Financial Statements.

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	31 DECEMBER 2017	31 DECEMBER 2016	CHANGES	% CHANGES
ORDERS	480,640	426,511	54,129	12.7%
ORDER BOOK	169,865	143,378	26,487	18.5%
REVENUES	449,503	393,886	55,617	14.1%
EBITDA	43,178	35,409	7,769	21.9%
% EBITDA	9.6%	9.0%	0.6%	-
Adj. EBITDA	45,063	36,135	8,928	24.7%
Adj. % EBITDA	10.0%	9.2%	0.9%	-
EBIT	26,296	18,528	7,768	41.9%
% EBIT	5.9%	4.7%	1.1%	-
Adj. EBIT	28,205	20,282	7,923	39.1%
Adj. % EBIT	6.3%	5.1%	1.1%	-
NET RESULT	18,668	10,160	8,508	83.7%
FCF	21,878	18,879	2,999	15.9%
NFP	(69,632)	(84,215)	14,583	17.3%
WORKFORCE	1,781	1,664	117	7.0%

(Percentages are always considered in relation to revenues)
(Workforce expressed as number of employees)

Governance and regulatory compliance system

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.

It complies with the principles set out in the Borsa Italiana Code of Conduct to which Prima Industrie adheres. Prima Industrie adopts a traditional system of administration and control that ensures constant communication between management and shareholders.

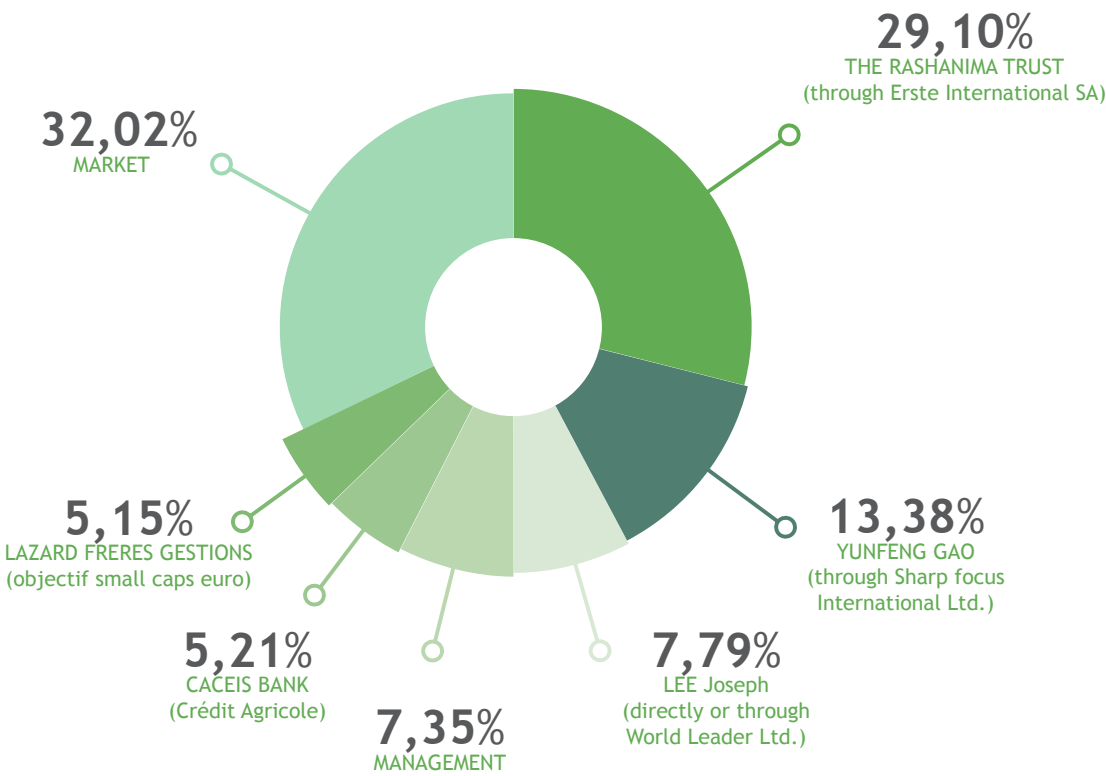
All Group companies have a governance system that is appropriate for their size and complies with local laws.

Prima Industrie provides details of its governance system in its Annual Report on Corporate Governance and Ownership Structure, prepared in accordance with article 123-bis of Legislative Decree no. 58/1998 (Consolidated Finance Act), to which the reader is referred for information not expressly reported in this chapter.

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 December 2017 is €26,208,185.

According to the Shareholders’ Register after payment of the last dividend 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 conduct for listed companies. The aim is to ensure better transparency and efficiency in corporate governance to safeguard shareholders, investors and all other 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 system² 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 in Italy in recent years, including:

- Legislative Decree 231/2001 on “Regulations governing the administrative liability of legal persons of companies and associations, including those without legal personality”
- Law 262/2005 (“Savings Law”)
- the Code of Conduct prepared by the Corporate Governance Committee of Borsa Italiana SpA

The Board of Directors of Prima Industrie SpA

On 11 April 2017, the Shareholders’ Meeting of Prima Industrie SpA appointed the board of directors, which will remain in office until approval of the financial statements to 31 December 2019. The number of members of the board was set as 11 (compared with 10 in the previous board of directors).

The provisions on gender quotas were applied for the renewal of the board of directors.

The member of the current board of directors are:

Gianfranco Carbonato - <i>Chairman</i>
Ezio Basso - <i>CEO</i>
Domenico Peiretti - <i>CEO</i>
Donatella Busso - <i>Independent Director</i>
Paolo Cantarella - <i>Independent Director</i>
Carla Ferrari - <i>Independent Director</i>
Paola Gatto - <i>Independent Director</i>
Michael Mansour - <i>Director</i>
Rafic Mansour - <i>Director</i>
Mario Mauri - <i>Independent Director</i>
Marina Meliga - <i>Independent Director</i>

Board of Statutory Auditors of Prima Industrie SpA

Appointed by the Shareholders’ Meeting of Prima Industrie SpA on 21 April 2016, the board of statutory auditors will remain in office until approval of the financial statements to 31 December 2018. The provisions on gender quotas were applied for the renewal of the board of statutory auditors in 2016.

The members of the current board of statutory auditors are as follows:

Statutory auditors
Franco Nada, <i>Chairman</i>
Maura Campra
Roberto Petrignani
Deputy auditors
Roberto Coda
Gaetana Laselva

The Committees

The following are members of the Remuneration Committee:

Mario Mauri (<i>Chairman</i>), <i>Independent Director</i>
Rafic Mansour, <i>Non-Executive Director</i>
Paola Gatto, <i>Independent director</i>

The following are members of the Control and Risk Committee:

Donatella Busso (<i>Chairwoman</i>), <i>Independent Director</i>
Paolo Cantarella, <i>Independent Director</i>
Carla Ferrari, <i>Independent Director</i>

The following are members of the Committee for operations with related parties:

Donatella Busso (<i>Chairwoman</i>), <i>Independent Director</i>
Marina Meliga, <i>Independent Director</i>
Paola Gatto, <i>Independent Director</i>

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

Gianfranco Carbonato
Ezio Giovanni Basso
Domenico Peiretti
Paolo Cantarella
Mario Mauri
Michael Mansour
Marina Meliga

Other bodies/functions

Head of Internal Auditing

Claudia Verro

Manager responsible for preparing the company’s accounting documents

Davide Danieli

The members of the supervisory board are:

Roberto Petrignani (<i>Chairman</i>) - <i>Statutory auditor</i>
Franco Nada - <i>Statutory auditor</i>
Claudia Verro - <i>Group Internal Auditing</i>

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 control model as set out in Legislative Decree 231/2001, as well as overseeing its update³.

In addition to the model, Prima Industrie SpA has a Code of Ethics containing the commitments and

2. For a description of the Risk Management Model - ERM - please see the specific chapter.

3. The three Italian companies in the Group have a supervisory board and the model required by Legislative Decree no. 231/2001.

ethical responsibilities of directors, employees and collaborators during business and company activities. It also has a specific channel for the prevention or reporting of any behaviour that goes against the Code of Ethics.

PricewaterhouseCoopers SpA is the appointed independent auditor.

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.

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.

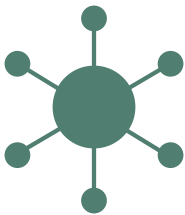
Given their considerable size, the companies within the boundary in Italy, namely Prima Electro SpA and, until 31 December 2017, Finn-Power Italia Srl, have a board of directors and a board of statutory auditors. Prima Power North America Inc. (USA) and Finn-Power Oy (Finland), both significant in terms 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. Owing to the special nature of its activities, compared to the rest of the Group, Prima Power Laserdyne LLC, United States, is managed by a sole director.

Smaller companies in Germany and Spain also have a sole director.



Ethical values and principles of Prima Industrie Group

The way Prima Industrie operates can be summed up as four main values, which are also the reasons why, over almost 40 years, thousands of customers in more than 80 countries around the world have placed their trust in the Group.



Technology and 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 and Commitment

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



Dialogue and Solutions

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.



Social and environmental 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.

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.

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

The rules of conduct set out in the Group's Code of Ethics concern the following categories of stakeholder:

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

The Group upholds respect for human rights as one of its core values, at the heart of its way of doing business.

In terms of its responsibility for direct action, given the type of organisation, operating in accordance with laws worldwide, there is no significant risk of failure to respect human rights. Where regulations provide for this, as is the case with Italian Legislative Decree 231/01, Group companies are provided with instruments to oversee this issue (e.g., Organisation and Management Model). With specific reference to supply chain risks, there are strict regulations in the countries where companies operate within the Group's consolidation boundary. Specifically, in North America, most of the supply chain for the companies in the United States and Canada are located in those two countries, where there is a strict observance of laws and respect for 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.





Risk management model

The ERM risk management model that is implemented within the group takes account of the risks of various business, financial and compliance activities.

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 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 was later extended to the subsidiaries Finn-Power Italia Srl and Finn-Power OY, as well as the entire Prima Electro Division

and will be gradually introduced to the other main companies in the Group.

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.

Risk management model

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, along with the process owners, of (organisational and/or process) actions to offset the most critical risks and relative the due dates
- definition of reporting methods, flows and formats involved in 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)
- ERM manual

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. No significant risks emerged in these issues for the companies during assessments and monitoring.





Environment

The Group provides the organisational, instrumental and financial resources needed to pursue its objectives for continuous improvement in relation to the environment.

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. In spite of this, respect for and safeguard of the environment are fundamental values the Prima Industrie Group, as well as central to its commercial, industrial and social initiatives, including the adoption of sustainable and responsible behaviours. The environmental data reported reflect the increased production volumes in 2017.

Therefore, although there was an increase in energy consumption, there was a simultaneous increase in the production and use of energy from renewable sources, an area in which Prima Industrie Group is making multiple investments. The impact on the health and safety of workers is reduced, thanks to ongoing training and

awareness-raising among staff, alongside investments in plants and equipment.

The Group provides the organisational, instrumental and financial resources needed to pursue its objectives for continuous improvement in relation to the environment.

In order for these objectives to be met, 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.

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.

green
means®



Green means a win-win for you and sustainable development



Sustainability adds to manufacturing efficiency and productivity



Your customers, your employees and the community you operate in demand it more and more



Sustainability & social responsibility are characteristics of a modern company and add to competitiveness



They make a difference between the best and the rest



And you make better sheet metal components at lower cost

The companies in the Prima Power Division, particularly Prima Industrie SpA, have focused on the transition from CO₂ 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 CO₂ production
- greater production efficiency and lower cooling capacity/lower heat production: lower CO₂ production

Panelling, bending and punching machines have been upgraded from hydraulic technology to a servo-electric technology.

- lower energy consumption: lower CO₂ 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



○ LASER NEXT

First-class performance 3D fiber laser machine. Available in 3 models according to application needs.



○ PUNCH GENIUS

The full-featured, high-performance servo-electric punching solution with numerically controlled, servo-electric axes for enhanced productivity.



○ LASER GENIUS

Best quality, high accuracy and productivity on the whole thickness range. Fiber laser, linear motors, carbon fiber carriage.



○ BCe SMART

Semi-automatic bending process by Prima Power with manual material handling in a single ergonomic sequence.

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 work day, 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 by investing in the replacement of lighting fixtures with low energy consumption devices and in adopting renewable sources - e.g. photovoltaic, geothermal, biomass - for heating and energy production.

The spearhead of this series investment is the construction of the new Headquarters & Technology Center (HQTC). The headquarters of the Prima Industrie Group is a building covering approximately 5,000 square metres. About half of these premises house the corporate offices of Prima Industrie and the Prima Power divisions, while the remaining 2,500 m² are home the demo room and customer hospitality. It is made from “green” materials and is energy self-sufficient. The 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 CO₂ emissions by about 300 tonnes per year.

Thanks to the latest innovative technologies geared towards environmental sustainability, the Prima Industrie Group has created a high energy efficiency Class A building.

The 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.

At the Prima Electro production site in Barone Canavese, the construction of a photovoltaic system has achieved just under 30% savings from the previous year.

In Finland, in 2016 we switched from traditional heating to renewable sources such as biomass, for an increasingly green energy consumption.

The data in the table below shows that more and more plants are becoming sustainable.

Disclosure 302-1 del GRI Standard 302: Energy 2016

	2017	2016
ENERGY CONSUMPTION	[GJ]	[GJ]
Electricity	33,712	29,449
Renewable sources	9,137	7,405
Non-renewable sources	24,575	22,044
Heating	36,699	25,369
Renewable sources	10,372	8,651
Non-renewable sources	26,327	16,718
Car fuel	23,431	20,214
Renewable sources	-	-
Non-renewable sources	23,431	20,214
Total Energy Consumption [GJ]	93,843	75,032
Renewable source [GJ]	19,510	16,056
Non-renewable source [GJ]	74,333	58,977

The data for theoretical consumption at the HQTC are shown below, based on the first 12 months of activity.



Prima Industrie HQTC: total energy saving

Theoretical consumption based on first 12 months of activity



GREEN BUILDING

Energy saved:

536,000 kWh/year*

€ 99,400 /year

309 tonnes CO₂

46 toe

* Energy saved in kW/year compared to traditional systems



CLASS A BUILDING

	kWh/year*
PV SYSTEM	60,000
AUTOMATIC LIGHTING	12,000
REGULATION OF AUTOMATIC LIGHTING	24,000
HIGH-EFFICIENCY LED LAMP	28,000
GREEN TRANSFORMERS	6,000
VARIABLE VENTILATION FREE COOLING	10,000
SMART BUILDING MANAGEMENT SYSTEM	17,000
SOLAR THERMAL SYSTEM	6,000
GEOTHERMAL WATER SYSTEM	10,000
GEOTHERMAL HEATING SYSTEM	322,000
GEOTHERMAL AIR CONDITIONING	27,000
FAN COIL UNIT VALVES	5,000
VARIABLE FLOW PUMPS	4,000
HEAT RECOVERY SYSTEMS	5,000

Prima Industrie HQTC: focus on consumption and environmental analysis

ENVIRONMENTAL ANALYSIS

290,765
kgCO₂/year



CO₂ emissions avoided in view of energy produced by photovoltaic plant (734,903 kgCO₂/year consumption in traditional building)

8,722,950
kgCO₂



CO₂ emissions avoided considering building's useful life (30 years) (290,765 kgCO₂/year annual emissions avoided)

ENERGY CONSUMPTION FOR BUILDING

213,141
kWh/year



Lighting
(277,349 kWh/year consumption in traditional building)

265,778
kWh/year



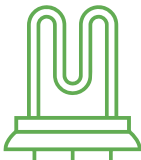
Electric power (FM) and special systems
(265,778 kWh/year consumption in traditional building)

167,280
kWh/year



Cooling
(192,969 kWh/year consumption in traditional building)

362,462
kWh/year



Heating
(186,815 m³/year consumption in traditional building)

179,150
kWh/year



Ventilation
(179,150 kWh/year consumption in traditional building)

1,852
kWh/year



Domestic hot water production
(4,424 m³/year consumption in traditional building)

COSTS OF THE BUILDING

€ 216,333.60
/year



Cost of electricity

€ 0.182
/kWh



Average cost of electricity

CO₂ EMISSIONS FROM THE BUILDING

83,764
kgCO₂/year



Lighting
(108,998 kgCO₂/year consumption in traditional building)

104,451
kgCO₂/year



Electric power (FM) and special systems
(104,451 kgCO₂/year consumption in traditional building)

65,741
kgCO₂/year



Cooling
(75,837 kgCO₂/year consumption in traditional building)

142,447
kgCO₂/year



Heating
(366,531 kgCO₂/year consumption in traditional building)

70,406
kgCO₂/year



Ventilation
(70,406 kgCO₂/year consumption in traditional building)

728
kgCO₂/year



Domestic hot water production
(8,680 kgCO₂/year consumption in traditional building)

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 productions sites cause low levels of atmospheric pollution, in accordance with existing regulations and authorisations.

The Group also considers CO₂ 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.

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

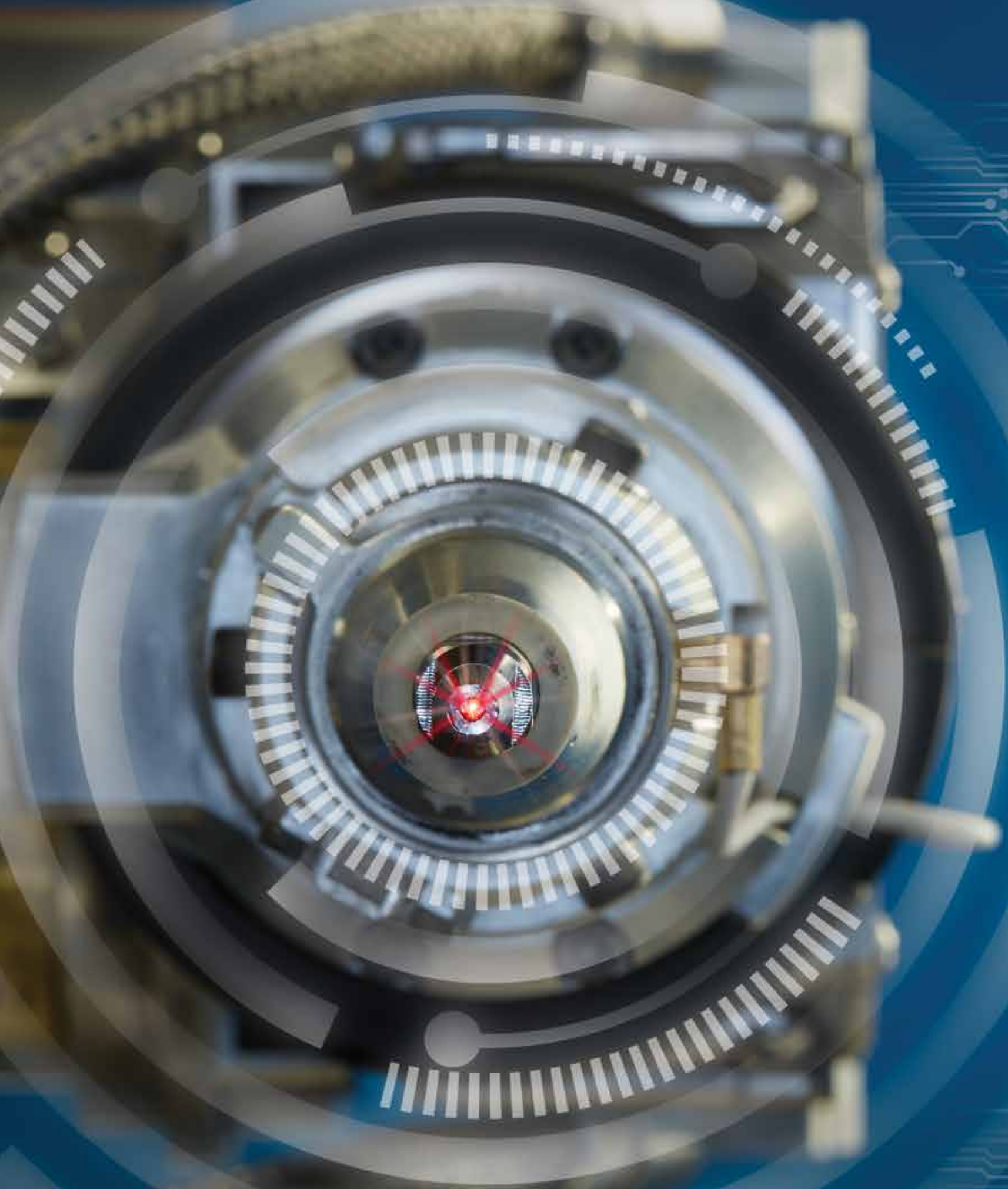
305-1: Direct Energy (scope 1) GHG emissions

	2017	2016
All GHGs (tonnes CO2e)	491	510

305-2: Indirect Energy (scope 2) GHG emissions

	2017	2016
All GHGs (tonnes CO2e)	3,062	2,682





Products

Quality and innovation

Quality

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. These are:

- 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.

The Prima Industrie Quality Management System is, without exceptions, based on the requirements of the UNI EN ISO 9001:2015 standard. It integrates "Risk-Based Thinking" principles with the activities and methods of Enterprise Risk Management (ERM) in order to plan and implement actions to deal with risks and opportunities.

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

High-tech 3D fiber laser head

Products

Quality policy and procedures

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 system.

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/process 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.

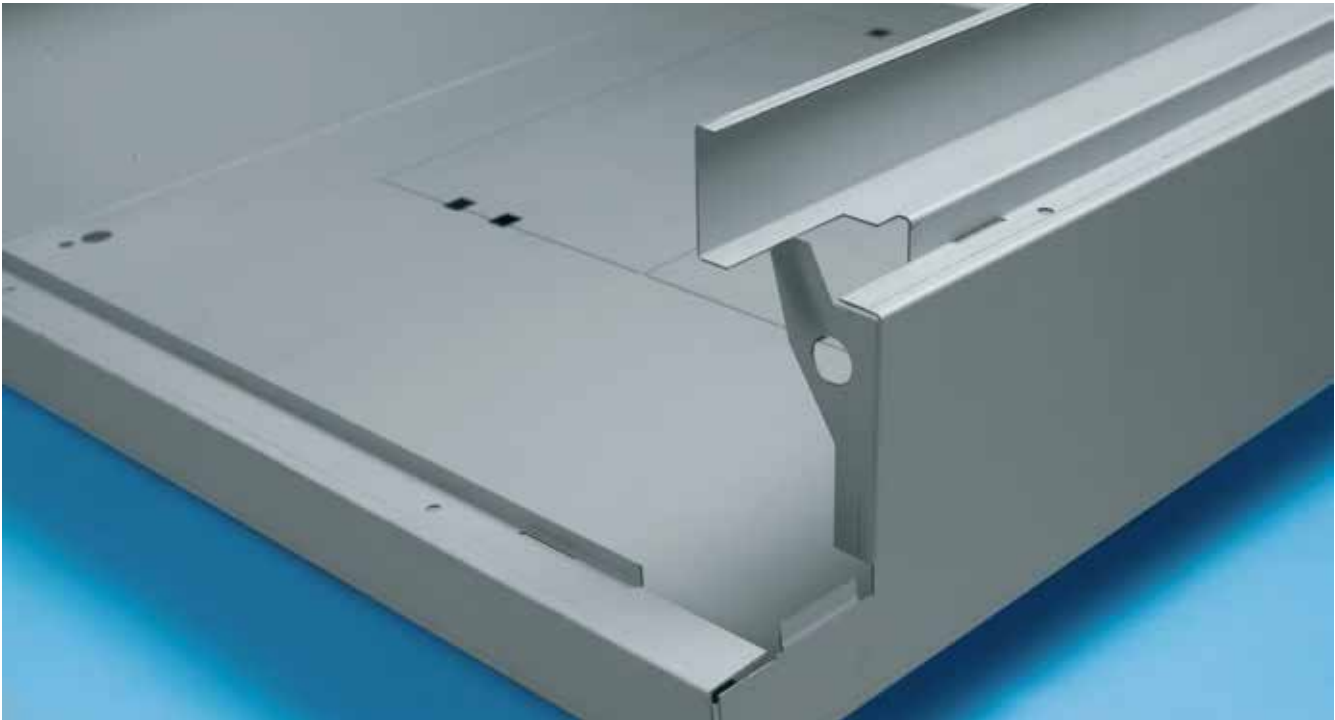
These analyses enable us to define corrective and preventive/improvement actions on internal and external (with the involvement of suppliers) products

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.

Specific projects and initiatives planned and/or implemented in 2017 with reference to product/process quality

For proper management of process and product quality, implementation of “Quarta3” was completed, the ERP management software that allows further standardisation and automation of product/process quality management and automatic identification of product and process performance indicators (KPI).

Quarta3 is currently implemented in all Product Units of the Prima Power Division.



Product safety

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 ensuring 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 years 2016 and 2017 related to product non-conformities and causing damage to the health and safety of the operators (*Disclosure 416-2 of the GRI Standards 416:Costumer Health & Safety 2016*).

Innovation

Prima Industrie is committed to continuous innovation and improving our solutions.

Innovation is achieved through three different approaches:

- the “Market pull” approach, where market and customer demands guide and “pull” the product development process

- the “Technology pull” approach, where research and the availability of new technological solutions “pull” innovation
- the “Business pull” approach, where innovation is seen as a means of opening new markets or putting forward new business models.

The approach used depends mainly on three factors:

- core competencies: these may be the Group’s core competences and therefore completely within the company or non-core competencies, acquired through external collaborations. Normally the core competencies of the Research&Development department are focused on product development, aimed at improving product performance and launching a new product onto the market over a 1 to 2-year period.
- Technology Readiness Level (TRL): this establishes whether a given technology is ready to be applied immediately during the product development process or whether, it is not yet ready and needs



to be further developed (internally or with outside collaboration). Technology readiness level is used to establish the maturity of a given technology on a scale of 1 (technologies not ready and in “proof of concept” phase) to 12 (technologies that are mature and ready to be applied immediately to our products and placed in the product development process);

- Proximity to the core business and to the Group’s current products, used to assess two types of opportunities:
 - business development: use of already available products in new industrial sectors (or for cutting and processing new materials) through development of applications;
 - introduction of new business models, through development of new services that unlock new potential.

Prima Industrie uses a multi-phase process for Innovation and Research & Development. First, a product *roadmap* is developed for the next five years (Development) along with a technologies roadmap (Innovation and Research) for a similar period of time. Approval for investments in the development or research initiatives in the *roadmaps* is subject to approval of the business case put forward for each investment.

Once the project is approved, the relevant departments and units proceed with activities. This research or development activity is regulated internally and includes a series of control gates to check progress.

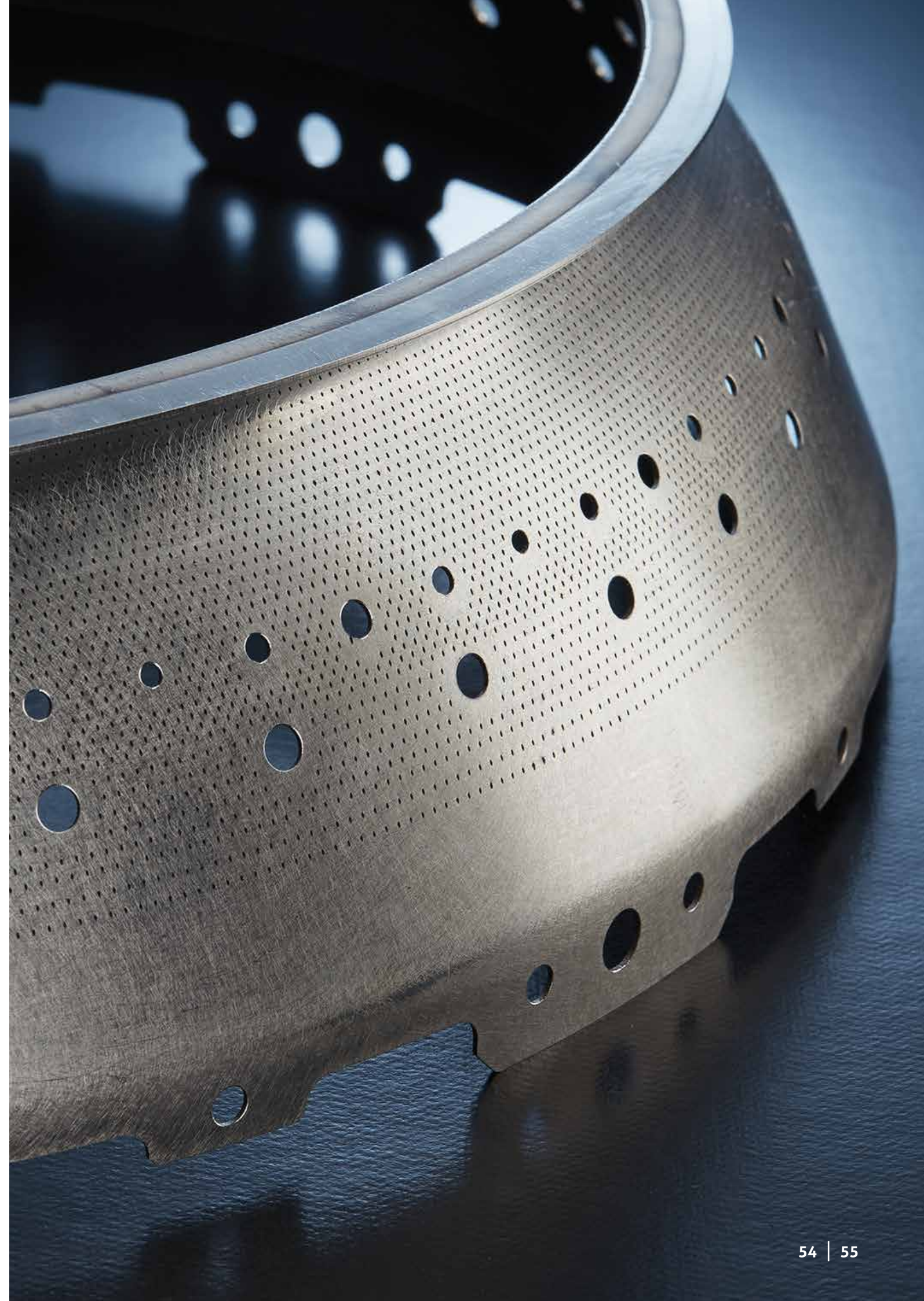
The main aims of product innovation are:

- increasing customer satisfaction
- increasing market share
- improving performance as compared to the competition
- return on investment

The main aims of technological innovation are:

- development of new applications/business
- performance or cost advantage over the competition and current technology
- introduction of new revenue sources

In addition to the above reasons, investments in new products and in new technology are generally selected for returns on the investment itself and the expected timeline of the returns.





The supply chain

The value of relations with suppliers is based on collaboration, loyalty and mutual respect.

Introduction

Relations with suppliers, as with all those with whom the company has dealings, are based on the criteria of fairness, collaboration, loyalty and mutual respect.

Relations with suppliers are based on the desire for the best competitive advantage, equal opportunities all those involved, loyalty and impartiality.

Suppliers are selected and purchase conditions are determined on the basis of an objective assessment of quality, price and the ability to supply and guarantee goods and services at the required standard.

As part of its selection process, which is conducted in a clear and non-discriminatory manner, Prima Industrie only uses criteria related to the objective competitiveness of the services and products

offered, their quality and a guarantee of safety. Thus, the following requirements are fundamental for the company:

- professionalism and experience of the counter party
- documented availability of means, including financial means, organised facilities, design capabilities and resources, know-how, etc.
- existence of quality, safety and environmental systems.

Prima Industrie asks its suppliers and external collaborators to adhere to its own principles of conduct and considers compliance a fundamental condition for establishing or continuing business relations.

All suppliers, business partners or external collaborators must be informed of the company's Code of Ethics and related commitments.

The supply chain

In contract, procurement and general supply relationships for goods and services, the company's employees and collaborators are required:

- to adopt, when selecting suppliers, the evaluation criteria set out in existing procedures and apply them objectively and transparently
- not to deny anyone with the right requisites the chance to compete for contracts, but rather to adopt objective and documentable criteria when selecting candidates
- to ensure sufficient competition within each tender process, consistent with the object and nature of the contract
- observe contractually agreed conditions
- inform suppliers of the behavioural principles set out in the Code of Ethics Agreements and relations with suppliers must always be handled extremely clearly and transparently.

To provide the utmost transparency and efficiency during the purchasing process, Prima Industrie ensures:

- proper traceability of choices made
- storage of information and official tender and contractual documents for the periods established by applicable law.

The Supply Chain of the Prima Industrie Group reflects the organisational set-up. It is based on limited integration of the companies which, as a result of a series of acquisitions, fall within the Group's current reporting boundary and retain a high degree of operational independence.

After the acquisition of Finn Power Oy in 2008, the Group's structure was organised into two divisions:

- Prima Power for the management of machine products for transformation industries
- Prima Electro for the management of products with high electronic content for the OEM market.

These divisions are completely independent. The Group has a very streamlined central corporate structure, whose focus is overseeing investor relations, internal auditing, relations with banks and financial strategy. All business-related aspects are the sphere of the two divisions.

Both divisions are made up of several companies, although the level of integration is specific to the operating model of each. Hence, it makes sense to look at the supplementary chain of each division, rather than the Group as a whole.

Even after the Group-wide internal auditing unit was established, unit at Group level, today there is ongoing harmonisation of procedures in the two divisions. This is in order to build a shared operating model that can exploit the synergistic opportunities of a shared supply chain.

Types of company in the Group

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, Finn-Power Italia srl, Prima Power Laserdyne LLC and Prima Electro SpA, which have autonomous control of their own "customer order fulfilment" and "new product development" processes.
- commercial: Prima Power North America LLC, Prima Power GmbH and Prima Power Iberica SA, where the supply chain is integrated with those of the industrial companies (see point a) 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.

Organisational model of the divisions

The Prima Power division has an organisational matrix made up of different types of activities:

- commercial, sales and after-sale activities organised to ensure a market presence according to geographical area, through purely commercial companies (branches) placed under the responsibility of a Division Sales Department

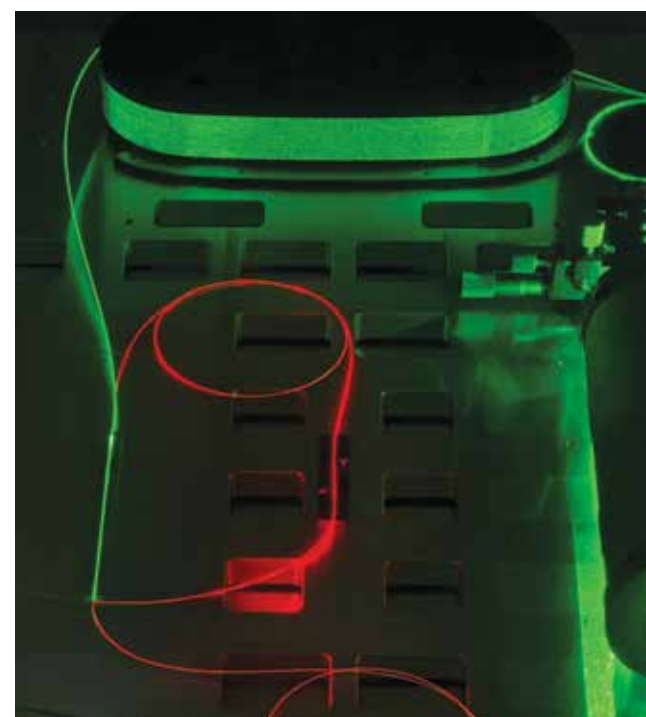
- industrial, distributed across 5 companies in which the machines and systems for sheet metal processing are developed and built, using specific technologies such as: lasers, punching, bending, etc.

Owing to their particular industrial characteristics, these companies have retained full control over their products, in terms of marketing and development, as well as production. They share a single organisational model with all other companies in the division.

The Prima Electro division is organised into two business units, according to product type:

- Lasers
- Electronics

These are responsible for developing, producing and selling their product lines through two companies: Prima Electro SpA and Convergent Photonics LLC, each with several plants dedicated to the various product lines and coordinated centrally by Prima Electro SpA



Suppliers management system

Through their central Quality Assurance body, Prima Power and Prima Electro have 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 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 for non-capitalisable goods. 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.

In order to improve collaboration with its suppliers, the Prima Industrie Group is developing, initially within the Prima Power division, a tool for exchanging data with suppliers that will support the production cycle, for components and the units for its own products.

Guidelines for the procurement of the goods and services needed to operate the companies

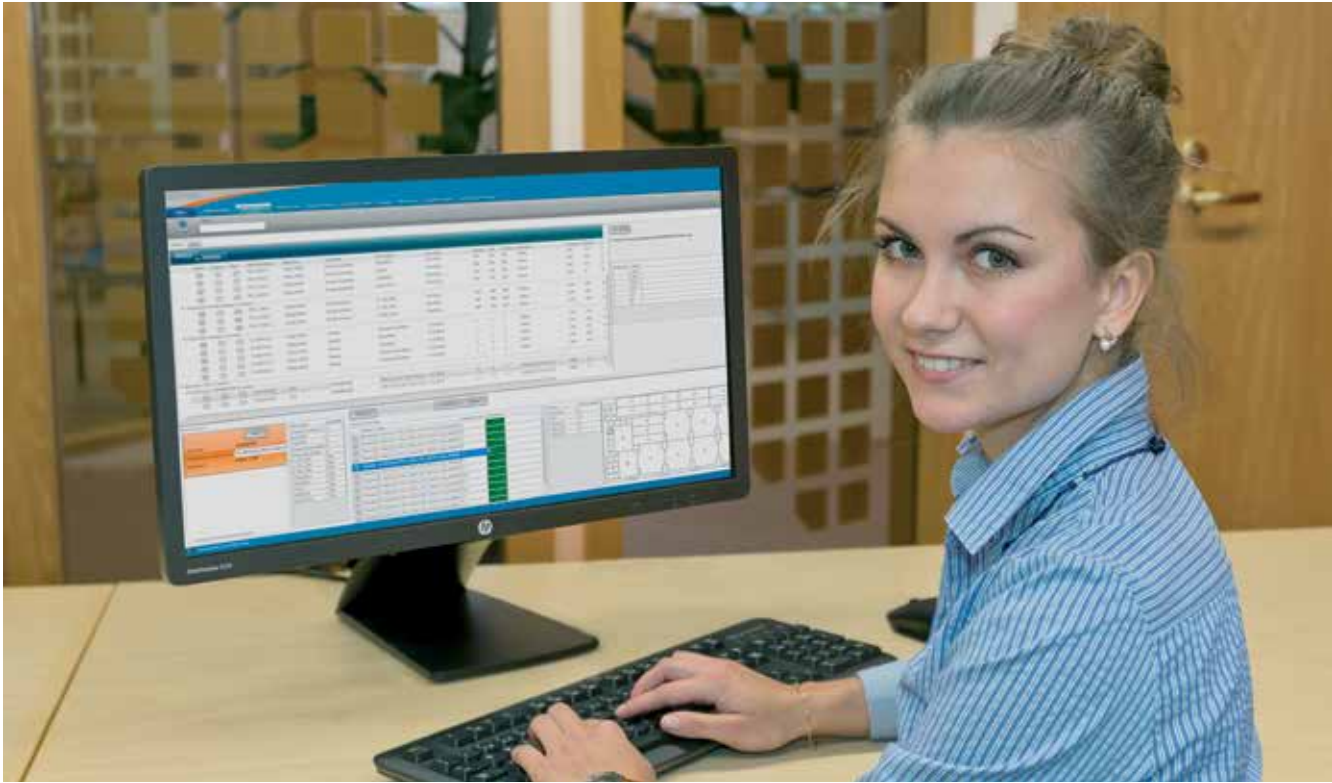
The Group uses what are known as “non-production” suppliers, which provide Group companies on an

independent basis with goods and services that are fundamental to their operations.

These supplies include energy, logistics services, transport, travel, car rental, customs operations, consulting, cleaning, canteens, rent, maintenance, etc. and are purchased from suppliers that are local to the individual company, which selects and manages them independently, on a value for money basis.

Naturally, as business increases, these supplies will also account for significant volumes, requiring a more synergistic approach similar to those seen in other functions. In the case of marketing, for example, supplies pertaining to that function are controlled and coordinated centrally.

In Group companies defined earlier as being predominantly “commercial”, procurement is restricted to this type of supplier. Therefore, they are less affected by the policies that regulate the supply chain process as described above.



Characteristics of operational supply chain specific to each division

Statistics 2017

TYPES OF SUPPLIER		INDICATOR	PRIMA INDUSTRIE GROUP			PRIMA ELECTRO			PRIMA POWER		
1	Suppliers of direct materials and components (custom and commercial) for production or product development	Number of active suppliers	1,365			323			1,042		
		No. suppliers according to area Europe/North America/Other	1,102	230	38	291	11	21	811	219	12
		Total purchased during the year (€/000)	319,033			25,472			293,561		
2	Suppliers of capital goods, indirect materials and services for production or product development	Number of active suppliers	777			423			354		
		No. suppliers according to area Europe/North America/Other	651	110	16	386	23	14	265	87	2
		Total purchased during the year (€/000)	19,540			4,976			14,564		
3	Other suppliers of products or services needed for Group operations	Number of active suppliers	1,924			281			1,643		
		No. suppliers according to area Europe/North America/Other	1,470	449	5	279	1	1	1,191	448	4
		Total purchased during the year (€/000)	53,484			5,650			47,834		
Total suppliers			4,066			1,027			3,039		
Total no. suppliers according to area Europe/North America/Other			3,223	789	54	956	35	36	2,267	754	18
Total amount purchased during year (€/000)			392,057			36,098			355,959		

Statistics 2016

TYPES OF SUPPLIER		INDICATOR	PRIMA INDUSTRIE GROUP			PRIMA ELECTRO			PRIMA POWER		
1	Suppliers of direct materials and components (custom and commercial) for production or product development	Number of active suppliers	1,208			302			906		
		No. suppliers according to area Europe/North America/Other	951	219	38	258	20	24	693	199	14
		Total purchased during the year (€/000)	270,611			17,834			252,777		
2	Suppliers of capital goods, indirect materials and services for production or product development	Number of active suppliers	866			395			471		
		No. suppliers according to area Europe/North America/Other	648	208	9	316	72	6	332	136	3
		Total purchased during the year (€/000)	44,081			2,806			41,275		
3	Other suppliers of products or services needed for Group operations	Number of active suppliers	1,698			245			1,453		
		No. suppliers according to area Europe/North America/Other	1,370	314	14	241	3	1	1,129	311	13
		Total purchased during the year (€/000)	42,248			4,004			38,244		
Total suppliers			3,772			942			2,830		
Total no. suppliers according to area Europe/North America/Other			2,969	741	61	815	95	31	2,154	646	30
Total amount purchased during year (€/000)			356,941			24,644			332,297		

No significant changes were made to the Group’s Supply Chain system during the reporting period.

Procurement management procedures make reference to the Group’s Code of Ethics, applicable to all Group companies. The Code of Ethics is sent to suppliers, once they have been approved, along with a request to sign and return. During inspections of suppliers’ premises, both divisions also check that there are no problems related to the work environment.

Other information about management methods

Both divisions conduct regular inspections of suppliers’ premises to check processes, working conditions, environmental impact and the tools used. During inspections, the work environment is also checked.

In 2016, both divisions launched cost reduction projects pertaining to the supply chain, aimed at reducing the cost of direct materials by 2% (gross of inflation). This objective was achieved.

In the Prima Power division, another specific project was launched, based on the policy deployment method, aimed at achieving a 5% reduction (gross of inflation) in the cost of indirect materials. This objective was also achieved.

In 2017, no specific supply chain projects or initiatives were launched in either division, other than “continuous improvement” aimed at:

- reducing the cost of materials on an annual basis
- improving quality indicators
- improving logistics with regard to deliveries and inventory management.

Although the Group has no single formal policy for management of its supply chain, the Prima Industrie Code of Ethics contains specific rules of conduct to be adopted in relations with suppliers.

Selection of suppliers

Relations with suppliers are based on the desire for the best competitive advantage, equal opportunities for all those involved, loyalty and impartiality. Suppliers are selected and purchase conditions are determined on the basis of an objective assessment of quality, price and the ability to supply and guarantee goods and services at the required standard. As part of its selection process, which is conducted in a clear and non-discriminatory manner, Prima Industrie only uses criteria related to the objective competitiveness of the services and products offered, their quality and a guarantee of safety.

Thus, the following requirements are fundamental for the company:

- professionalism and experience
- documented availability of means, including financial means, organised facilities, design capabilities and resources, know-how, etc.
- existence of quality, safety and environmental systems.

Contractual relations

Prima Industrie asks its suppliers and external collaborators to adhere to its own principles of conduct and considers compliance a fundamental condition for establishing or continuing business relations. All suppliers, business partners or external collaborators must be informed of the company’s Code of Ethics and related commitments.

The supply chain

In contract, procurement and general supply relationships for goods and services, the company's employees and collaborators are required:

- to adopt, when selecting suppliers, the evaluation criteria set out in existing procedures and apply them objectively and transparently;
- not to deny anyone with the right requisites the chance to compete for contracts, but rather to adopt objective and documentable criteria when selecting candidates;
- to ensure sufficient competition within each tender process, consistent with the object and nature of the contract;
- observe contractually agreed conditions;
- inform suppliers of the behavioural principles set out in the Code of Ethics.

Agreements and relations with suppliers must always be handled extremely clearly and transparently.

To provide the utmost transparency and efficiency during the purchasing process, Prima Industrie ensures:

- proper traceability of choices made
- storage of information and official tender and contractual documents for the periods established by applicable law.

Given the types of purchases that the Group makes and since the countries in which suppliers to companies within the reporting boundary operate are not considered high risk, and in view of the control measures in place, there are no particular risks for Prima Industrie related to its supply chain. The Group applies objective criteria for selecting and evaluating its suppliers, and specific control and monitoring procedures are implemented by the corporate functions involved in the purchasing process and by the control structures that are in place within the Group (e.g. Internal Auditing).





HR and social management

Knowledge, skills, abilities and respect for the diversity and well-being of individual are all assets for the Group.

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 proper functioning of processes is ensured by a major investment in IT systems. However, this can only be achieved by people working in a team.

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:

- 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.

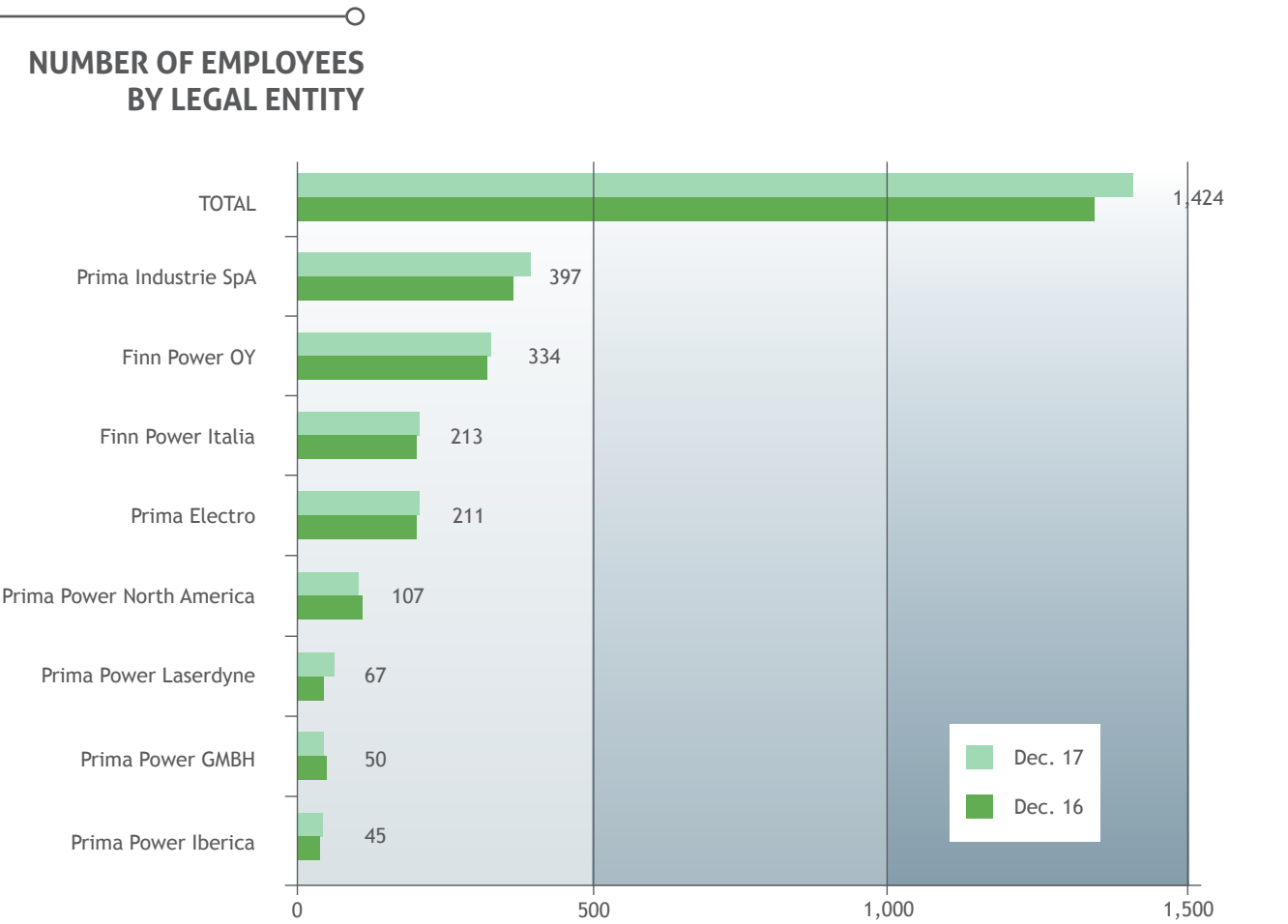
- People are at the centre of the organisation and are therefore key to human resource processes such as:
- selection

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

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

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER						
	WOMEN		MEN		TOTAL 2017	TOTAL 2016
	2017	2016	2017	2016		
Permanent contract	196	189	1,178	1,143	1,374	1,332
Fixed-term contract	7	7	43	15	50	22
Total	203	196	1,221	1,158	1,424	1,354



96.5% of personnel are hired on permanent contracts, in line with the Group’s long-term strategy. In 2017, non-typical forms of employment concerned 3.5% of all employees. The breakdown of seniority is as follows: 13.4% of employees are aged under 30, 59.6% are aged between 30 and 50 and 27% are over 50.

Disclosure 405-1 del GRI Standard 405: Diversity and equal opportunities 2016

TOTAL NUMBER OF EMPLOYEES BY EMPLOYEE CATEGORY, AGE AND GENDER														
	2017							2016						
	GENDER			AGE				GENDER			AGE			
	WOMEN	MEN	TOTAL	< 30 YEARS	30 - 50 YEARS	> 50 YEARS	TOTAL	WOMEN	MEN	TOTAL	< 30 YEARS	30 - 50 YEARS	> 50 YEARS	TOTAL
Manager	4	52	56	-	31	25	56	2	49	51	-	27	24	51
Middle Manager/ Professional	10	126	136	-	87	49	136	14	118	132	-	83	49	132
White Collars	168	472	640	77	390	173	640	160	495	655	52	428	175	655
Blue Collars	21	571	592	114	340	138	592	20	496	516	111	293	112	516
Total	203	1,221	1,424	191	848	385	1,424	196	1,158	1,354	163	831	360	1,354

In 2016, 18 fixed-term contracts were upgraded to permanent contracts and in 2017, 22 were upgraded. All this involves a process of gradual integration and continuous training for new recruits.

Part-time contracts were requested by 1.7% of workers, mainly women, who accounted for 91.7% of all requests. The following is information on the companies included in the reporting boundary.

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

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER						
	2017			2016		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Full time	181	1,219	1,400	176	1,157	1,333
Part time	22	2	24	20	1	21
Total	203	1,221	1,424	196	1,158	1,354

Prima Industrie prefers permanent contracts or professional apprenticeships for new recruits. This means that the level of education of new recruits is made up of almost 70% graduates and around 30% of people with a technical school-leaving diploma.

This constant hiring of recent graduates and school-leavers makes it easier to rotate resources around various positions, which ensures the development and maintenance of their skills.

Turnover (the number of workers leaving since the start of the period multiplied by 100) was 5.8% in 2016 and 6.4% in 2017. The balance of employee turnover was positive: in 2017, 179 employees were hired and 87 left. This increase in turnover is mainly due to the North

American labour market. In the previous year, 2016, we had 86 new recruits and 78 left. To counter the growth in turnover, we are investing more in training, variable remuneration and personnel policies with a better focus on work-life balance.

Disclosure 401-1 del GRI Standard 401: Employment 2016

	2017			2016		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Hired	24	155	179	12	74	86
Terminated	12	75	87	14	64	78

	2017				2016			
	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL
Hired	82	80	17	179	30	42	14	86
Terminated	12	46	29	87	11	46	21	78

	2017		2016	
	WOMEN	MEN	WOMEN	MEN
Employee turnover rate by gender	6.1%	6.5%	6.1%	6.4%

	2017			2016		
	< 30 YEARS	30-50 YEARS	> 50 YEARS	< 30 YEARS	30-50 YEARS	> 50 YEARS
Employee turnover rate by age	7%	6%	8%	8%	6%	6%

With agreements with high schools, universities in Italy and also with some of the main Finnish universities, traineeships and work placements were offered to 56 young people in 2017, compared to 44 in 2016.

In the organisational structure of Prima Industrie, 48% of personnel are employed in Sales, Marketing and Technical Assistance, 13% in Research & Development, 33% in production and installation and 9% in Staff units.

Contracts

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 found at the 5th, 6th and 7th level of Italian private metalworking contracts, owing to very high standards of specialisation within the Group.

Talks between the company and workers’ representatives takes place in general meetings providing information about the Group’s performance and/ or any specific issues, and also thanks to continuous exchanges on such topics as:

- evaluation of issues related to worker health and safety
- training plans for gaps resulting from a skills analysis
- training proposals from HR
- enhancement and use of additional skills.

Dialogue with workers’ representatives has led the company to join local social projects for people in need and to create employment opportunities. Evidence of the Group’s focus on people can be found in low turnover and absenteeism.

The above projects enable the Group to work closely with the local community to introduce workers from protected categories, integrating them wherever



possible according to their individual’s abilities. Below are the figures for 2017:

Disclosure 405-1 del GRI Standard 405: Diversity and equal opportunities 2016

NUMBER OF EMPLOYEES BELONGING TO MINORITY/VULNERABLE GROUPS		
	2017	2016
Manager	-	-
Middle Manager / Professional	-	-
White Collars	15	13
Blue Collars	16	16
Total	31	29

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 key employees and, as a result, know-how

specific to the business. 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.

Prima Industrie has always invested in training, for example 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. these include Master’s programmes dedicated 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. In 2016, 14% of the company’s workforce was managed by the performance management process, including all members of staff within the boundary of this report. In 2017, the percentage rose to 34.8% on a like-for-like basis. The objective over the next two years is to extend this process to the entire company, to ensure uniformity of judgement and to increase shared values. The objectives based on 2018 performance management has just been launched, involving 70% of the workforce, with a view to involving 100% by 2019.

Disclosure 404-3 del GRI Standard 404: Training and education 2016

NUMBER OF EMPLOYEES BY GENDER AND EMPLOYEE CATEGORY WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW						
	2017			2016		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Manager	2	19	21	2	24	26
Middle Manager / Professional	6	51	57	13	39	52
White Collars	71	151	222	22	51	73
Blue Collars	2	169	171	3	35	38
Total	81	390	471	40	149	189

Disclosure 404-1 del GRI Standard 404: Training and education 2016

	AVERAGE HOURS OF TRAINING BY GENDER AND EMPLOYEE CATEGORY			
	2017		2016	
	WOMEN	MEN	WOMEN	MEN
Manager	10.0	12.9	-	4.2
Middle Manager / Professional	0.3	4.4	21.4	7.1
White Collars	7.4	8.2	4.6	8.1
Blue Collars	5.1	14.4	5.5	15.2

Training and education activities totalled 8,355 hours in 2017 compared to 13,749 hours in 2016 and involved 478 employees, or 33% of the population in reporting boundary, compared to 29% in 2016. The main topics of study were management development, workplace safety, foreign languages and specialist training.

Over the last two years, all requests for part-time contracts have been accepted by the company.

With regard to medical assistance and appointments, Group employees are entitled to:

- 3 days of paid leave for assistance in the event of serious illness of a family member
- insurance policy applicable outside work, paid in full by the company
- 2.5 hours of paid leave for a specialist medical examination and 2 hours for compulsory monthly therapy.

Welfare

The first measure taken to reconcile private and work life is working part-time, which is why company agreements in the various countries waive contracts.



Moreover, in accordance with Italian law, all Group employees in Italy can take leave depending on their needs. All workers who have taken advantage of this opportunity have returned to work and are currently in the workforce.

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 individual 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.

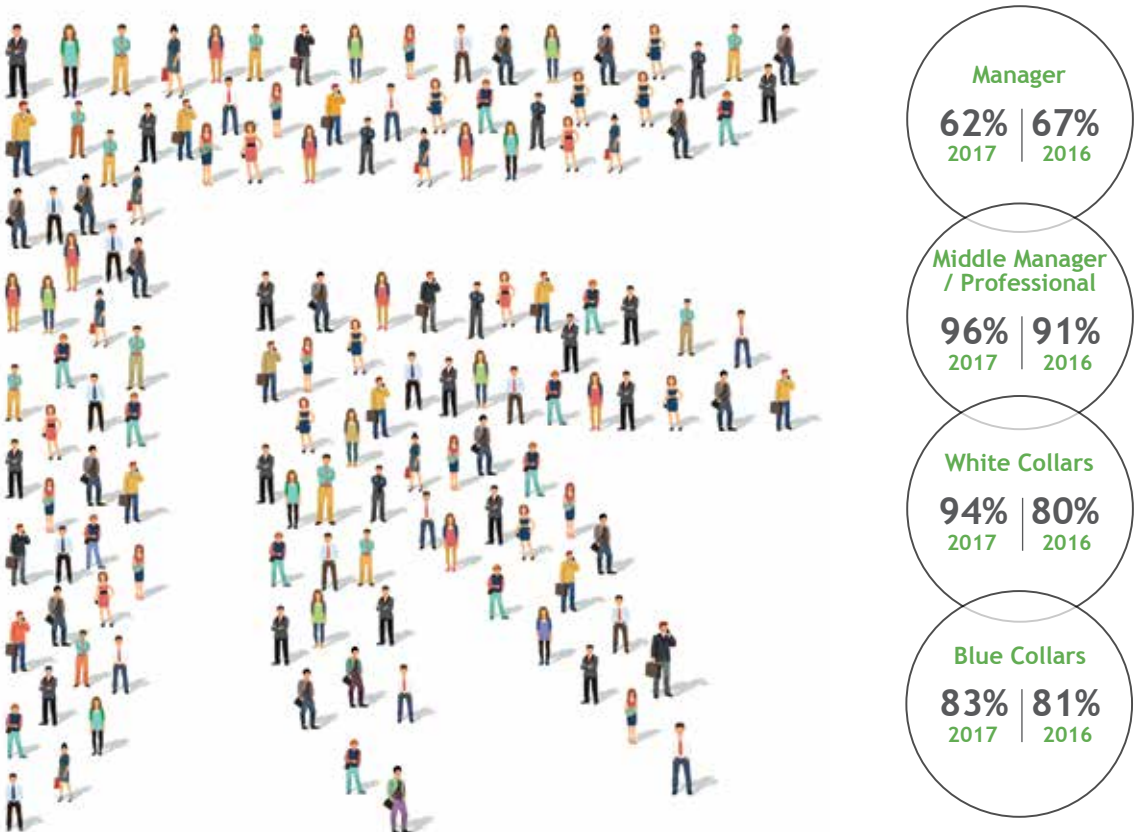
The distribution by gender of personnel within the consolidation boundary of the Group has remained more or less constant over the years (14.6% in 2016 and 14.3% in 2017).

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.

Disclosure 405-2 del GRI Standard 404: Diversity and equal opportunities 2016

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN FOR EACH EMPLOYEE CATEGORY



The board of directors of the parent company is made up of 4 women and 7 men, that is, the least represented gender makes up 36.4% of the total number of members.

Prima Industrie recruits people from protected categories as required by legislation. For this purpose, the company has signed specific agreements with the competent bodies.

- health and accident insurance, even outside work
- leave
- advance payment of staff-leaving indemnities (TFR)
- part-time contracts
- 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).

Industrial relations and social dialogue

Prima Industrie employees have contractual conditions that are often better than the average conditions applied in the same sector, above and beyond as well as better economic conditions than the national collective labour agreement (CCNL) for the mechanical engineering and plant installation industry.

Some of the contractual and/or legal conditions have been improved, such as:

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 with the company. 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
- training plans to fill in gaps resulting from a skills assessments
- training proposals from HR
- company performance and future national and non-national business plans

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.

Commitment and investment in the community

In recent years, the Group has contributed an average of 0.1% of its total sales revenues to trade associations.

Prima Industrie invests in local sports clubs, e.g. football, ice hockey, etc., and some further afield.

Culture, education and training

Prima Industrie cultivates and maintains close links with academic institutions, including universities and high schools.

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.

For reasons of proximity, the closest collaborations are with the Polytechnic University of Turin, the Polytechnic University of Milan and the Technical High Schools of the City of Turin.

Outside of Italy, the Group has partnerships with Seinäjoki University of Applied Sciences and with the University of Vaasa (Finland), Sheffield University (UK - Symbionica project), Mondragon University (Spain - Mashers project), University of Patras (Greece - Borealis and Mashers projects) and with the Fraunhofer Institute (Germany - Borealis project), to name just a few of our main collaborations.

This is reflected in a several initiatives and activities that we will list briefly:

- Participation in second level Masters’ programmes promoted by the Polytechnic and sponsored by Regione Piemonte. In particular, two Masters’ programmes are currently in progress (Industrial Automation and Additive Manufacturing), which have allowed us to hire young graduates from technical fields on high-level apprenticeships.

- Participation in research projects
- Work placements for students 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 of our managers and technicians in technology-themed lectures/presentation directly at the universities concerned.

The Company has several relationships with high schools, each year (10 initiatives in 2017 alone) giving various students the opportunity of spending a few weeks at the company in order to gain direct knowledge of what goes on inside it. The initiatives are part of the “Alternanza Scuola Lavoro” school work placement scheme introduced with the recent school reform (“Buona Scuola” - Law 107/2015).



These activities have a dual purpose:

- to raise early awareness about the Group’s technologies and introduce students to them, in order to identify potential new resources for future employment at the end of their school careers;
- guiding students towards a responsible choice of university course, making them aware of future employment possibilities for those who decide to go continue into higher education.

Scholarships are awarded to the children of employees who have obtained the following qualifications and grades:

Professional school-leaving diploma	(75/100)
Full school-leaving diploma (Maturità Istituti Tecnici, Licei etc.)	(75/100)
Bachelor’s degree	(99/110)
Master’s degree	(99/100)

Relations with institutions

Prima Industrie is a member of several national and international associations and/or institutions contributing to the spread of the innovation and technology of the “Industry 4.0” culture and of sustainability.

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

- Unione Industriale, Turin
- Confindustria, Verona
- Confindustria, Canavese
- Amma, Turin
- Federmeccanica
- EFFRA - European Factories of the Future Research Association
- CECIMO - European Association of the Machine Tool Industries

- UCIMU - Italian Union of Machine Tool Manufacturers
- SIRI - Italian Robotics and Automation Association

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.

In particular, Chairman Gianfranco Carbonato has personally committed himself to the leadership of AMMA, Unione Industriale, Turin and Confindustria Piemonte, of which he has previously been chairman, Federmeccanica, of which he has been deputy chairman and Confindustria, of which he has been Director.

Other Group managers are also active members of trade associations: Domenico Appendino is a director of UCIMU and chairman of SIRI, while Juha Makitalo is a director of CECIMO and Maurizio Gattiglio has been chairman of EFFRA.

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 met, the parent companies of the two divisions - Prima Industrie SpA for the machinery division and Prima Electro SpA for the electronic and laser division - have installed an environment and safety management system to ensure that all existing and future group companies address health and safety issues as an important aspect of their business, with priority focus on current workplace health and safety legislation.

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”.

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.

Training is provided and updated specific to job titles, with special attention given to the training of new recruits, so they are immediately made aware of the importance of health and safety issues.

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. Ideas and projects are exchanged continuously at special meetings organised with the head of the prevention and protection service (RSPP), aimed at improving the health and safety of employees.

Employee involvement and training, along with investments in machinery, equipment and plants have ensured a low frequency of accidents, low severity and involving few workers.



Disclosure 403-2 del GRI Standard 403: Occupational Health & Safety 2016

	WOMEN 2017	WOMEN 2016	MEN 2017	MEN 2016
Injury rate	3.3	5.6	13.4	27.0
Lost day rate	-	0.1	0.3	0.6
Occupational diseases rate	-	-	-	0.5
Absentee rate	26.4	21.5	20.9	30.1

The accidents shown in the table were due to bruises, cuts, sprains, hence, all of a minor nature. No categories of workers are particularly exposed to specific risk of occupational diseases, on the basis of gender, age or ethnicity. Nevertheless, Prima Industrie Group ensures the constant involvement of a doctor to assess and reduce to zero all potential risks to workers' health. The Prima Industrie Group regularly invests in improvements to the work environment. In 2016,

these investments included the installation of a smoke detection system at the spare parts warehouse at Pianezza (Turin) and installation of an automatic dispenser of PPE at the Collegno production site, to provide workers with all PPE necessary using their personal identification badge. Thanks to the Group's investments in installations and equipment and continuous training and awareness initiatives, workplace health and safety risks are not significant.





Anti-corruption

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 stakeholders.

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, corruption issues are addressed within the framework of Legislative Decree 231/01. Outside of Italy, they are dealt with by specific local regulations, such as the Foreign Corrupt Practices Act in the United States, where the Group has 3 companies.

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 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 Code of Ethics is a set of ethical principles and rules of conduct that the Group recognises, shares and promotes, in the awareness that conduct guided by the principles of legality, loyalty, honesty, propriety 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.

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

- Code of Ethics communicated to all Group managers and disseminated to all employees⁴.
- creation of a dedicated e-mail address for reporting any violations of the general principles of the Code of Ethics to the supervisory board
- 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
- specific training sessions for all employees at Group companies in Italy regarding the main contents of Legislative Decree 231, the 231 Models adopted and the Code of Ethics as an integral part of them. Specifically, the following activities have been carried out in recent years:
 - training session for members of the board of directors and the board of statutory auditors on the 231 Model adopted

- training on Legislative Decree 231/01 for all employees; the training material was defined by the Internal Audit department along with Human Resources, and with the support of an independent company that specialises in this area, which provided classroom training. The above training was delivered in specific training sessions for personnel grouped according to departments/functions, with a test questionnaire provided at the end of the course.

For the reporting period of this document, the table below (Disclosure 205-2 of GRI Standard 205: Anti-corruption 2016) presents information about the training sessions provided in accordance with Legislative Decree 231/01 at Prima Industrie SpA, Finn-Power Italia Srl and Prima Electro SpA (only to new recruits in the last case).

NUMBER OF EMPLOYEES THAT HAVE RECEIVED TRAINING ON ANTI-CORRUPTION			
COMPANY	YEAR	NO. OF EMPLOYEES	NO. PARTICIPANTS
Prima Industrie SpA	2016	366	311
Finn-Power Italia Srl	2017	213	166
Prima Electro SpA	2017	211	21

With reference to the Group U.S. Companies, in 2017, 18 and 8 employees were hired by Prima Power North America Inc. and Prima Power Laserdyne LLC respectively. These employees received and signed

the Employee Handbook containing the principles of conduct required by the company (which refer to the main themes of the Group’s Code of Ethics)⁵.

Below are some of the future actions that the Group is committed to promoting in this area.

- Revision of the Group’s Code of Ethics, with reference to the issues set out in Decree 254/2016
- Update of Models 231 of Italian companies, with an analysis of the new predicate offences recently introduced by Legislation

- Boosting and verifying knowledge within foreign branches of the subject of this Chapter, with training sessions and specific internal auditing
- Launch in 2018 of initiatives to define a specific Group anti-corruption model (Anti Corruption Compliance Program), taking account of the regulations applicable in the countries where Prima Industrie operates.

4. Available in Italian and English, the Code of Ethics can be consulted and downloaded from the Group’s internet and intranet sites, is available on notice boards with direct access for employees and can also be requested from the personnel office, the legal department or internal auditing.
5. Of the 18 new recruits of Prima Power North America Inc, 2 were asked to sign the Handbook in 2018.



Sustainability Report

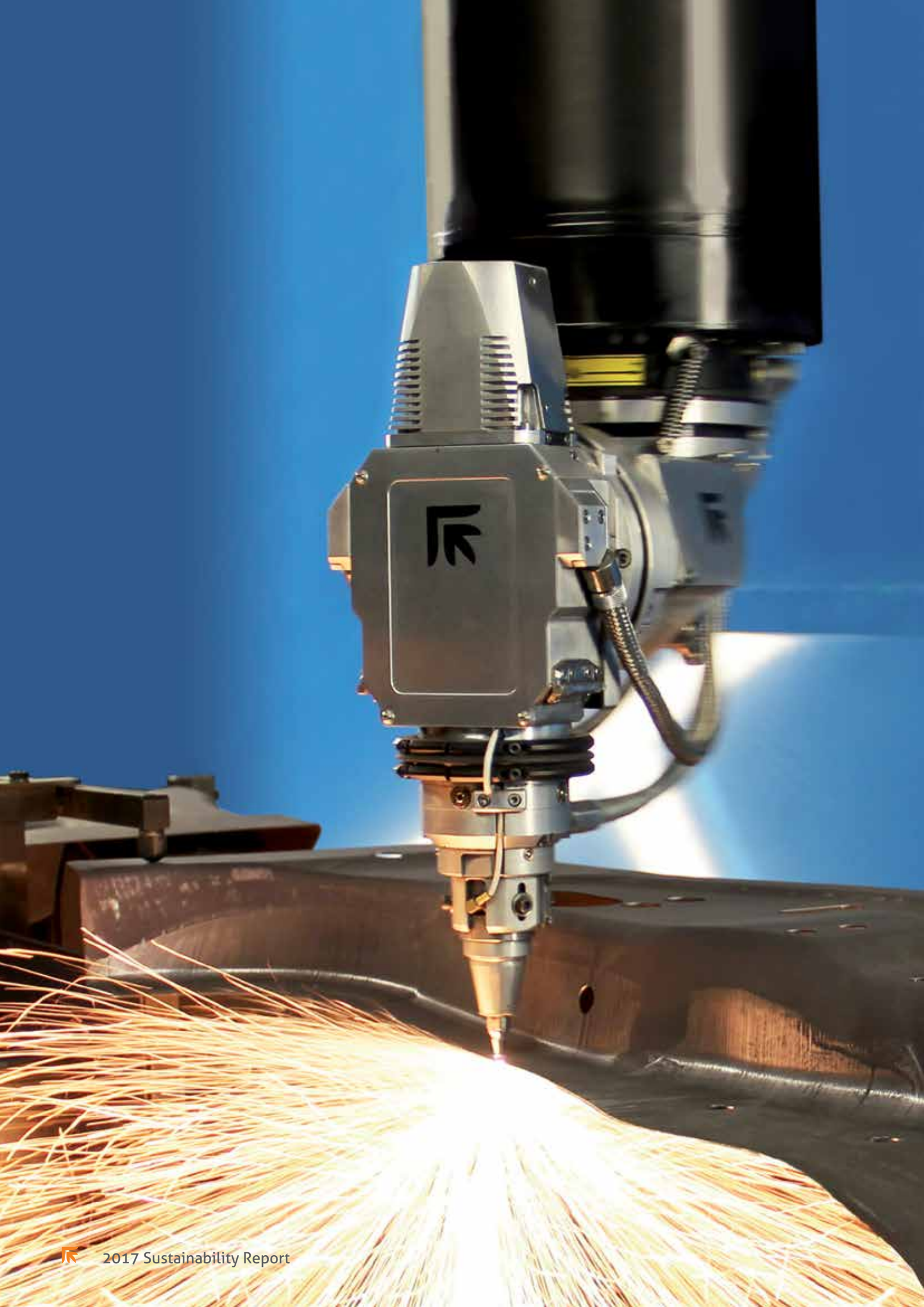
Consolidated non-financial statement of the Prima Industrie Group
in accordance with Legislative Decree no. 254/2016)

GRI Content Index

GRI STANDARDS	DISCLOSURE	CHAP.	PAGE	NOTES	REPORTING BOUNDARY
GRI 302: ENERGY	302-1: Energy consumption within the organization	4. Environment	41	<ul style="list-style-type: none">Regarding the reported data, the conversion factors referred to in the Environmental Indicator Protocols published on the Global Reporting Initiative website, available at the following link: https://www.globalreporting.org/resource/library/G3.1-Guidelines-Incl-Technical-Protocol.pdf.The main types of fuel used are natural gas for heating and diesel and petrol for company cars.	Total data on energy consumption includes all the companies included in the reporting boundary (see Chapter 1 “Methodological Note”). Regarding the breakdown of renewable/non-renewable energy sources, the data do not take into account the composition of the energy mix used to produce the energy sold by suppliers, as this figure is not explicitly mentioned on in the energy bills of all companies.
GRI 305: EMISSIONS	305-1: Direct (Scope 1) GHG emissions	4. Environment	46	<ul style="list-style-type: none">The values reported in Scope 1 concern direct emissions from combustion for the generation of thermal energy for heating or production processes.Regarding the reported data, the conversion factors referred to in the Standard GHG Protocol available at the following link: http://www.ghgprotocol.org/calculation-tools.	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).
	305-2: Energy indirect (Scope 2) GHG emissions	4. Environment	46	<ul style="list-style-type: none">The values reported in Scope 2 concern emissions from purchased or acquired electricity and, for buildings rented by the companies within the reporting boundary, thermal energy.Regarding the reported data, the conversion factors referred to in the Standard GHG Protocol available at the following link: http://www.ghgprotocol.org/calculation-tools.	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).

GRI STANDARDS	DISCLOSURE	CHAP.	PAGE	NOTES	REPORTING BOUNDARY
GRI 102: GENERAL DISCLOSURES	102-8: Information on employees and other workers	7. HR and social management	68, 69	The reported amounts refer to personnel employed at 31 December of the relevant year.	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).
GRI 401: EMPLOYMENT	401-1: New employee hires and employee turnover	7. HR and social management	70	The turnover rate was determined by relating the number of workers leaving since the start of the period multiplied by 100.	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	7. HR and social management	80	<ul style="list-style-type: none"> Accidents considered in the calculation of the indicator include all accidents at work involving days lost, excluding accidents en route. Rates of accidents/days lost were calculated by relating the number of accidents/days lost to the total hours worked and applying a multiplier of 1,000,000 in the first case and of 1,000 in the second case. The rate of absenteeism was calculated by relating the number of days of absence not due to holidays, leave, maternity, etc. to the total number of working days planned and applying a multiplier of 1,000. 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 accidents to zero. 	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).
GRI 404: TRAINING AND EDUCATION	404-1: Average hours of training per year per employee	7. HR and social management	73	—	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).
	404-3: Percentage of employees receiving regular performance and career development reviews	7. HR and social management	72	The figures shown were calculated using methods and tools to assess the performance of the various Group companies within the consolidation boundary. Where no formal process was in place for appraising employee performance, personnel involved in MBO assignment schemes were considered for reporting purposes.	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).

GRI STANDARDS	DISCLOSURE	CHAP.	PAGE	NOTES	REPORTING BOUNDARY
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES	405-1: Diversity of governance bodies and employees	7. HR and social management	69, 72	<ul style="list-style-type: none"> Compared to the “Reporting Requirements” of Disclosure GRI, the data reported only relates to members of the workforce classified according to professional category/ gender and professional category/age, as well as to the number of employees in protected categories. 	The data relating to employees from protected categories are only shown for: <ul style="list-style-type: none"> Prima Industrie SpA Prima Electro SpA Finn-Power Italia Srl since, the information was not tracked and therefor is not available for the other companies in the consolidation boundary.
	405-2: Ratio of basic salary and remuneration of women to men	7. HR and social management	74	<ul style="list-style-type: none"> Compared to the “Reporting Requirements” of Disclosure GRI, the data reported only relates to basic salary. 	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).
GRI 205: ANTI-CORRUPTION	205-2: Communication and training about anti-corruption policies and procedures	8. Anti-corruption	84	<ul style="list-style-type: none"> Compared to the “Reporting Requirements” of Disclosure GRI, the data reported only relates to the hours of training provided in accordance with Legislative Decree 231/01 to employees of the Italian companies. Regarding communication activities, the Group’s Code of Ethics is provided to all new recruits. 	The indicator is only shown for: <ul style="list-style-type: none"> Prima Industrie SpA Finn-Power Italia Srl Prima Electro SpA For American companies, the new employees who were hired in 2017 are highlighted as having received and signed the Handbook containing the Ethical Principles to be adopted. Data on anti-corruption training held in other companies within the reporting boundary are not available as they were not systematically recorded.
GRI 416: CUSTOMER HEALTH & SAFETY	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	5. Products	53	—	All the companies included in the reporting boundary (see Chapter 1 “Methodological Note”).



**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**

PRIMA INDUSTRIE SPA

YEAR ENDED 31 DECEMBER 2017



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

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

To the Board of Directors of
Prima Industrie SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267, we have performed a limited assurance engagement on the consolidated non-financial statement of Prima Industrie SpA and its subsidiaries (hereafter "Prima Industrie Group" or "Group") for the year ended 31 December 2017 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 2 March 2018 (hereafter the "NFS").

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

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

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

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

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

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

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 Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the GRI - Global Reporting Initiative ("GRI Standards"), with reference to selected GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

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

In particular, we performed the following procedures:

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

5. 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; understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In particular, we held meetings and interviews with the personnel and top management of Prima Industrie SpA and Prima Electro 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 a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Prima Industrie SpA, Prima Electro SpA, Prima Power North America and Prima Power Iberica SL, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Prima Industrie Group as of 31 December 2017 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the “Global Reporting Initiative Sustainability Reporting Standards” defined in 2016 by the GRI - Global Reporting Initiative (“GRI Standards”), with reference to selected GRI Standards, as laid down in paragraph “Methodological Note” of the NFS.

Other aspects

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

Torino, 26th March 2018

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

Paolo Bersani
(Authorized signatory)

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

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