

**SUSTAINABILITY
REPORT**



2018



LETTER TO STAKEHOLDERS

PSC presents its second Economic, Environmental and Social sustainability report this year, which shows the commitment of this Group to a sustainable and socially responsible development.

We have closed down the current year with quite a positive result, despite downturns affecting the automotive industry in the last quarter of 2018.

Over this year, sales have reached all-time record and we have indeed strengthened our position on the market.

However, in spite of the progress made in the international market as well as in the agricultural field, we must be vigilant in view of the evolving events which, following massive structural changes, will impose us to enhance resilience in the short run.

PSC, staying aligned with past performance, is trying to boost its development policy in Eastern Europe and Brazil. In this way, it is laying the groundwork for further challenges in China and North America.

In addition, existing processes and facilities have been updated and innovated on a regular basis, according to digital manufacturing guidelines.

In conclusion, PSC is pursuing the process of growth effectively on the basis of about 3000 employees who are currently working in two different continents, alongside a long-lasting relationship with customers and partners being supported by high competitiveness, quality and service standards.

The essential objective of the Group, also in the years to come, will be the same: pursuing a sustainable and balanced growth, in order to put the Business focus ahead of individual members, in the context of a functional organization where decision-making can be easily found and taken in a transparent way. This will ensure business implementation strategies and undisputed cohesion in the spirit of partnership.



Maurizio Stirpe
Presidente di Prima Sole Components S.p.A.

**WE WORK
TO REACH HIGH QUALITY
LEVELS ELEVATING AND
COMPETITIVENESS WITH
RESPECT FOR THE
ENVIRONMENT AND
PEOPLE**

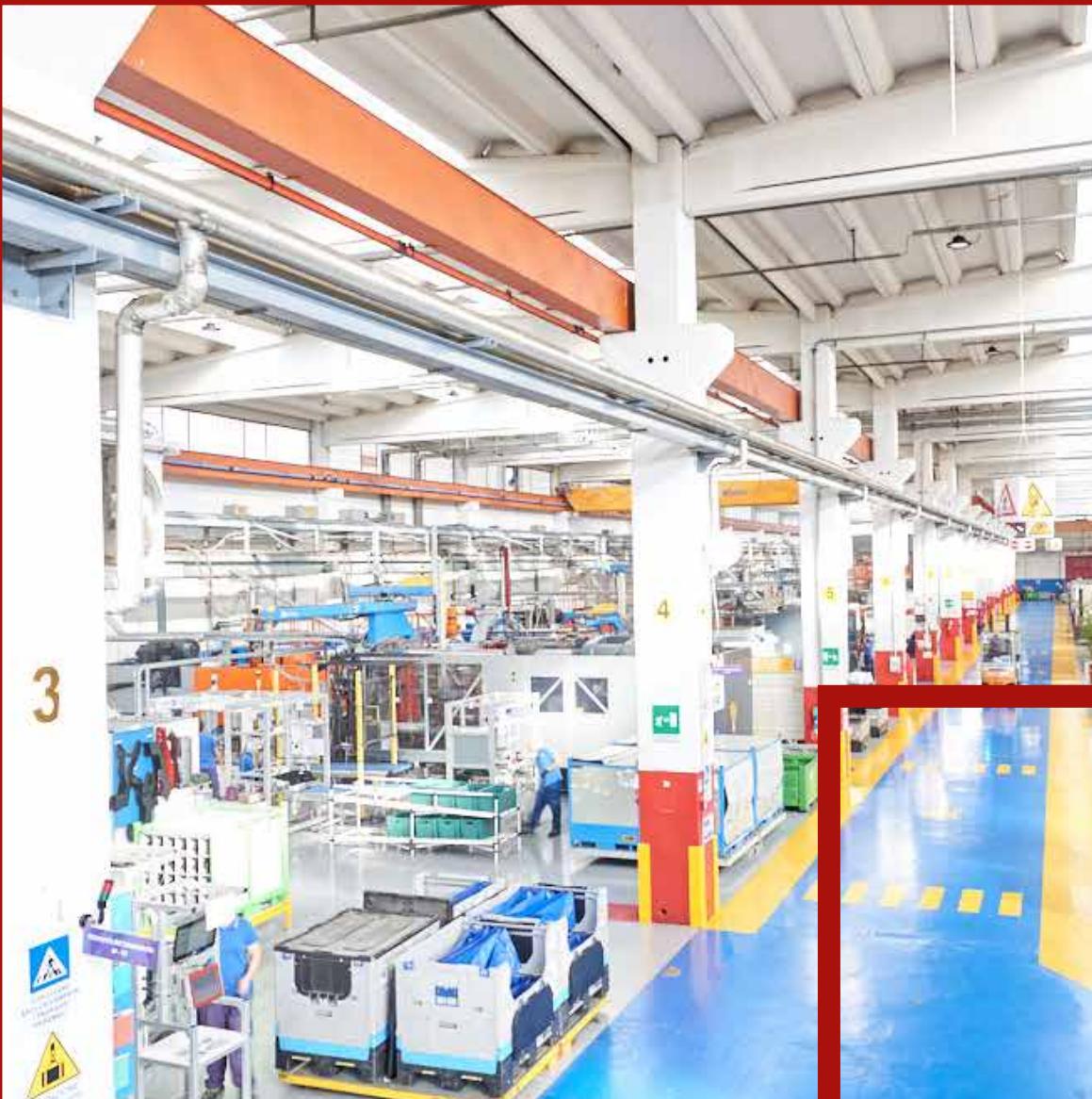
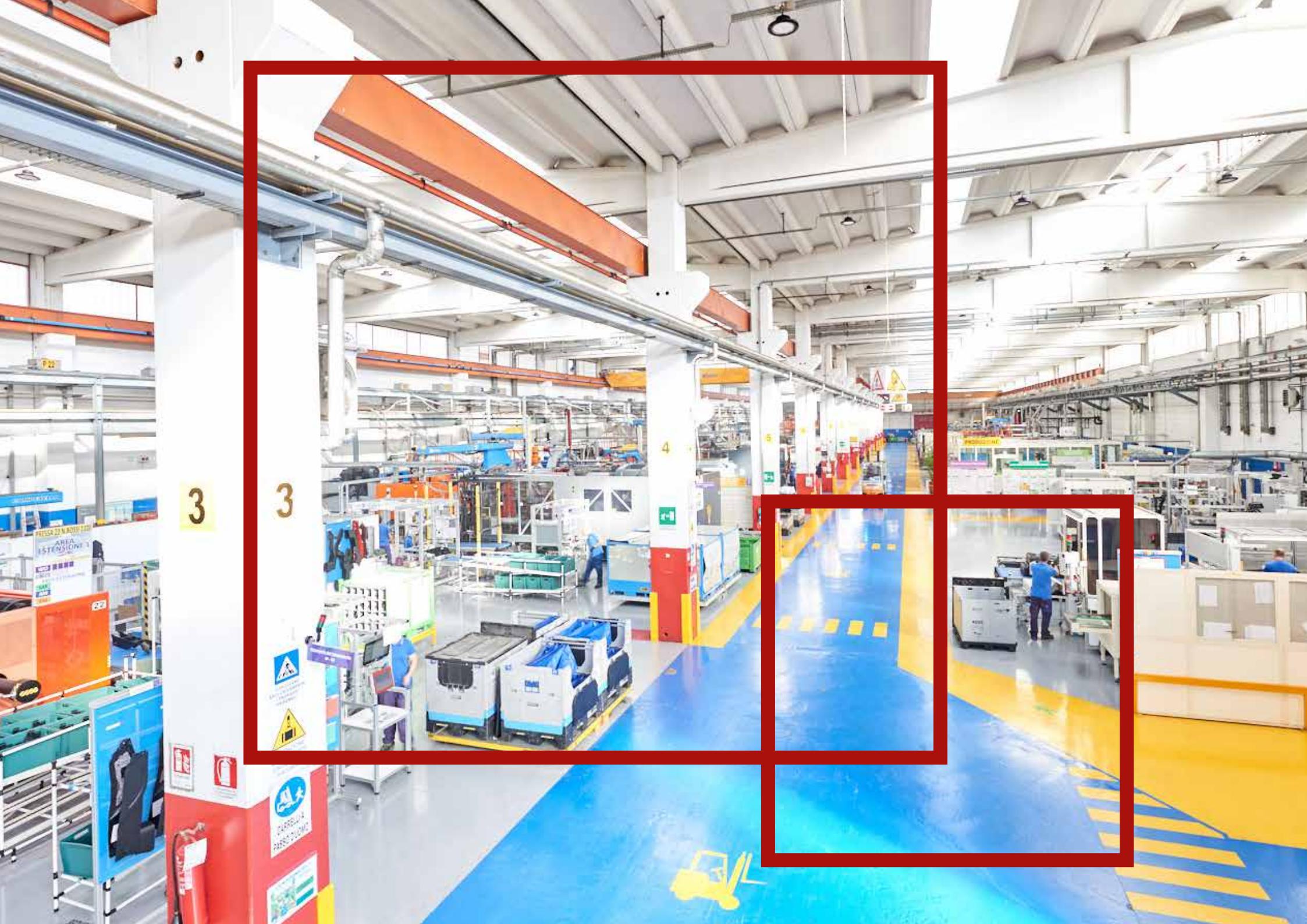
1. WHO WE ARE

1.1 IDENTITY, VISION, MISSION AND VALUES

1.2 HISTORY AND PARTNERSHIPS

1.3 STRUCTURE AND ORGANIZATION

1.4 PRODUCTS AND MARKETS



1.1 IDENTITY, VISION, MISSION AND VALUES

Identity and Vision

Prima Sole Components (PSC - stock company) has been working in the field of plastic components for vehicles, motorcycles and household appliances since 1973. The Group designs, manufactures and promotes innovative, technologically advanced, durable and sustainable products. The main purpose of PSC is to meet customer's needs by establishing flexible and long-term partnerships, in which high levels of competitiveness, quality and service are reached. For this reason, PSC employees work with motivation and competence on a regular basis, by constantly looking for innovative and integrated solutions.

PSC goal is to establish itself on the Italian and International market like a global player in the field in which it operates, without losing sight of its own customers' needs. Europe, Brazil, the United States of America and the Far East: these are the markets PSC is committed to strengthening its leadership, according to its field.

In the future according to PSC, there will be three variables which will determine its success in the sector in which it operates:

- Competitiveness; - Innovation; - Globalization.

In order to fulfill the role of customers' partner, it is fundamental to reach a specific minimum revenue threshold. With the aim of preserving a high level of competitiveness in the Group - recognized at European Level - PSC is not only introducing the first robots in its production process, but it is also studying augmented reality apps for remote connections between the research and development centres and production sites.

Mission and ethical vision

PSC aims to extend the well-being it generates through its activities in the territory in which it operates. It is the Group's intention to strengthen the relationship of trust with all stakeholders and to pursue the objectives by harmonizing all members' interests, in compliance with the provisions of law and the principles of impartiality, reliability, loyalty, fairness and transparency.

The PSC Group aims at a business concept of prosperity interconnected with the territory in which it operates. The PSC mission is characterized by three aspects that are inseparably related to each other:

- | | |
|---------------------------------|---|
| - Economic. | The management of the Group is characterized by the creation of value for shareholders in compliance with rigorous economic and financial sustainability parameters. |
| - Productive and Market. | PSC designs, manufactures and promotes innovative and technologically advanced products that fully meet our customer's needs.. |
| - Social. | The PSC Group is aware of the centrality of its social role towards the internal and external community, whether it local, national or international. For this reason, it is committed to the establishment of innovative paths aimed at improving all the Group stakeholders' quality of life, with utmost respect for the surrounding external environment. |

1.1 IDENTITY, VISION, MISSION AND VALUES

VALUES

The group takes the utmost account of the following corporate values, which take shape within its staff's behavior, working both individually and collectively:

- ***Always act with honesty and moral integrity***
- ***Being critical with yourself and questioning how to improve yourself***
- ***Be respectful towards the organization, highlighting meritocracy***
- ***Focus on growth and its long-term sustainability***
- ***Pay attention to safety and the environment***
- ***Be respectful towards customers***

The annual publication of the Sustainability Report contributes to spread the above-mentioned values.

PSC working practices are based on the most up-to-date regulations, both national and international. Respect for the person is fundamental as well. For this reason, in the Ethical Code – which is currently being revised following the Group reorganization –the support and respect for human rights are clear, in accordance with the UN's Universal Declaration.

The organizational and management model, pursuant to Legislative Decree 231, was planned in 2014 and currently it is being reviewed and implemented, according to the reorganization of the Group occurred over the years. Such model shall be finally introduced in 2020.

1.2 HISTORY AND PARTNERSHIPS

1973 PRIMA (stock-company) starts furniture accessories production.	1980-86 The production of foamed components for the automotive, aeronautic and railway sectors begins.	1987 PRIMA (stock-company) becomes a FIAT supplier for plastic components designed for the outside of cars.	1989 The first design and industrialization center of PRIMA (stock-company) and PRIMA I.Ver, a company for painting plastic materials, was established.	1991 Cabling PRIMA is founded, active in the wiring market for Automotive.	1993 PRIMA Eastern was established in Torino of Sangro, meant to manufacture plastic products, mainly for the FVC SEVEL plant.	1994 SAPCA company was established in Modugno.
1996 PRIMA (stock-company) takes over from Piaggio in the Metalplastic company. In the same year, after Tecnoproduct acquisition, TECNOPRIMA was established. With the sale of Cabling PRIMA and Sapca, PRIMA (stock-company) comes out of the wiring sector.	1999 PRIMA (stock-company) enters the field of appliances with the creation of the P.A.D. and the acquisition of Almec (stock-company), active in the automotive sector.	2000 PRIMA (stock-company) opens its first factory abroad, PRIMA France sas.	2001 The Eripress companies of Cicerale and Shandrani Italy are acquired (with a new name I.Ver.Plast.).	2003 Prima (stock-company) inaugurates two production sites abroad: Prima Germany GmbH and Prima Poprad sro (Slovakia), first active in the household appliances sector as well as automotive afterwards.	2006 Prima (stock-company) acquires Collins & Aikman Italy Limited and its four production plants.	
2007 With the sale of Almec, Prima (stock-company) abandons the die-casting sector.	2010 Prima (stock-company) acquires Plastal Italy, then Sole (stock-company), and holdings in Finalloy companies (aluminum sector), Optimares (aircraft seats).	2014 The internal reorganization is completed with the integration of Prima and Sole (stock-companies) as operating structures. Prima Sole Components (stock-company) was established.	2015 PSMM Pernabuco was established as a joint venture with Magneti Marelli for the production of automotive plastic components based in Pernabuco (Brazil).	2016 A new plant was inaugurated in Grignano d'Aversa, in partnership with Magneti Marelli.	2017 PSC, through TWICE PS, rents a company branch of SGI, a company with plants in Italy, Austria, England, Germany and Brazil, entering the thermosetting sector.	2018 PSC acquires 99% of PSMM Campania, in partnership with Magneti Marelli.

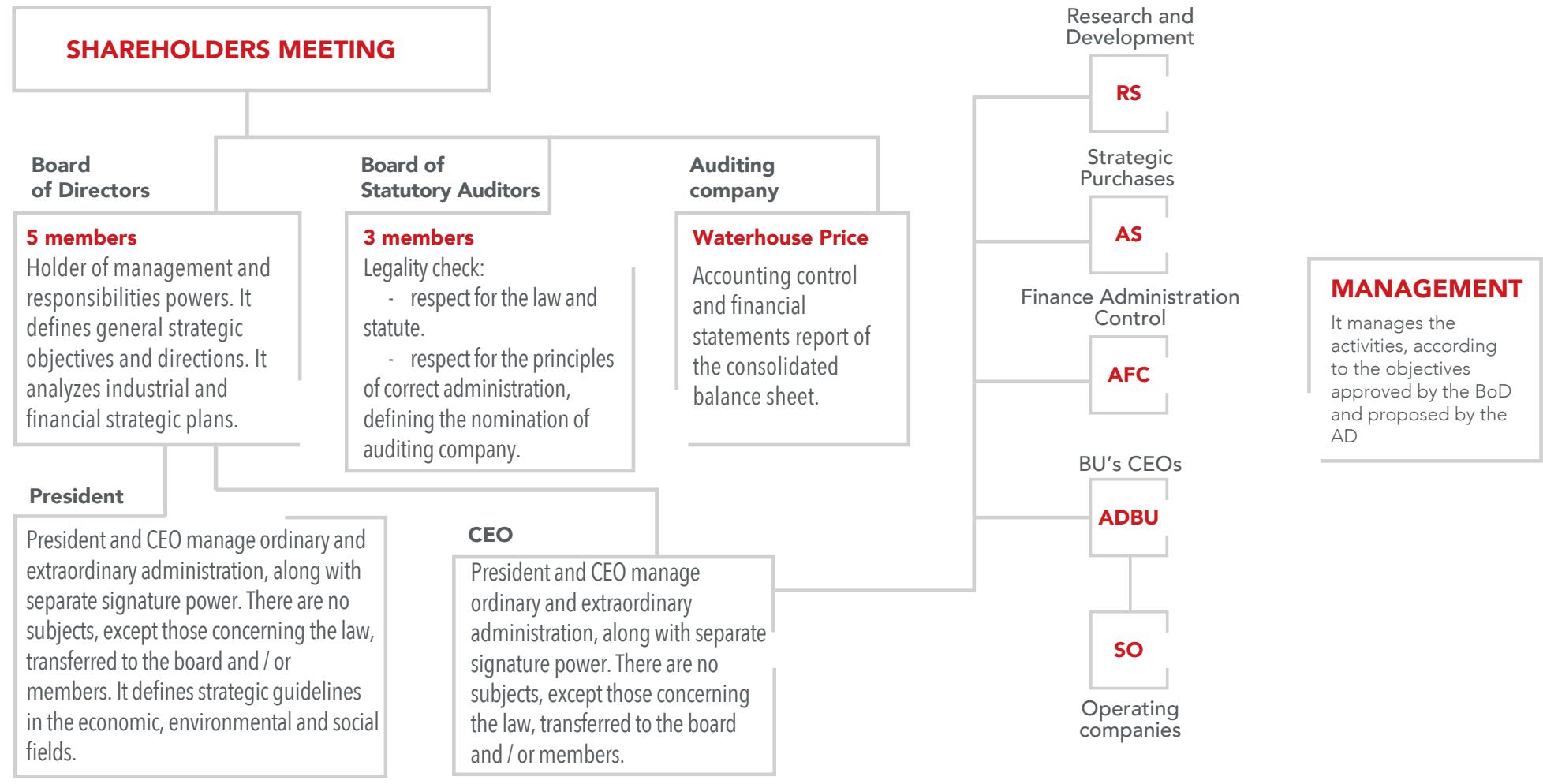


PSC is a member of two important national trade associations:

- **Confindustria**, the main representative organization of the Italian manufacturing companies of which the PSC's President, Maurizio Stirpe, is the national Vice-President, with responsibility for Labor and Industrial Relations. PSC is actively and constantly involved in some projects of Confindustria.
- **Assonime**, the association of the Italian joint-stock companies that critically analyses and discusses issues related to the national economy interests and development.

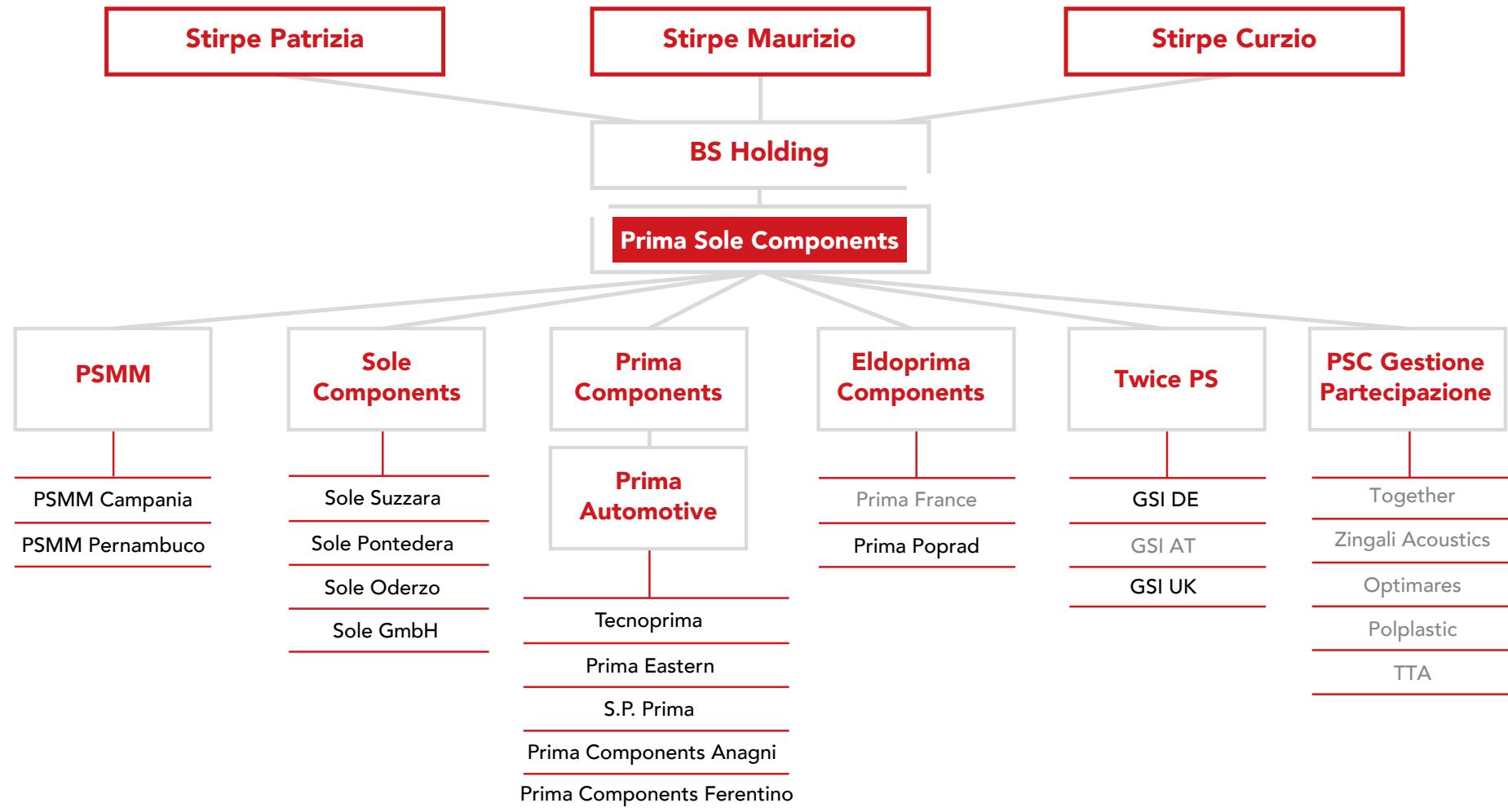
1.3 STRUCTURE AND ORGANIZATION

Prima Sole Components is a single shareholder stock-company, 100% owned by BS Holding, whose registered office is located in Italy, in the province of Frosinone. The governance structure provides a Board of Directors composed of five members remaining in office for three years. Its main duties include the definition of business strategies concerning the economic, environmental and social fields as well. The Chairman and Chief Executive Officer have ordinary and extraordinary administration powers with disjoint system.



1.3 STRUCTURE AND ORGANIZATION

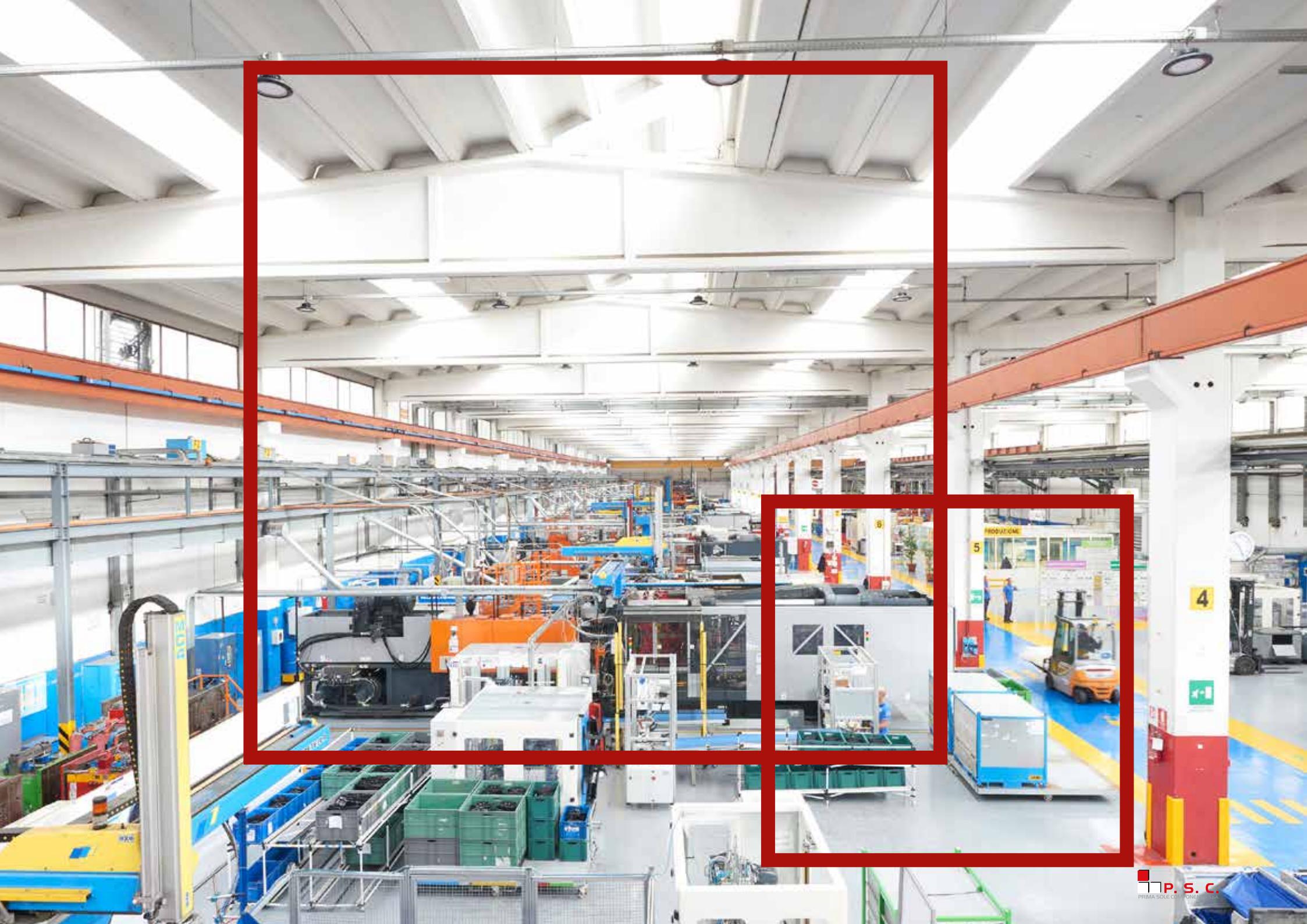
In the diagram below, it is possible to check all the companies subject to the present Sustainability Report. They correspond to those subject to the holding companies Sole Components, Prima Components, Eldoprime Components and Twice PS. The PSC business unit Gestione Partecipazioni, not present in the consolidated financial statement, PRIMA France company, due to end of its activities in May 2018, and GSI Austria, concluding its activities within 2019, are not included in this report as well as.



1.3 STRUCTURE AND ORGANIZATION

PSC plants are present in five countries: Italy, Germany, England, Slovakia and Brazil.





1.3 STRUCTURE AND ORGANIZATION



1.4 PRODUCTS AND MARKETS

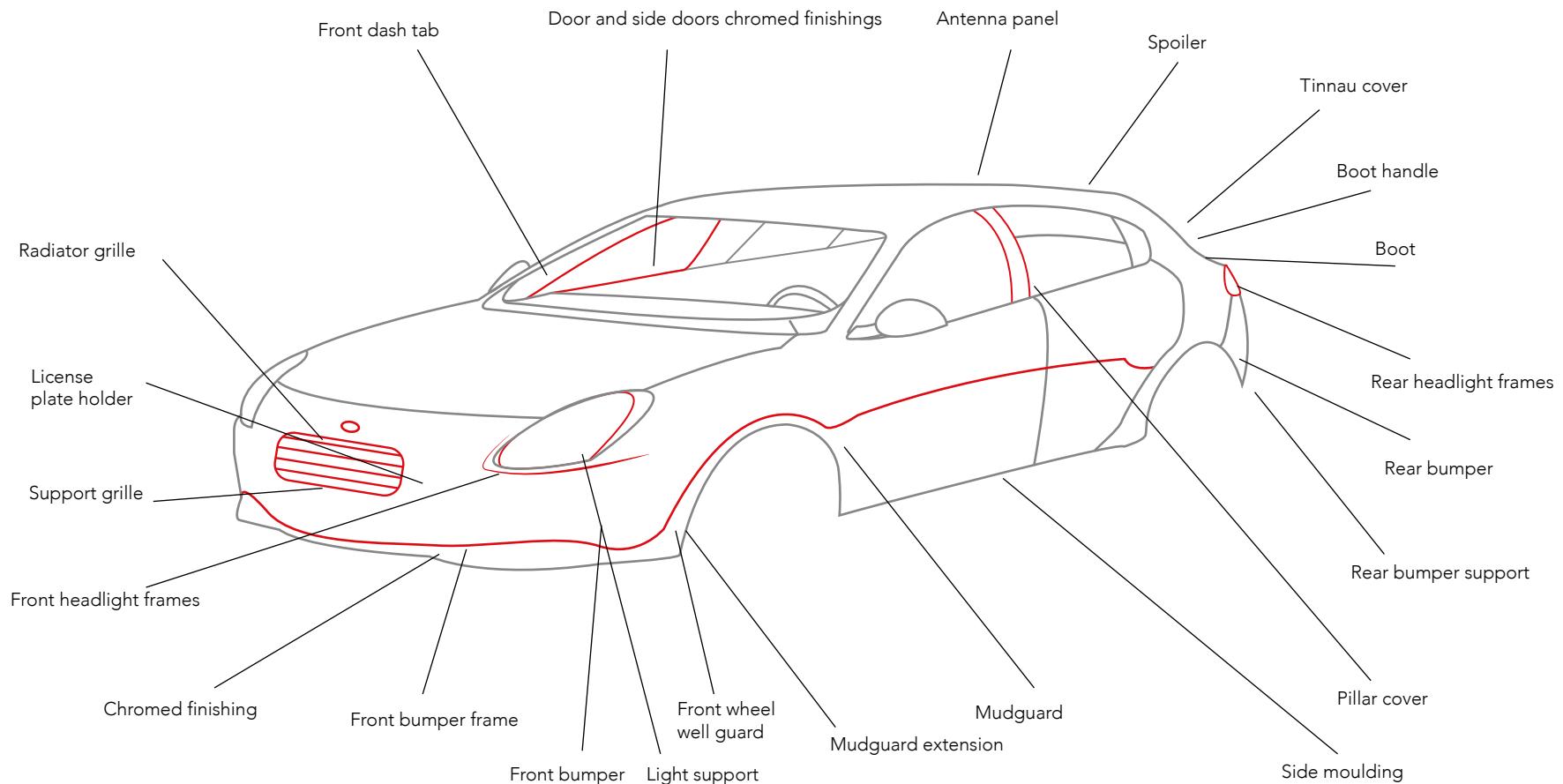
Prima Sole Components is active in the field of plastic components for vehicles, motorcycles and household appliances, aiming at becoming a landmark in the international market. Through the policy of market penetration, PSC pursues the objective of partnership implementation with the main OEMs (car manufacturers), along with production sites localization within the areas of customer's plants.

Manufacturing processes concerning PSC are listed below:

INJECTION MOULDING	SPECIAL FINISHING	OTHER TECHNOLOGIES
Traditional injection moulding	Traditional Chrome Plating	Automatic gluing
Bi-injection	Colored chrome	US welding, Hp, Vibration
Gas-injection	Selective chrome	Thermoforming
Multi-material 2K and 3K injection	Paint on chrome	PU Sphuell sealing
Injection with fabric	In mold laser etching	Complex automatic assembly
Insert Moulding Decoration	Carbon fiber	Foam for shock absorber
In-mould metal bonding	Tampography	Optical fiber/led lighting
Technologies for Thermosettings resins	PVD technology covering	Technologies for Thermoplastics Resins
SMC (Sheet Moulding Compound)	Decorated Aluminum	Glass fiber reinforced thermoplastic
Forged Carbon Fiber	Painting/finishing	Long fiber thermoplastic
BMC (Bulk Moulding Compound)	Robotized Painting Lines from 1 layer to body color, water and solvent	Low weight reinforced thermoplastic
Heat and Cool Tech (electromagnetic induction)	Cubik Evo	

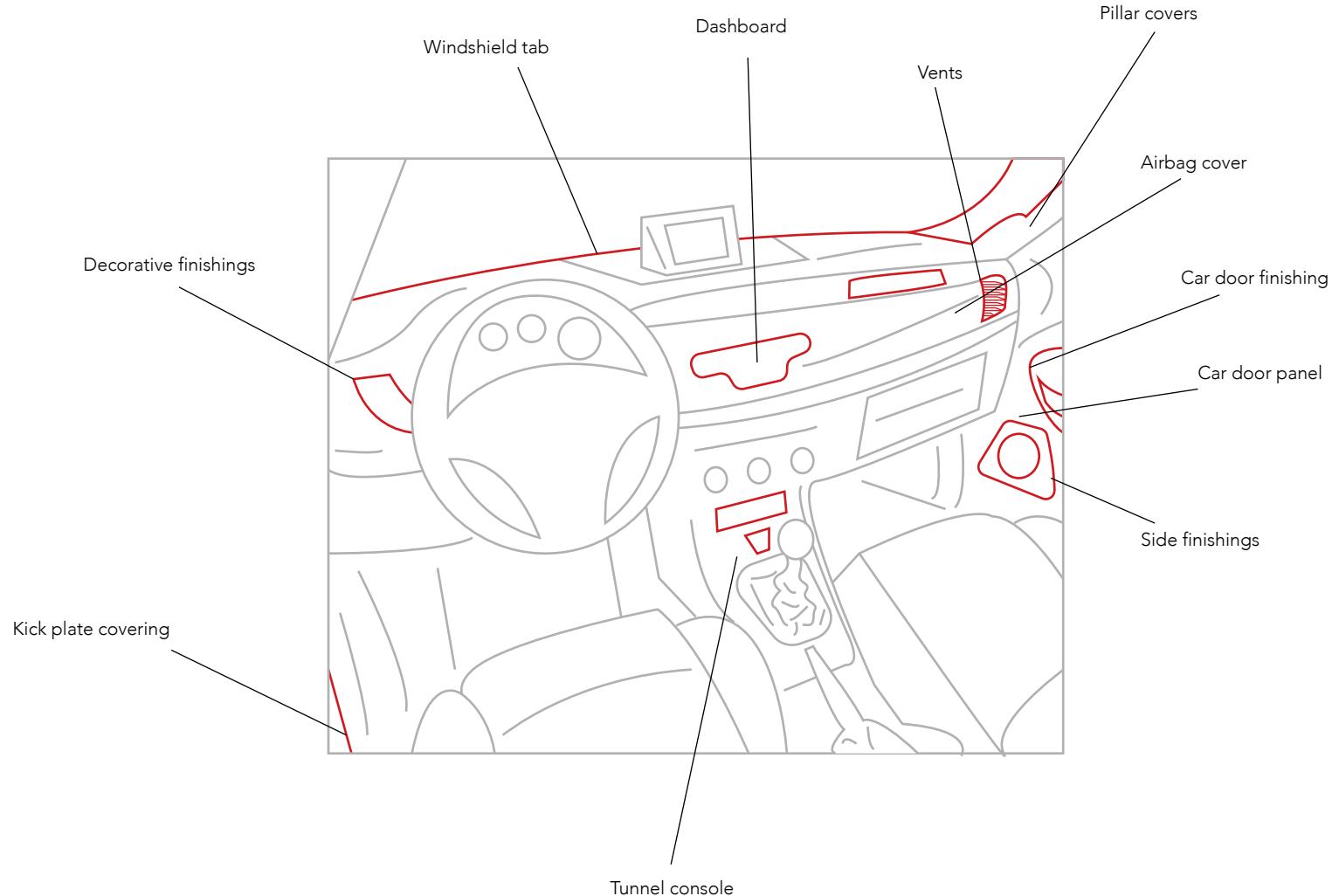
1.4 PRODUCTS AND MARKETS

Car exterior



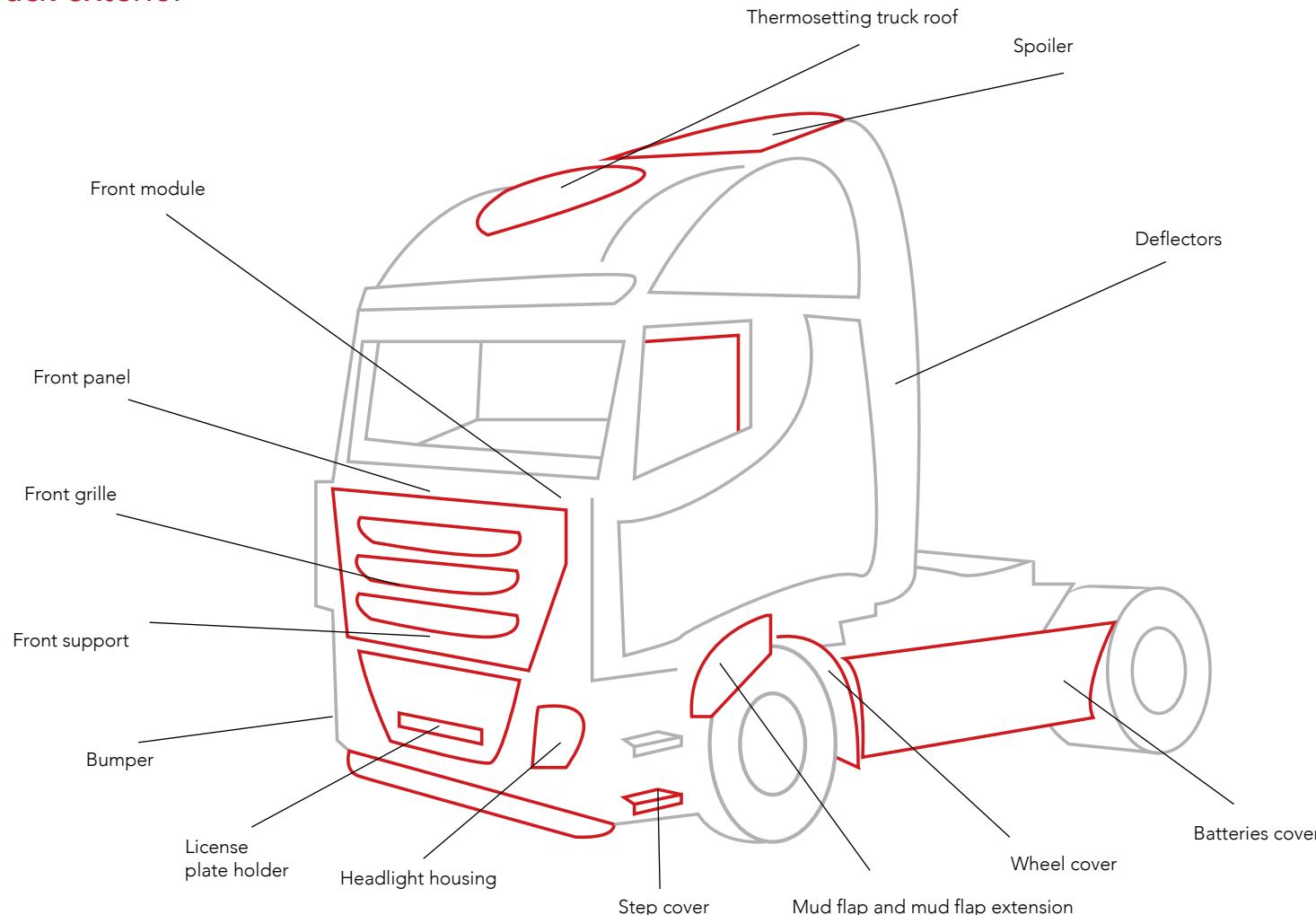
1.4 PRODUCTS AND MARKETS

Car interior



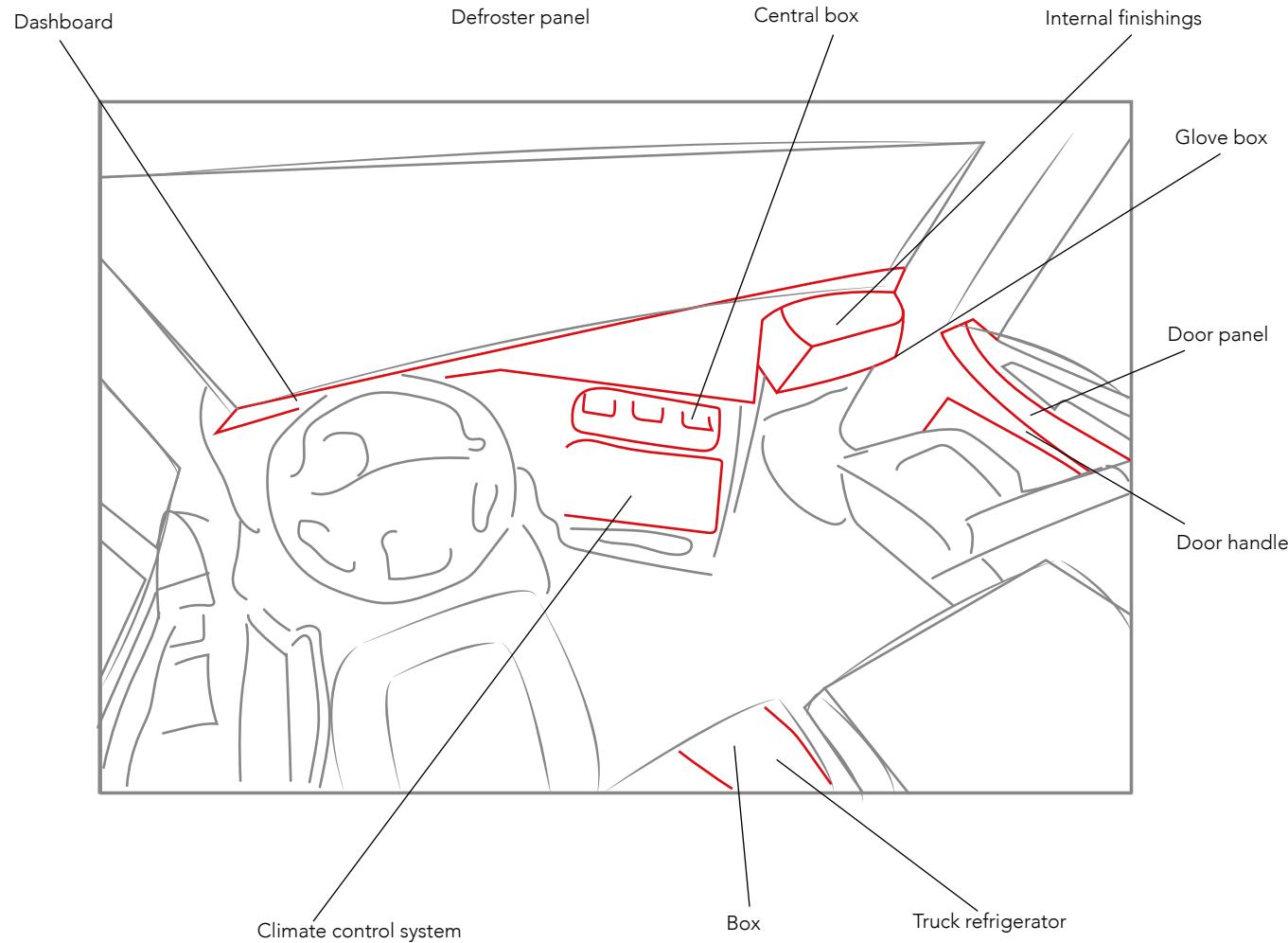
1.4 PRODUCTS AND MARKETS

Truck exterior



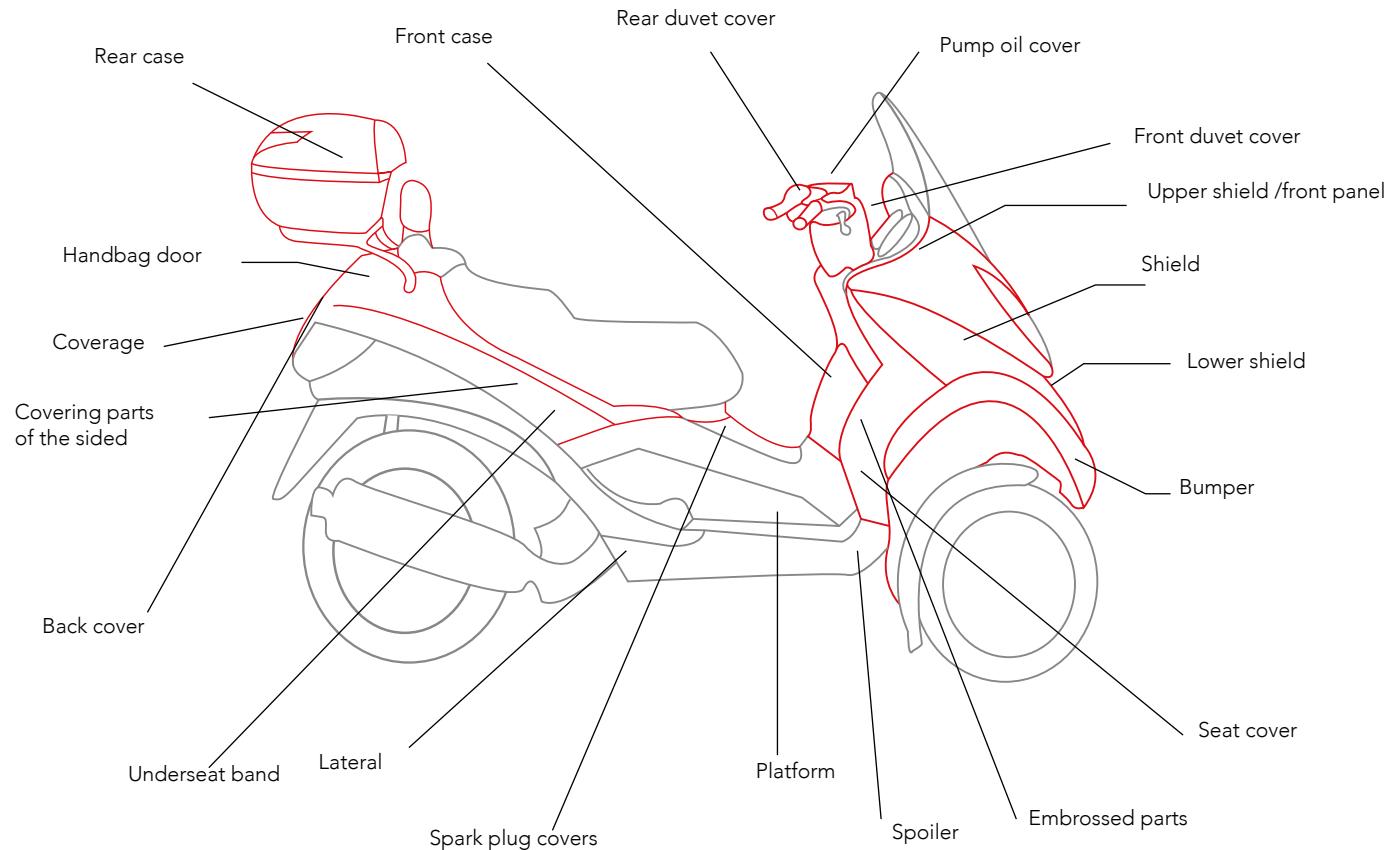
1.4 PRODUCTS AND MARKETS

Truck interior



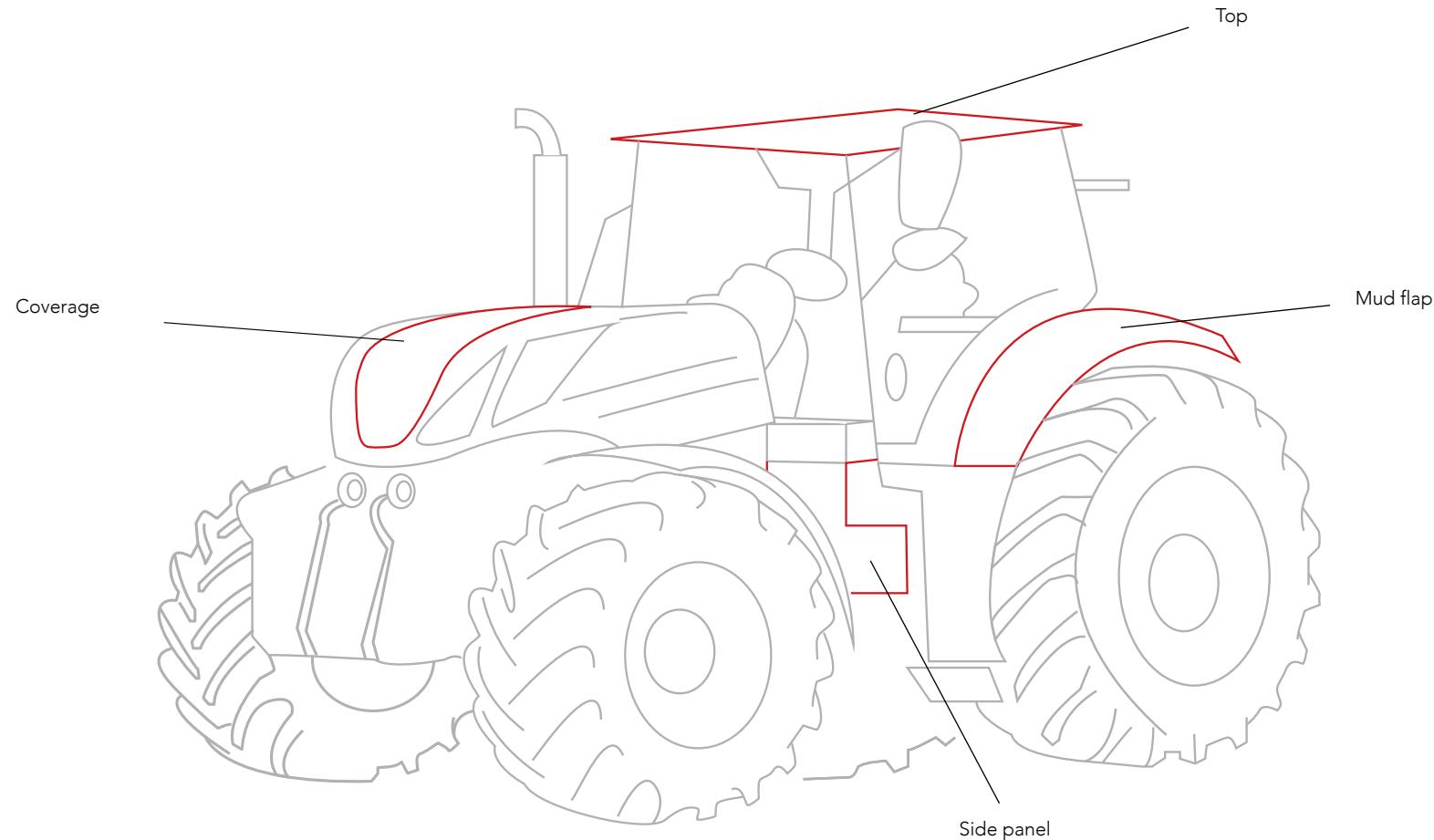
1.4 PRODUCTS AND MARKETS

Motor vehicle



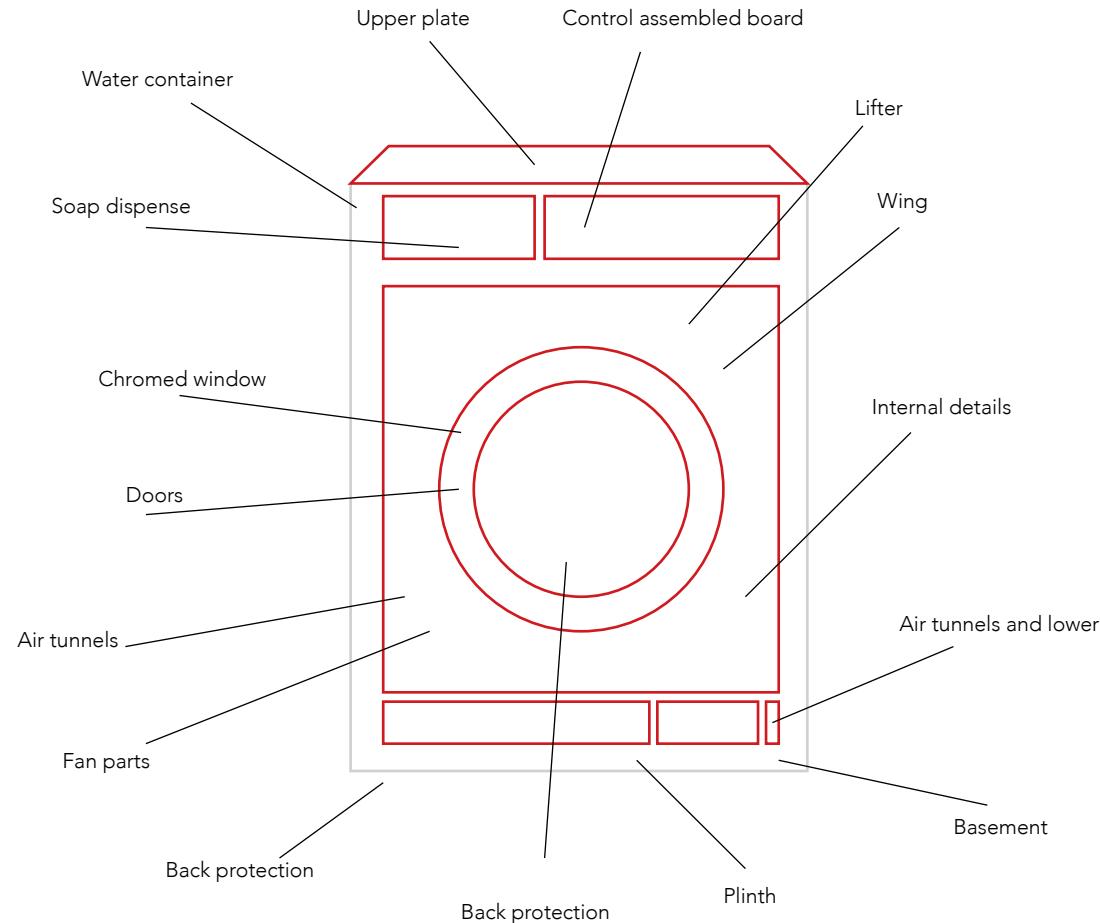
1.4 PRODUCTS AND MARKETS

Tractors



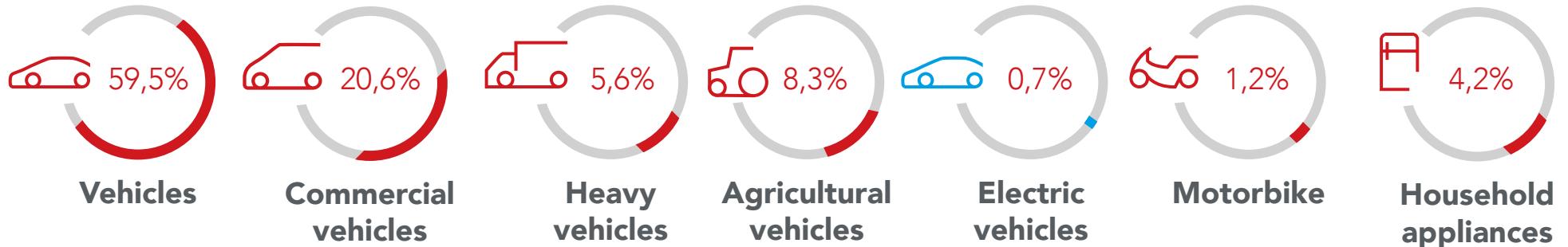
1.4 PRODUCTS AND MARKETS

Household appliances



1.4 PRODUCTS AND MARKETS

Sectors

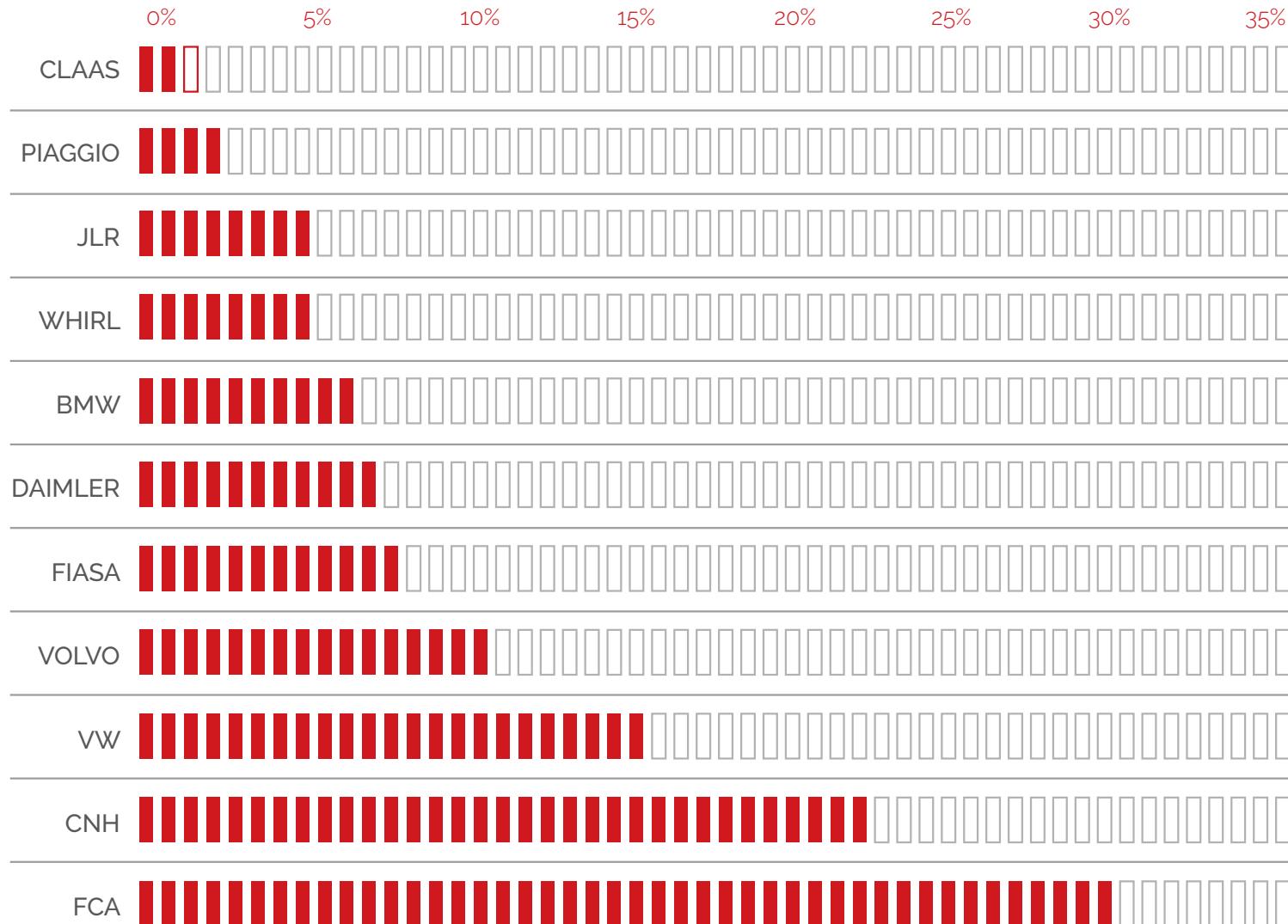


Our products are present on the Italian, European and world market, with the main OEMs: FCA, CNH, Volkswagen, Volvo, Fiasa, Daimler and BMW.

Markets



1.4 PRODUCTS AND MARKETS





2. MATERIALITY AND METHODOLOGY

2.1 PRINCIPLES FOR REPORT DRAWING

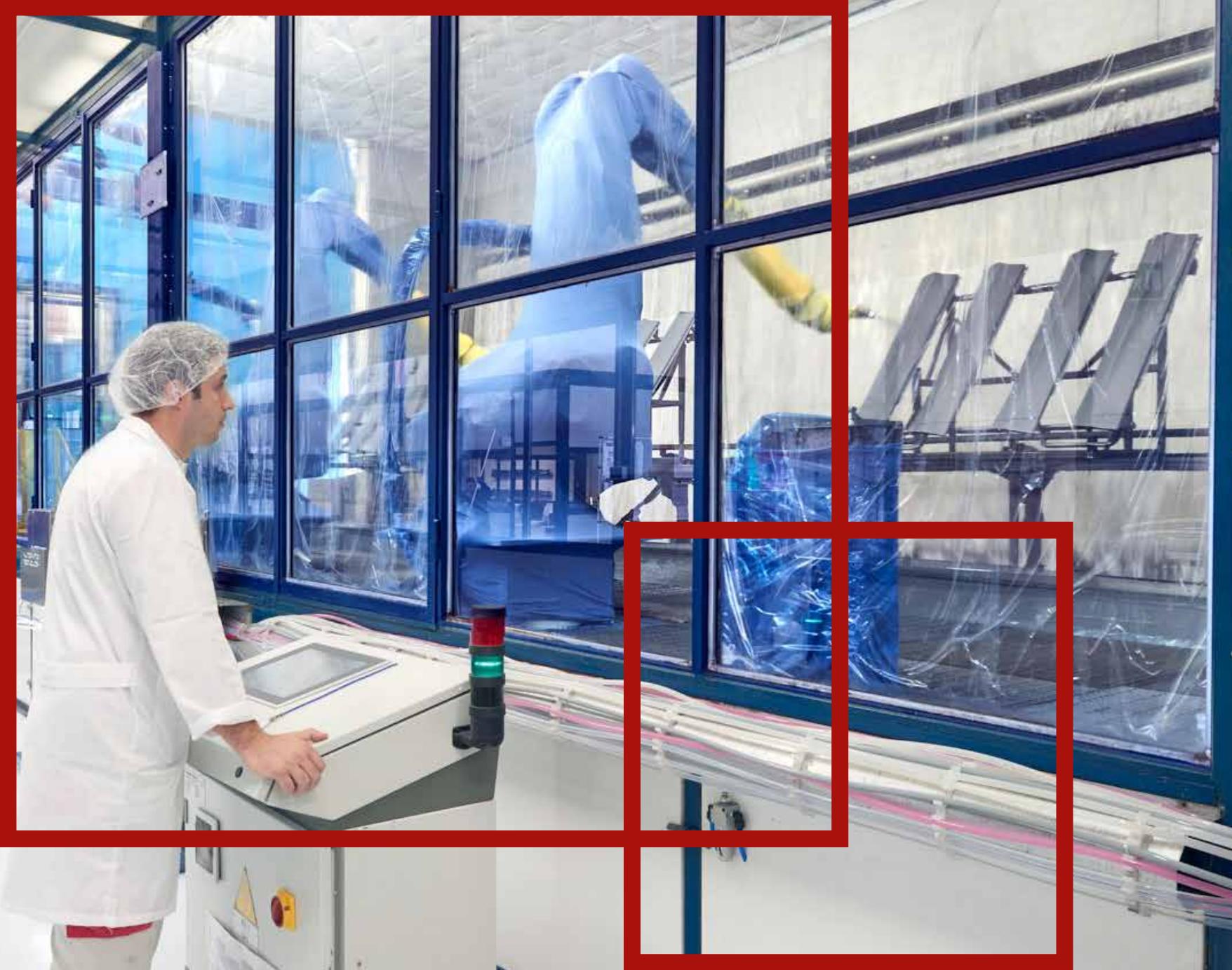
2.2 ANALYSIS OF MATERIALITY

2.3 STAKEHOLDER ENGAGEMENT

2.4 MATERIALITY MATRIX

2.5 MANAGEMENT APPROACH

2.6 INDEPENDENT EXTERNAL CHECK



2.1 PRINCIPLES OF REPORT WRITING

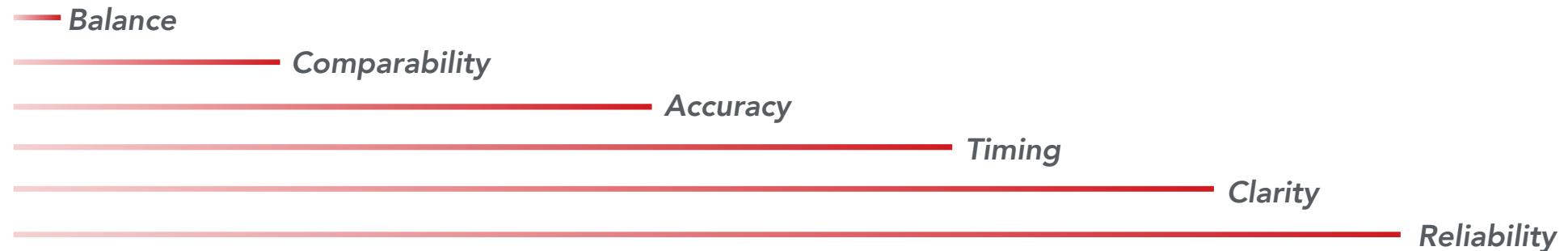
Thanks to the Sustainability Report, drawn up annually, PSC communicates policies, commitments and strategies applied in the area of sustainability. This Report complies with the Global Reporting Initiative (GRI) standards and is drawn in accordance with the "Core" option.

Reporting principles

The contents description of this Report will be based on four principles:



The principles followed, however, for the definition of the information quality are:



In the present Sustainability Report most of Prima Sole Components' companies are included. PSC Gestione Partecipazioni and Prima France and GSI AT plants, despite being active in the consolidated financial statement, are not included as they have completed their activities. PSC annually draws up the Sustainability Report. The current one refers to the 2018 solar year and it updates data published in November 2018 in the previous report. In the Appendix of this document the figures trend, which are not included in these sections, are contained.

2.2 ANALYSIS OF MATERIALITY

The analysis of materiality is the main reference established by the GRI Standards for drawing up the Sustainability Report. Materiality refers to the threshold when issues become important enough to be reported, since they influence the organization and its stakeholders in decision making, along with action and performance.

The process of material themes definition is divided into three points:

1
Priority themes
Identification
for the
company
and its
stakeholders.

2
The attribution of a
specific relevance
quantified thanks
to a numerical
index assigned to
each theme, on a
1-5 reference scale
("No relevance"
- "Very high
relevance").

3
The identification of themes reaching,
at least, an "average relevance", which
corresponds to a score of 3 on the reference
scale. These shall be considered as material
themes if they get a score greater than or
equal to 3. On this basis, PSC will undertake
to implement concrete and coherent
initiatives. The association between the
themes of PSC and those of GRI Standards is
constantly highlighted and issued in the GRI
Content Index of the current report.

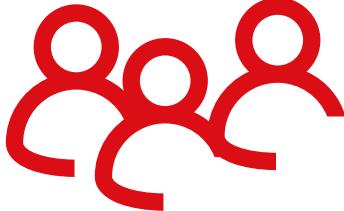
PSC material themes and the related definitions are shown in the following pages. In 2018 there were no main changes on the themes, compared to the previous year. In order to make their consultation easier and their tools management more effective, the material themes identified have been grouped into three macro-themes:

- ***Generated value***
- ***Workers***
- ***Natural resources and environment***

2.2 ANALYSIS OF MATERIALITY

Macro-theme	Material themes	Theme definition
Generated Value 	<p>Risk management</p> <p>Research, development and technological innovation</p> <p>Relationships with business partners</p> <p>Customer satisfaction and quality of product</p> <p>Compliance</p> <p>Responsible management of the supply chain</p> <p>Local communities</p>	<p>Operate according to risks and opportunities in the economic, social and environmental field, for PSC operability and image.</p> <p>Research and technological innovation as strategic factors to increase our products competitiveness, in line with sustainable development.</p> <p>Relate to our business partners acknowledging value to cooperation, synergies and social responsible behavior, in order to achieve higher levels of knowledge and greater quality.</p> <p>Customer care services and products development following high quality standards, as basic elements to establish a lasting relationship and mutual satisfaction.</p> <p>Guarantee compliance with mandatory or voluntary regulations through the employees endorsement and thanks to appropriate organizational and management models.</p> <p>Involvement of the supply chain by sharing the principles, policies and tools for the sustainability and social responsibility.</p> <p>Attention and comparison with the local community expectations, through an open, transparent and constructive dialogue.</p>

2.2 ANALYSIS OF MATERIALITY

Macro-theme	Material themes	Theme definition
Workers 	<p>Well-being of employees</p> <p>Health and safety at work</p> <p>Training and staff development</p> <p>Equal opportunities and diversity</p>	<p>Generate well-being for employees, through an organization and environment that will foster our commitment for quality along with personal and professional satisfaction achievement.</p> <p>Guarantee processes safety and workers' health protection throughout all procurement and production stages.</p> <p>Consider employees as a fundamental element of the company's value, who shall grow through some training appropriate for the development of individual skills.</p> <p>Enhance personal and cultural diversities of partners, suppliers and customers, avoiding discrimination and facilitating aggregation.</p>

2.2 ANALYSIS OF MATERIALITY

Macro-theme	Material themes	Theme definition
Natural resources and environment 	Energy consumption	Responsible use of energy resources achieved, when possible, by technologies and energy saving activities along with renewable resources option.
	Emissions in the atmosphere	Carry out operations, by taking the opportunities to prevent and mitigate emissions in the atmosphere, by protecting air quality and contrasting climate change.
	Sustainable production	Opt for management of models in line with the best practices and international standards, in order to achieve measurable and certifiable sustainability objectives.
	Waste management	Apply, when possible, the most effective practices for reduction, through prevention, and waste recycling.
	Water resource protection	Responsible use of water thanks to technologies and policy aimed at reducing its quality, when taking it, and preserving the original quality.
	Biodiversity	Consider biodiversity as a resource to be protected, as a common value, essential for the company, territories and related communities.

This Sustainability Report reflects the analysis of materiality carried out by PSC and in each section the points concerning the three macro-themes are described in details. This approach allows a more flexible consultation of information and well represents our approach to sustainability, according to a model, which ranges from general to a more specific one.

2.3 STAKEHOLDER ENGAGEMENT

In order to define PSC material themes, the definition of stakeholders' expectations and points of view represent a fundamental step. This operation took shape thanks to the stakeholder engagement, which was divided into different phases:

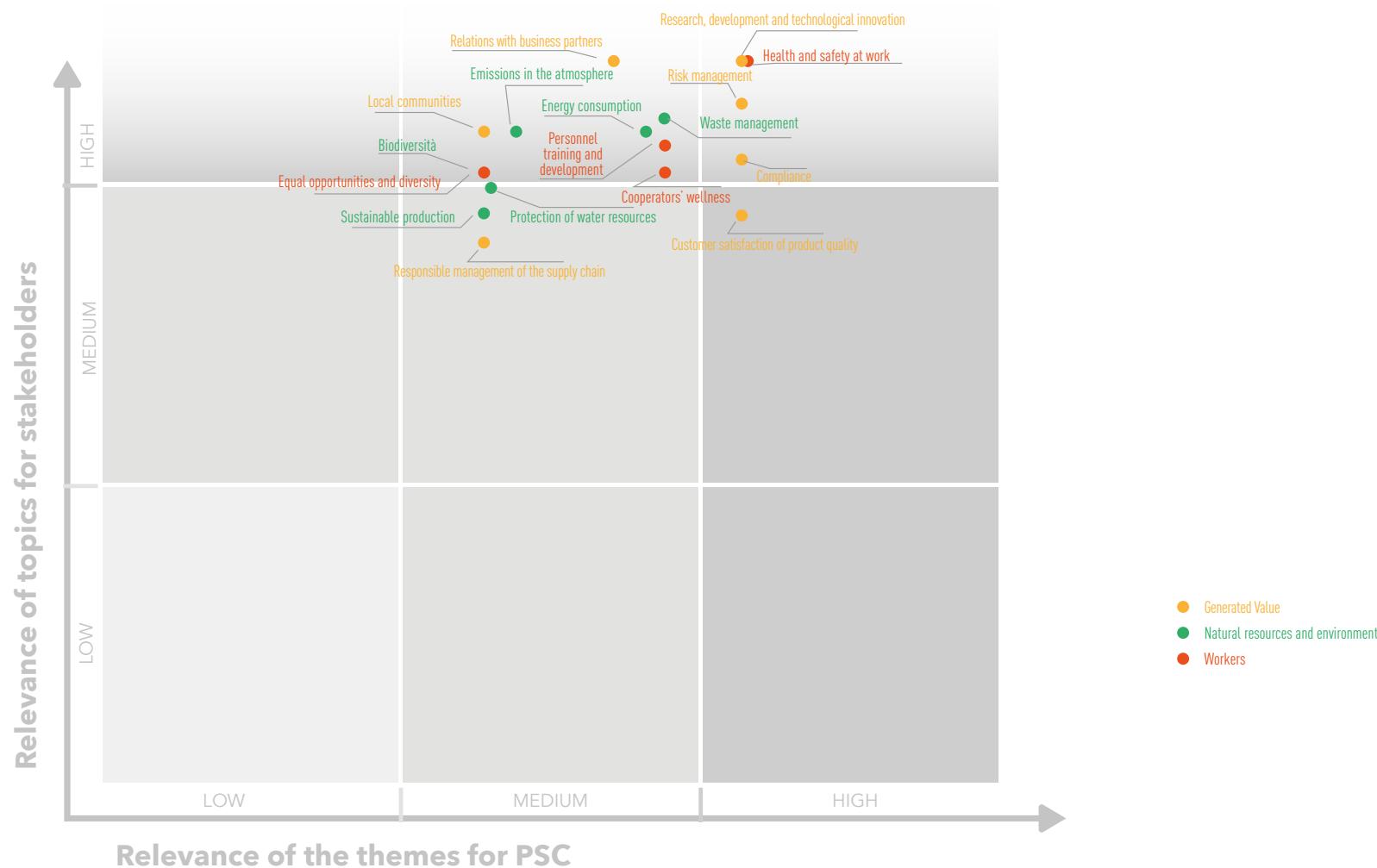
- Identification of types of stakeholders: this process has joined the AA1000 Stakeholder Engagement Standard (AA1000SES) 2015 and has led to the identification of the categories listed in the table below, each accompanied by its related description.

Stakeholder	Definition
Worker	Employees working for or on behalf of PSC, including its representatives (e.g. trade unions)
Supplier	Provider of products or services to PSC
Customer	Customers of PSC products
Investor	Who holds shares within PSC
Society and local communities	The social context in which PSC sites are located. It can influence its activities
Institutions	The set of institutions that can influence the PSC activities (e.g. Region, Province or Municipality in which PSC sites are located)
NGO and Associations	Non-profit associations and private organizations operating in areas that influence PSC activities (e.g. environmental associations or sector associations)
Media and press	International, national and local media (e.g. television, press, radio and web) which PSC can use to communicate its initiatives

- Definition of engagement methods and implementation: in 2018 PSC suppliers were directly involved by giving them a questionnaire regarding their approach to sustainability. For other categories of stakeholders, indirect ways of engagement were used; the documentation needed was therefore selected and analyzed, in order to build up different opinions and requests on material themes.
- Identification of significant themes for stakeholders.

2.4 THE MATERIALITY MATRIX

Through the analysis of materiality and thanks to our stakeholders involvement, the materiality matrix was developed. It graphically summarizes the relationship between the importance given to PSC themes and its stakeholders.



PSC systematically manages the emerged requests with appropriate tools, including the practices provided by the company management systems.

2.5 IL MANAGEMENT APPROACH

The Disclosure on Management Approach (DMA) describes the material themes and the PSC tools used to conveniently manage its economic, environmental and social impact. For this purpose, it was necessary to define:

- 1.** The perimeter, that is to say, to what extent positive or negative impact of PSC activity is prompted in business, both internally and externally to its reality.
- 2.** Policies driving the organization
- 3.** Declared commitments
- 4.** Goals and objectives for the reporting year
- 5.** Responsibilities assigned to different levels within company organization
- 6.** Financial, human and technological resources provided
- 7.** Processes collecting stakeholders' requests
- 8.** Specific actions

2.6 INDEPENDENT EXTERNAL CHECK

This Sustainability Report has been verified externally by Sai Global Italia (stock company), an independent body compared to Prima Sole Components, as reported in the Letter of Assertion.

3. GENERATED VALUE

3.1 RISK MANAGEMENT

**3.2 RESEARCH, DEVELOPMENT AND
TECHNOLOGICAL INNOVATION**

3.3 BUSINESS PARTNER RELATIONS

**3.4 CUSTOMER SATISFACTION AND QUALITY OF
PRODUCTS**

3.5 COMPLIANCE

**3.6 RESPONSIBLE MANAGEMENT OF THE
SUPPLY CHAIN**

3.7 LOCAL COMMUNITIES RELATIONSHIPS



3.1 RISK MANAGEMENT

PSC, the Group's holding company, describes in the industrial plan the vision, the mission, the medium and long-term strategies. Once the guidelines have been set up, the operational plans of the business units and the sites connected to them are developed.

The PSC management looks into the analysis and evaluations suitable for the operational planning draft, which is an activity carried out in an interdisciplinary manner; for this reason, in this process, several business functions are involved along with relevant external members, such as customers and suppliers.

In the industrial PSC planning, the strategic guidelines are:

- **Competitiveness:** the Group's ability to supply competitive products and to stay in the market, facing competition.
- **Technological innovation:** this step adds several variants, among which the improvement of products and processes, in order to increase quality, performance and flexibility, as well as to reduce costs; the introduction of new products and innovative production and distribution methods, continuously looking for superior quality.
- **Globalization:** distribution of production on a local and global scale, according to customer's needs.

3.1 RISK MANAGEMENT

The activities in line with PSC strategic guidelines are defined by the business holding: each production site adheres to them, according to the following process:

- PSC analysis of the business plan: each business unit finds solutions complying with its own standards, so to apply the guidelines established by the Group.
- Identification of the relevant factors thanks to the S.W.O.T. Analysis (Strengths Weaknesses Opportunities Threats): it is therefore possible to identify the strengths and weaknesses of the internal context, as well as the external risks and opportunities. These elements are subsequently related to the parties concerned.
- Evaluation and identification of significant factors: in particular, the probability of occurrences and their impact on market share, alongside competitive advantage and reputation.
- Definition of operational planning, taking into account the risks involved, in particular:
 - ✓ Avoid risk by deciding not to start or to continue the activity in the event of its arising
 - ✓ Take or increase risk, in order to pursue an opportunity
 - ✓ Remove the source of risk
 - ✓ Change the probability
 - ✓ Change the consequences
 - ✓ Share the risk with a partner (also through contractual formulas for financial risk control)

3.1 RISK MANAGEMENT

Actions to face risks and exploit opportunities, in reference to sustainability as well, are the inputs necessary to define the operational planning in line with the company strategy.

The Group has also stipulated policies with important companies in the field, with the aim of covering the main business risks in industrial activities. The insurance coverage involves all material damages to buildings, plants, machinery and goods owned by the Group companies, whether they are present in PSC plants or by third parties.

Limits and specific exemptions change according to other factors, such as: weather events, intentional acts of third parties, structural collapse, liquid leakage and mechanical breakdowns. Any economic losses that may result from business interruptions or caused by factors, such as those listed above, are also covered by insurance. Finally, possible damages to third parties were also insured, if resulting from claims and covered by policy (third-party claim and interruption or suspension of third party activities).

A policy consisting of three sections, concerning claims for damages, was signed by the Group companies. More specifically: third-party liability, civil liability of factory workers and products. Each coverage uses limited maximum coverage and allowances.

3.1 RISK MANAGEMENT

A careful and proper management of business risks has helped to make PSC a group generating value and wealth, to be partly spread to its stakeholders. The economic value generated by PSC in 2018 is greater than the previous year and supports the strengthening growth of PSC's position on the market.

Economic value generated by PSC	Amounts (€)	
	2017	2018
Revenues and other operating incomes	€ 651.058.754	€ 756.531.068
Economic value distributed by PSC		
Operating costs, remuneration of collaborators, remuneration of lenders, remuneration of the public administration and investments for the community	€ 602.909.920	€ 713.495.857
Economic value held by PSC		
Economic value generated – Economic value held	€ 48.148.834	€ 43.035.211

3.2 RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

PSC has two centers dedicated to research and development activities, to which investments are issued also in partnership with its customers, one in Oderzo (59 employees) and the other one in Turin (10 employees).

After PSC reorganization carried out in 2012, a Director was appointed in the research and development area, who, in collaboration with the Head of the Program Management, shall coordinate three departments:

- > ***Foreign customers***
- > ***FCA Group***
- > ***Appliances***

With the purpose of identifying and sharing the best practices, useful to the whole Group, a cutting-edge business-intelligence platform has been realized.

PSC companies and business units have started several projects in the research and development field.



3.2 RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

Sole Oderzo is developing a three-year project (to be further extended to eight months), which includes an annuity of € 5.980.824,70, with expiry date on 2 January 2020.

The aim of this project is to develop materials, alongside highly sustainable and flexible technology. This would help to produce new lines of components for car exterior and interior, which will be able to meet the main present needs and to keep up with the latest market trends.

Among them, external plastic car body was empowered by scratch-resistant feature through solutions alternative to traditional methods and painting; the foretaste of new aesthetics design concepts, based on new effects achieved through backlight system; finally, fuel consumption and gas emissions were reduced by making lighter vehicles and thanks to metal components replacement with thermoplastic composites with high mechanical strength performance.

As regards the environmental sustainability, the main strengths of the new technology are: reduction of the number of parts in a product, from which it comes weight decrease, as well as a reduction of energy consumption. This was due to the elimination of the assembly phase; elimination of the painting and chrome-plating processes, which are crucial from an environmental point of view. It was found a more effective product recycling as the paint film is so reduced that it does not affect recycling and disposal stage; despite making a lighter product, all the mechanical properties were retained compatible with the lightweight revolution trend, which aims at reducing the weight and, consequently, also the environmental impact of vehicles. In this way, they release less polluting substances, produce less CO₂ and consume less.

This research project is funded by Fondo Crescita Sostenibile, established by the Article 6 of the ministerial decree, 15 October 2014, and headed by Sole Oderzo.

This company, in the reporting year, has developed eight other projects for which it has accrued tax credit for research and development activities, according to the article 3, legislative decree 145/2013, replaced by the article 1, paragraph 35, law 190/2014, and implemented by the ministerial decree 27/05/2015.

3.2 RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

Among the ones mentioned above, there are four which have introduced research, experimentation and innovative technologies development:

- a) galvanic chrome-plating with high environmental sustainability, based on the use of Trivalent Chromium;
- b) metallization pvd for components aimed at aesthetic and functional covering of road radar equipment;
- c) induction heated molds and high definition laser cut texture;
- d) or aesthetic Polypropylene radiator grilles: glass filled and Poly-methyl-meta-acrylate modified.

Two projects are aimed at research and testing of new materials and productive technologies for lighter structural components; in the first case, with the use of recycled materials for standard mold components in the automotive industry and, in the second case, following chrome-effect painting.

The seventh project provides for research and test of the Vacuum Wrapping process for aesthetic components of cars exterior. Finally, the last one was dedicated to research and development of the three-coat painting cycle Aluoptik for future replacement of chrome finishing on vehicle external parts.

Sole Pontedera used tax credit for research and development activities in 2018, as well. In this context, three projects were set up; the first, aimed at a new conductive primer study and development, having unique characteristics of "universality" of use and redefinition of process solutions for its application. The second one investigated and developed innovative technological solutions and increased efficiency and environmental sustainability following overspray dejection. Finally, the third project focused on developing new formulation, technological and process solutions, regarding the treatment and reuse of internal waste in the production process.

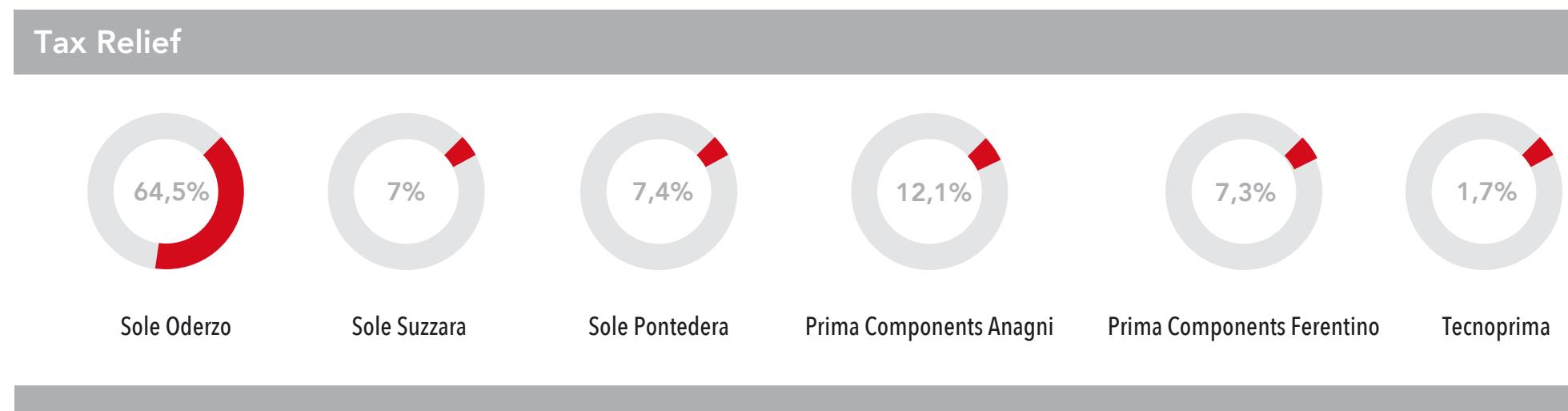
Sole Suzzara is among those which, in 2018, got benefits from tax credit in the research and projects development, by carrying out three initiatives. The first one concerns the study of a new line for sheet assembly, with mixed graphic-

3.2 RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

structure at higher readability to assemble planks, alongside original algorithmic and practical solutions. This is to achieve fully automatic generation, in the perspective of smart industry. The second one involved the study, test and validation of new technological and process solutions for door-panel assembly, according to unusual logical sequences. Finally, the third project aimed at studying and developing innovative methods, technological procedures and solutions for logistics management, along with the movement and assembly of the latest complex multi-component bumpers.

In addition, research projects funding from the European Community, offer innovative opportunities to develop cutting-edge products and processes.

This allows PSC to become a privileged interlocutor in these fields, especially in the most crucial ones, such as finishing. Over 2018, some Group companies based in Italy benefited from tax reliefs for a total amount of € 1.343.947, divided as follows:



3.3 BUSINESS PARTNERS RELATIONS

The partnerships that PSC builds with its customers have always been remarkable for being solid. To support this, several production sites of the Group are located in the same areas as a point of reference. Some examples are: Sole Suzzara, which is located in the IVECO plant district, as well as Sole Pontedera, which is located in the Piaggio district.

PSC has two joint ventures with Magneti Marelli: one (50%) in the Pernambuco plant in Brazil.

In the reporting year, no company of the Group was affected by legal actions in anti-competitive behavior, anti-trust or monopoly operations. However, the above-mentioned fields will be particularly highlighted in the new code of ethics and conduct.

The partnership relations with its suppliers are also characterized by solid bonds.

The strategic purchasing department of PSC defines framework agreements with large groups that produce, for example, raw materials and paints. In addition, it promotes the growth of suppliers working in its sites, by supporting them within its facility, in order to achieve the highest environmental and safety standards.

3.4 CUSTOMER SATISFACTION AND QUALITY OF PRODUCTS

PSC is committed to providing quality of products and services, which can meet or even exceed customer's expectations. New plants subjected to constant maintenance, combined with state-of-the-art control systems, contribute to monitoring and repeatability of processes, as well as improving the products quality. In case of unmanageable situations, they are monitored through statistical studies that affect the main variables, so to allow an immediate intervention and restoration.

Each site monitors customer satisfaction. The resulting reports are analyzed by both business units and the Group holding company. This process aims to ensure that attention is always focused on customer's needs.

In the development phase of each new product, its impact on the main environmental and safety aspects, according to the precautionary approach, is assessed through the Failure Mode and Effect Analysis (FMEA), a priority risk assessment index, based on three factors: severity, probability and detection.

The same process is used to assess other aspects of the product that may be relevant to the customers, for example those related to functionality, aesthetics and assembly properties.

All the finished products supplied on the market are registered on IMDS System (International Material Data System), where all the materials used for production are collected, updated, analyzed and archived. All substances and mixtures used in the production phase, are accompanied by Safety Data Sheet (SDS) with information on physic-chemical, toxicological and environmental hazard properties, necessary for a correct and safe handling.

3.4 CUSTOMER SATISFACTION AND QUALITY OF PRODUCTS

Product safety and non-compliance with legal requirements are evaluated in FMEA, by adopting the most stringent parameters. During the reporting period, PSC had no cases of non-compliance with voluntary regulations and/or codes regarding health and safety impact on its products and services.

The monitoring of customer satisfaction, along with the supplied product, is a constant process. Such process is also made quick thanks to online platforms, popular in the automotive field, where reports, such as complaints and rejects, are given in real time. Moreover, monthly assessments are made by taking into account the quality of products and the services provided.

Each production site is functionally responsible for the management of possible customer's complaints. Monitoring and timing review of assessments received by customers, instead, are subject of management committees of business units and our Group.



3.5 COMPLIANCE AND CERTIFICATIONS

The Group companies recognize that compliance with existing laws and regulations in all the countries they operate in is an essential principle.

Business units managing directors are responsible for the compliance with the binding legislation also by means of its delegates (plant managers or external professionals) concerning all specific issues.

As you can see in the following table, most of PSC premises are ISO 9001, ISO 14001 and some of them OHSAS 18001 / ISO 45001 certified: the Group objective is to certify all PSC sites for ISO 45001. Such certifications will help to standardize business activities and to ensure high performance, the achievement of the established goals and constant optimization. Furthermore, many of our offices are IATF 16949 certified, a quality management system for the automotive sector, developed by the International Automotive Task Force (IATF).



3.5 COMPLIANCE

Certifications

Plants	ISO 9001	ISO 14001	OHSAS 18001 / ISO 45001	IATF 16949
Prima Components Anagni				
Prima components Ferentino				
Prima Eastern				
SP Prima				
Tecnoprima				
Sole Oderzo				
Sole Suzzara				
Sole Pontedera				
Sole Worth	waiting for certificates			waiting for certificates
PSMM Campania				
PSMM Pernambuco				
Poprad				
GSI UK				
GSI Industrial Painting				
GSI DE				
Twice Bergamo				

In conclusion, the reporting year, no remarkable cases of non-compliance with the environmental, economic and social regulations and standards were detected. PSC considers significant the penalties exceeding 50.000 Euros.

3.6 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

The strategic guidelines and general criteria related to the supply of materials and services are established by PSC Board of Directors. In this group, materials and services, which can have an impact on the quality of the finished product, are included. In particular, materials are divided into four categories:

- raw materials including thermoplastic resins, paints, glues and two-component resins
- semi-finished products and components
- products from external processes, such as molding, painting and assembly
- packaging

Types of suppliers	Total suppliers	Italian suppliers	Abroad suppliers
Plastic raw materials	82	38	44
Paint raw materials	22	11	11
Purchase components	423	276	147
External manufacturing (painting, molding, assembly)	105	92	13
Packaging	70	59	11
Total	702	476	226

In the reporting year, Group's suppliers have increased because TWICE PS' suppliers have been acquired.

3.6 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Strategic services include:

- > **selections**
- > **rework and repairing**
- > **tool calibration and laboratory tests**
- > **sequencing**

The selection of suppliers is entrusted to the strategic purchasing department which, in order to prevent any risk in terms of supply, performs an initial assessment where the following aspects are analyzed:

- **financial stability**
- **suitability of available resources, including people and infrastructure**
- **turnover in the automotive sector**
- **logistic process**

3.6 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Moreover, in line with sustainability principles, the purchasing department supports suppliers showing a consistent approach towards ethical standards. For this reason, PSC asks suppliers to adopt their own ethics code that regulates subjects, such as respect for human rights and anti-corruption measures, as well as ISO 9001 quality management certification.

In the suppliers' selection, it is considered an asset having health and safety management systems (OHSAS 18001 / ISO 45001), as well as environmental management (ISO 14001).

Suppliers are then required to demonstrate the implementation of those measures able to improve the quality of products and/or processes, setting up of training courses for internal staff, along with the development of accurate methods in managing their own suppliers.

All suppliers of raw materials and components are required to enter definitive information on the basic composition of products and components directly on the International Material Data System (IMDS). In this way it is possible to comply with the European regulation on end-of-life vehicles (DIR 2000/53 / EC) and its amendments.

If the customer has contractually defined a list of designated suppliers, the so-called "imposed suppliers", the material or the product to be used for the production is purchased from these companies. In any case, even this category of suppliers is subject to monitoring, unless otherwise specified in the agreement with the customer. A business intelligence tool, introduced in 2017, is at operating speed, and it aims at promoting the utmost transparency and traceability of the purchasing process.

During the reporting year, there were organizational changes in the supply chain for the recruitment of new suppliers for the new customers/markets of "Twice PS" business unit, which became part of the Group.

3.7 LOCAL COMMUNITIES RELATIONSHIPS

For PSC it is crucial to build up relationships with the local communities where the plants are located, an aspect that is meant to be enhanced over the years ahead.

In this perspective, the Brazilian plant in Pernambuco has established a formal procedure to monitor requests made by the local community. This is a way to make PSC site more open to the hosting area.

As for the social field, since 2015 PSC has collaborated with the "Comunità in Dialogo" (Dialogue Community) of Trivigliano, in the province of Frosinone, which is active in the recovery of people who had problems with addiction to drugs and alcohol. In particular, Prima Components of Anagni is involved in a project that allowed six new human resources from the community to enter the staff. In the years ahead, there is the intention of gradually entering other resources in the factory, so to complete their recovery path in the community, following simultaneously an assessment of psycho-aptitude requirements.

PSC commitment to the communities, which hosts new production sites, takes shape also in other fields. In particular, all plants of Sole business units aim to sponsor clubs in order to support activities in the field of education, culture and sport. An example is Sole Azzurra, which is involved in sponsoring the local football team.



4. WORKERS

4.1 FIGURES

4.2 WELLBEING OF COLLABORATORS

4.3 HEALTH AND SAFETY AT WORK

4.4 PERSONNEL TRAINING AND DEVELOPMENT

4.5 EQUAL OPPORTUNITIES AND DIVERSITY



4.1 FIGURES

Human resources are a fundamental principle for PSC. For this reason, creating and maintaining relations based on mutual loyalty and trust are the main objectives of this Group. As a result, working relations management and collaboration are focused on respect for workers' rights and their contribution value, with a view to favoring their development and professional growth.

Company employees included in the accountability of this report, up to 31 December 2018, are 3053. This number has increased, if compared to the previous year, following the acquisition of the factories

Company employees included in the accountability of this report, up to 31 December 2018, are 3053. This number has increased, if compared to the previous year, following the acquisition of the factories

- **G.S.I. Industrial Painting Ltd** (Basildon, UK)

- **G.S.I. Uk. Ltd** (Gloucester, UK)

- **G.S.I. Deutschland GmbH** (Hörgerthausen, Germany)

- **Twice PS Spa** (Bergamo, Italia)

There are three categories, linked to the cost centers, in which the workforce is divided, each one defined as follows:

- **Structure: responsible for the function of production sites, staff (purchasing, personnel, administration) and relevant bodies (commercial, R & D)**
- **Direct: people directly involved in production (machine operators)**
- **Indirect: people involved in the production, but not directly assigned to the machines (shift workers, forklift drivers, maintenance personnel)**

4.1 | FIGURES

Lavoratori	2017	2018		
Total number of workers	2704	3053		
Total women	♀ 729	798		
Total men	♂ 1975	2255		
Company	Total workers		Gender	
	2017	2018	2017	2018
Prima Components	718	727	88 630	85 642
Sole Components	1004	1018	427 577	435 583
PSMM	721	735	147 574	148 587
Eldoprima	261	293	67 194	76 217
TWICE PS	-	280	--	54 226

The number of workers of this Group has increased in the reporting year, thanks to the acquisition of Twice PS and to slight increases of workforce, as reported by all BUs.

4.2 WELLBEING OF COLLABORATORS

PSC promotes and respects collective physical and cultural integrity. Therefore, firstly , it guarantees working conditions that enhance individual dignity. It also organizes safe working environments, which carefully adhere to the accident-prevention regulations, alongside health and safety in the workplace.

RECRUITMENT AND TERMINATION

In the following tables, you can check the number of hiring and employee termination for each of the *business units* included in this report. Data are detailed and based on parameters such as age, gender and nationality.

	Prima Components		Sole Components		PSMM		Eldoprime		TWICE PS			
Hiring rate	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018		
Hiring rate	1,1%	7,4%	6,3%	6,8%	57,7%	19,0%	77,0%	52,2%	-	25,0%		
Total number of hiring in the year	54		69		140		153		70			
Total number of hiring in the year, according to gender	1	53	30	39	37	103	10	143	16	54		
Number of hiring in the year, according to age groups	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50
Countries	Italy 54		Italy 56 Brazil 2 Romania 7 Turkey 1 Germany 1 Cuba 1 Albania 1		Italia 29 Brazil 111		Slovakia 152 Poland 1		Italy 16 Morocco 3 Bangladesh 5 Serbia 4 Poland 7 UK 4 Ghana 1 Romania 17 Colombia 1 Slovenia 1 Czech Republic 1 Hungary 3 Russia 5 Germany 2			

4.2 WELLBEING OF COLLABORATORS

	Prima Components		Sole Components		PSMM		Eldoprime		TWICE PS			
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018		
Negative Turnover	0,4%	5,1%	2,6%	4,9%	16,6%	10,8%	56,3%	53,2%	-	10,4%		
Total number of contract termination in the year	37		50		80		156		29			
Total number of contract termination in the year, according to gender	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀		
	6	31	20	30	18	62	27	129	8	21		
Number of contract termination in the year, according to age groups	>30	30/50	<50	>30	30/50	<50	>30	30/50	<50	>30	30/50	<50
	2	19	16	12	23	15	25	50	5	121	31	4
Countries	Italy 37			Italy 38			Italy 5			Slovakia 156		
				Romania 2			Brazil 74			Italy 10		
				Turkey 2			France 1			Senegal 1		
				Germany 6						Great Britain 6		
				Serbia 1						Jamaica 1		
				Kenya 1						Lettonia 1		
										Bulgaria 1		
										Russia 1		
										Germany 8		

4.2 WELLBEING OF COLLABORATORS

OVERALL TURNOVER	Prima Components	Sole Components	PSMM	Eldoprime Components	TWICE PS
2017	1,5%	8,9%	71,4%	133,3%	-
2018	12,5%	11,7%	29,9%	105,5%	35,4%

Overall turnover rate is increasing in Prima Components and Sole Components: both business units increased for hiring and contract termination in the reporting year. On the other hand, PSMM and Eldoprime business units turnover decreased, following hiring and contract termination reduction. This shows more stability after rearrangements during last year.

4.2 WELLBEING OF COLLABORATORS

BENEFITS

All collaborators of this organization, included part-time and temporary workers, reap some benefits, detailed in the following table.

	Prima Components	Sole Components	PSMM	Eldoprime	TWICE PS
Life insurance					-
	▲ Intended for managers of Prima Components e Prima Automotive	▲ Intended for managers, employees (part-time/permanent contract) of Sole Components, Sole Oderzo e Sole	▲ Intended for managers of PSMM Campania , while in PSMM Pernambuco it is intended for all workers.	▲ Provided in Eldoprime	
Health care					-
	▲ Intended for volunteers of Prima Components, Prima Components Anagni e Tecnoprima	▲ Intended for all employees (part-time or permanent contract) of Sole Components, Sole Oderzo e Sole Suzzara. According to National Law for Sole Woerth		▲ Provided in Eldoprime	
Invalidity					
			▲ According to National Law in PSMM Campania, not PSMM Pernambuco	▲ Provided in Eldoprime	▲ Provided in Twice Bergamo
Parental leave					
			▲ According to National Law, it is provided in PSMM Campania, not PSMM Pernambuco	▲ Provided in Eldoprime	▲ Provided in Twice Bergamo e GSI UK
Retirement provision					
			▲ According to the National Law, it is provided in PSMM Campania, not PSMM Pernambuco	▲ Provided in Eldoprime	

4.3 HEALTH AND SAFETY AT WORK

PSC companies take steps to ensure that both employees and collaborators, either belonging to the company or subcontractors, follow the accident prevention regulations as well as hygiene and health protection in the workplace. They also work to consolidate and spread a culture of safety, developing risk awareness and promoting responsible behaviour on behalf of all employees and collaborators, in order to preserve their physical integrity.

All employees in Italy have contracts that adhere to the three different types of CCNL (National Collective Labor Agreements):

- **Rubber and plastic**
- **Metal working**

Employees are protected by national agreements and also concern the plants abroad

All Italian plants comply with Legislative Decree 81/08 by filling out the DVR form (Risk Assessment Document), general and for specific risks. In this respect, hierarchical principles for risk assessment and prevention are followed as below:

- **Elimination of risk at source**
- **Replacement of what is dangerous with what is safer or less risky**
- **Development of large technical systems for risks protection**
- **Establishment of procedure and work instructions**
- **Spread of safety signs**
- **Personal safety protection devices (DPI) development**

The employer, with the support of RSPP and a competent doctor, of RSL, as well as managers and supervisors, shall be responsible for the operational process.

The results of the risk assessment procedure will be useful in developing improvement measures, included in the Business Improvement Plan, to be applied on a regular basis.

Italian workers can report any perceived risk anonymously, in order to avoid repercussions, by using RSL mediation, which will inform the employer.

4.3 HEALTH AND SAFETY AT WORK

Every worker, without being affected negatively, will be free to refuse to carry on activities if considered risky, in case this is not managed by the prevention and protection system.

All PSC factories in Italy have workers' safety representatives, for the minimum legal requirements, according to the provisions by Legislative Decree Law 81/08. However, for the premises abroad, a specific legislation in force will be applied and all employees will be protected by national agreements. The representatives for workers safety serve the purpose of spokesperson and communicate with business management during meetings, which take place on an annual basis, in regard to the related matters.

In Sole Woerth factory, a specific training course for all workers is carried out by an external company twice a year, in order to identify and to assess risks in the workplace. The quality manager, in collaboration with business management, coordinates the resources so to identify and to eliminate risks, through an ongoing training process. Daily activities report on this activity is issued on a monthly basis and it is given to the business management. If no significant aspects are identified, these reports will be archived, even if an action planning will be prepared to look into this matter. Furthermore, thanks to a specific form, the workers can report if they are not able to carry out activities due to risk situations, pursuant to national agreements.

In PSMM factory of Pernambuco, risk identification and assessment is developed and managed by the "health and safety" function. If during the evaluation, measures are not adequate to classify the risk, as acceptable or moderate, actions will be implemented to minimize it.

In this factory, there are formal committees that deal with health and safety at work on behalf of the company's employees, such as:

CIPA - Internal Commission for accidents prevention at work

COERGO - Ergonomics Committee that assesses ergonomic improvement needs in several fields.

Workers can report risk situations by filling out a special form, analyzed by the PSMM security department which, in collaboration with the area managers, will implement accurate actions. Workers can also report any risk situations to the

4.3 HEALTH AND SAFETY AT WORK

Internal Commission on Accident Prevention (CIPA), made up of all area representatives; the Board and the management area meet monthly with "health and safety" executives. In any case, workers will not be subject to consequences. Also in PSMM factory, workers can refuse to carry out activities, if considered hazardous, according to national agreement.

In the Proprad factory, risk assessment is carried out by an external firm. Quality manager is responsible for the company and its external consultants. Likewise, factory workers who perceive risky situations shall inform their supervisors.

In two plants of GSI UK, risk assessment is carried out by an external firm through COSHH application procedure, with the control of hazardous substances which are dangerous for health. The Plant Manager and the external consultant are both responsible for the application procedure of risk assessment.

For the GSI DE factory, no risk assessment documentation is available as it is not provided by the National Law. However, meetings with RSPP are held on a regular basis. On this occasion, all possible risk or dangerous situations shall be analysed by taking relevant action, in order to work them out. Employees can inform the possibility of risk anonymously, also by using a dedicated email address.

All PSC Italian factories have appointed a competent doctor to carry out those activities laid down by Legislative Decree 81/08, as amended, collaborating with them in all the related operations. Every year, this doctor draws up a health surveillance plan: in this document, all risks connected to each task are described. In addition, he arranges regular preventive medical checks, carries out workplace inspections, attends regular meetings on this topic and helps to prepare the risk assessment evaluation. Regarding the factories abroad, the role of a competent doctor is also engaged as a support for all those activities aiming at risk identification, assessment and management. PSC ensures workers access to the competent doctor, in accordance with existing agreements.

All PSC employees receive accurate training on health and safety, where the factories are located, according to the national law.

In some plants of the Group, workplace health promotion programs are achieved; they speak about: anti-smoking campaign, healthy diet and proper usage of mobile phone. Furthermore, several plants have a convention with sports facilities.

4.3 HEALTH AND SAFETY AT WORK

Distribution of accidents occurring in Group companies is shown in the following tables.

EMPLOYEES WORKERS

Requests	Prima Components	Sole Components	PSMM	Eldoprime	TWICE PS
Hours worked	1103575,0	1443048,0	1661524,0	452592,0	529525,0
* Incident rate (IR frequency index)	10,9	18,0	10,8	19,9	20,8
Serious incident rate**	-	-	-	-	-
Fatal incident rate***	-	-	-	-	-
N° of injuries recordable	12,0	26,0	18,0	9,0	11,0
N° of serious injuries (bad prognosis)	-	-	-	-	-
N° fatal injuries	-	-	-	-	-

*Recordable incident rate: n° recordable injuries/ hours worked*1.000.000

**Serious incident rate: n° injuries/ hours worked*1.000.000

***Fatal incident rate: n° of incidents/ hours worked*1.000.000

4.3 HEALTH AND SAFETY AT WORK

TEMPORARY WORKERS (contract of administration)

Requests	Prima Components	Sole Components	PSMM	Eldoprime	TWICE PS
Hours worked	407091,0	352180,0	110880,0	452592,0	151850,5
* Incident rate (IR frequency index)	-	8,5	-	-	13,2
Serious incident rate**	-	-	-	-	13,2
Fatal incident rate****					
N° recordable incident	-	3,0	-	-	2,0
N° of serious injuries (bad prognosis)	-	-	-	-	2,0
N° fatal injuries	-	-	-	-	-

*Recordable incident rate: n° recordable injuries/ hours worked*1.000.000

**Serious incident rate: n° injuries/ hours worked*1.000.000

***Fatal incident rate: n° of incidents/ hours worked*1.000.000

4.3 HEALTH AND SAFETY AT WORK

	Prima Components		Sole Components		PSMM		Eldoprime		TWICE PS	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Employees	15,7	10,9	12,5	18,0	9,7	10,8	30,4	19,9	-	20,8
Temporary workers	7,0	-	16,7	8,5	-	-	-	-	-	13,2

Incident rate for permanent workers, as well as temporary workers, is decreasing in Prima Components business unit and Eldoprime, whereas there is a slight increase among the workers of Sole Components and PSMM. The main types of incidents occurred are: cutting, dislocation and strain injury. However, there was a decrease of incident rate for Sole Components temporary workers. In all Group sites, events such as injuries, accidents and similar incidents are managed by providing an accurate assessment of possible causes, so to set up initiatives to be applied with the purpose of avoiding repetition. Hitting, crushing and cutting: these are the risky events identified by Prima Components and PSMM factory in Campania, following accurate assessment. In order to eliminate hazards and minimize risks, Prima Components has put in place specific working procedures, which also include appropriate use of PPE, as well as the necessary training and awareness of the issue.

Following the risk assessment, Sole Components has identified fork-lift operation, material handlings and falls as the most hazardous events. In order to minimize this risks, forklift drivers were provided with information and awareness, alongside improvement in signs and markings.

After analyzing risks in Sole Pontedera factory, it was found hazardous fall in the molding department during changing. In order to avoid this risk, a walking platform was installed in the molding department and adequate training to operators involved in shift change was given.

In PSMM factory of Pernambuco, new machinery setting is to be considered risky activity, due to an assessment for significant risks of falling, which were reduced thanks to specific platforms development and accurate workers' training.

For the plants of Proprad and GSI DE, the use of extruders is to be considered at risk, as regards hands cutting which has been assessed as dangerous activity. Access to areas where there are moving parts has been limited and with the purpose of risk reduction also specific training was performed.

4.4 PERSONNEL TRAINING AND DEVELOPMENT

For PSC, staff training and development are a tool to maximize business competitiveness; at the same time, human resources, through the acquisition of new knowledge and skills, will feel motivated and rewarded.

In this view, in 2018, several courses were built on a training project. Such project was made dynamic through a constant comparison between the skills acquired and those necessary for its development, according to the company's needs and the customers' requests.

- **Specialist and managerial training**

In order to keep this value, the company puts its employees, in particular those belonging to key categories, in the conditions to face new scenarios with appropriate skills.

A substantial proportion of training hours were provided for World Class Manufacturing (WCM): an innovation program based on continuous improvement, but also an integrated system of Lean Manufacturing Total Productive and Maintenance and Total Quality Management. This method involves planning as a whole: from safety of the environment to maintenance, logistics and quality.

The main goal of WCM system is an ongoing improvement performance of production, in order to guarantee the quality of product and to meet the customer's needs.

- **Linguistic training**

PSC has organized foreign language courses for its employees, designed to provide linguistic skills to cope with everyday work.

- **Specific training on safety at work and environmental issues**

In line with the provisions on health and safety in the workplace, training courses are compulsory for new employees and updating for all.

4.4 PERSONNEL TRAINING AND DEVELOPMENT

Average training hours

	Prima Components		Sole Components		PSMM		Eldoprime		TWICE PS	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Total Average *	2	7	4	6	42	27	16	16	-	13
Gender**	♂	♂	♂	♂	♂	♂	♂	♂	♂	♂
	1	2	9	7	4	5	6	7	23	30
									92	10
Employees' Category***	Structure	Structure	Structure	Structure	Structure	Structure	Structure	Structure	Structure	Structure
	10	14	2	7	53	34	21	24	-	7
	Indirect	Indirect	Indirect	Indirect	Indirect	Indirect	Indirect	Indirect	Indirect	Indirect
	2	11	7	6	25	19	15	15	-	12
	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct
	-	5	3	6	28	29	15	15	-	16

The average training hours per employee are increasing in the business units of Prima Components and Sole Components, whereas they are decreasing in PSMM, due to the reduction in the hiring rate and therefore in training for new resources.

*Average training hours per employee = total number of training hours provided to employees / total number of employees

**Average hours of training for employees by gender = Total number of training hours provided to employees by gender/total number of employees by gender

***Average hours of training for employees by category = Total number of training hours provided to each employee category/total number of employees in the category



4.4 PERSONNEL TRAINING AND DEVELOPMENT

During 2018, PSC was equipped with IT system which, following personnel administration, allows to manage human resources by using a specific pattern. This starts through the identification of the required skills in a role, which will be later on assessed and eventually end up through the definition of a plan for resource development.

In 2017 the activity was started on the SP Prima pilot site. In 2018, staff assessment systems were extended to all the other PSC facilities.

In Italy there is a staff compensation system that provides, in addition to fixed remuneration, the use of collective variable remuneration instruments (performance bonus).

Although PSC does not have a structured Management By Objectives (MBO) system, a rewarding system has been developed this year for those team members who design and carry out implementation projects, aiming at specific issues.

4.5 EQUAL OPPORTUNITIES AND DIVERSITY

PSC is constantly committed to avoiding any form of discrimination based on age, sex, sexual orientation, health status, ethnicity, nationality, political opinions and religious beliefs.

In the Group's code of ethics, which is currently being formalized and revised, the importance of ethical and social responsibility is recognized in carrying out business activities. In this regard, PSC undertakes to respect the legitimate interests of its stakeholders.

The Group companies operate in terms of diversity. This is what customers expect and it is of vital importance for business success. It is only by evaluating diversity and by engaging equal opportunities that PSC will be able to completely exploit available human and business resources. PSC is committed to providing equal opportunities in all its recruitment and employment activities. The following tables show details of human resources at the different company levels, separated by gender and age.



4.5 EQUAL OPPORTUNITIES AND DIVERSITY

Percentage of individuals within the governing bodies of the organization, in each of the following categories of diversity, confirms data of 2017

Gender	CDA	
Male	80%	♂
Female	20%	♀
Age range	CDA	
Under 30	0%	
From 30 - 50	20%	
Over 50	80%	
Other indicators of diversity, in case of children or other vulnerable groups *	0%	
Total	5	

4.5 EQUAL OPPORTUNITIES AND DIVERSITY

Structure	Prima Components			Sole Components			PSMM			Eldoprime			TWICE PS		
Total number	76			192			82			27			49		
Total number of female and male	♀	♂		♀	♂		♀	♂		♀	♂		♀	♂	
	14%	86%		38%	62%		22%	78%		48%	52%		45%	55%	
Age	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50
	0%	59%	41%	8%	71%	21%	24%	60%	16%	33%	63%	4%	18%	65%	16%

4.5 EQUAL OPPORTUNITIES AND DIVERSITY

	Direct	Prima Components			Sole Components			PSMM			Eldoprime			TWICE PS		
Total number		444			498			435			181			49		
Total number of female and male		♀	♂		♀	♂		♀	♂		♀	♂		♀	♂	
		16%	84%		60%	40%		23%	77%		33%	67%		18%	82%	
Age		<30	30/50	>50	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50
		13%	58%	29%	10%	58%	32%	30%	52%	18%	52%	39%	8%	7%	65%	27%

4.5 EQUAL OPPORTUNITIES AND DIVERSITY

	Indirect	Prima Components			Sole Components			PSMM			Eldoprime			TWICE PS		
Total number		202			328			218			85			67		
Total number of female and male		♀	♂		♀	♂		♀	♂		♀	♂		♀	♂	
		1%	99%		19%	81%		13%	87%		4%	96%		6%	94%	
Age		<30	30/50	>50	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50	<30	30/50	>50
		4%	66%	30%	13%	65%	22%	23%	63%	13%	9%	82%	8%	7%	69%	24%
	Direct + Indirect	Prima Components			Sole Components			PSMM			Eldoprime			TWICE PS		
Other indicators of diversity		7%			5%			4%			0%			3%		

* Protected class and disabled people



5. NATURAL RESOURCES AND ENVIRONMENT

5.1 ENVIRONMENT

5.2 ENERGY CONSUMPTION

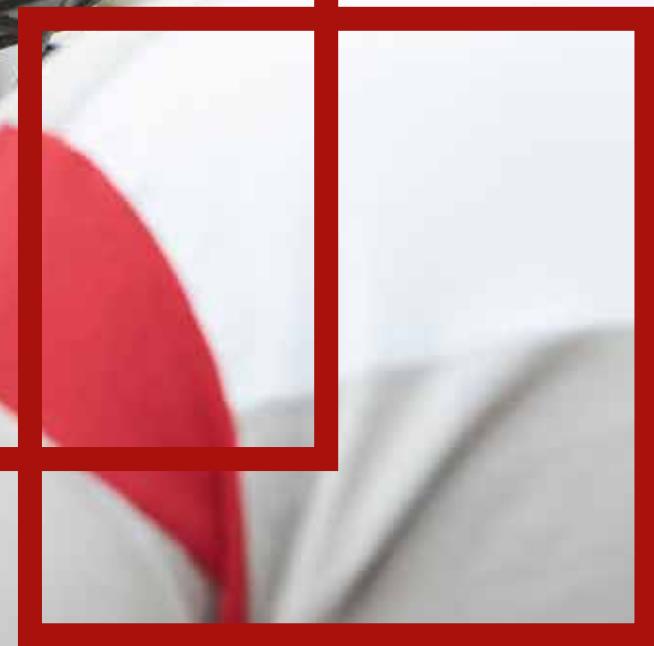
5.3 EMISSIONS IN THE ATMOSPHERE

5.4 SUSTAINABLE PRODUCTION

5.5 WASTE MANAGEMENT

5.6 WATER RESOURCES PROTECTION

5.7 BIODIVERSITY



5.1 THE ENVIRONMENT

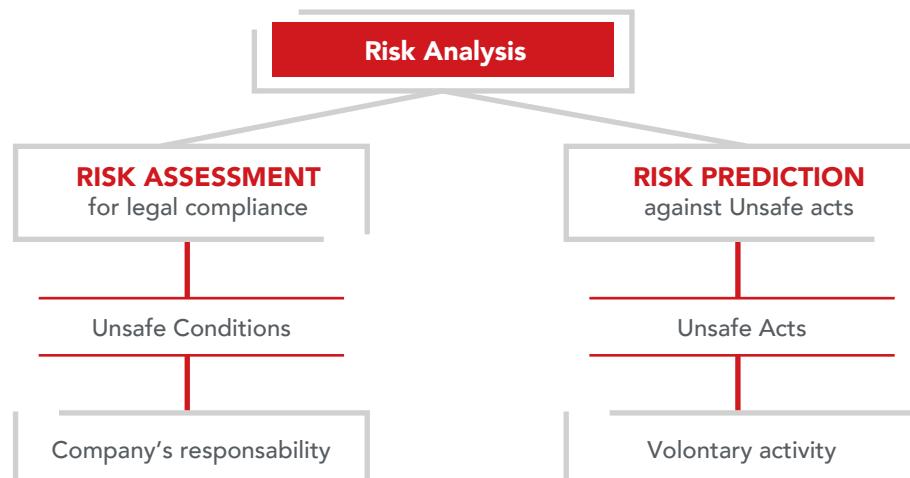
Respect for the environment is the main priority of PSC. For this reason, we care for it with the same passion we have for our products and we pay attention to customer's requests as well.

PSC is constantly committed to technological systems application and operations which, not only meet legal obligation and pollution reduction, but also aim at environmental efficiency improvement.

PCS factories, having ISO 14001 certification, measure their environmental impact of activities and processes by developing provisions for reduction. Furthermore, during the development of new products using FMEA method, an assessment for potential environmental risks is carried out.

Despite the importance of environmental issues for PSC, the available data did not make possible a scientific risk assessment, one of the elements necessary for the application of the precautionary principle. Nevertheless, even if it has not been possible to apply this principle so far, PSC protects its resources and works in compliance with all existing regulations.

It is important to underline that some business tools, such as risk analysis for accidents prevention assessment in the workplace, as well as occupational diseases, are evolving. In fact, they are not restricted to assess existing risks, but also aim at forecasting hazards. These procedures are represented in the following diagram.



These tools can also be applied to assessments regarding the environment.

5.2 ENERGY CONSUMPTION

In the table, the types of fuel used by PSC, as well as energy consumption, are detailed.

		Prima Components			Sole Components	PSMM	Eldoprime	TWICE PS		
	Unit of measurement	Natural gas	Fuel oil	LPG	Natural gas	Natural gas	Natural gas	Natural gas	Fuel oil	LPG
Types of fuel used from non-renewable sources										
Total consumption of fuel (separated for typology) from non-renewable sources	GJ	68815,4	251,1	757,8	146013,0	18425,9	3849,1	12849,7	1761,5	414,3
Total electric consumption	GJ		133132,5		152864,2	106754,9	51195,6		140384,2	
Heat - steam	GJ		-		-	-	-		12468,7	
Heat - warm water	GJ		-		-	-	-		7330,9	
Total electric consumption within the organization	GJ		202956,9		298877,3	125180,8	55044,7		175209,5	

Source of emission factors used:

- Natural gas
- Emission factors and LHV (PCI): Ecoinvent 3.3 "Heat, district or industrial, natural gas [Europe without Switzerland] | heat production, natural gas, at industrial low-NOx furnace > 100kw Alloc Rec. U "
 - Density: GESTIS Substance Database Information system on hazardous substances of the German Social Accident Insurance (IFA, www.dguv.de)
- Fuel oil
- Emission factors and LHV (PCI): Ecoinvent 3.3 "Heat, central or small-scale, other than natural gas (without Europe), heat production, light fuel oil, at 100kW, non-modulating boiler | Alloc Rec. U "
 - Density: GESTIS Substance Database Information system on hazardous substances of the German Social Accident Insurance (IFA, www.dguv.de)
- LPG
- Emission factors: ISPRA, national inventory emission factors (<http://sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni>)
 - Density and LHV (PCI): ENEA, Experimentation of an integrated fuel processor / polymer electrolyte fuel cell system powered by LPG for stationary power generation.
- Standards, methodologies, hypotheses and / or calculation tools used
- for fuels: invoices
 - for electricity: invoices

5.2 ENERGY CONSUMPTION

PSC aims to improve its environmental performance and energy consumption on a regular basis, in order to reduce it in production sites and offices, by implementing specific policies and projects.

Specifically, among the initiatives launched, the followings are included:

- Introduction of more efficient production machinery and equipment, in terms of energy consumption (e.g. inverter)
- Installation of more energy-efficient lighting systems (e.g. LED)
- Adoption of management systems which are environmental and in line with the ISO14001 standard

In those factories using Word Class Manufacturing (WCM) method, such as Prima Components of Anagni, Prima Components of Ferentino and PSMM of Pernambuco, Energy pillar aims to increase the ability of initiatives identification and implementation, in order to reduce waste and to improve energy efficiency.

In the factory of Sole Oderzo a heat exchange system was designed and installed on painting fumes sewage treatment from the Euroline painting plant, with acceptance issued in September 2014. This innovative solution has allowed access to GSE service, by obtaining relevant certification, with a period of validity of 5 years and currently in progress.

Such certification is the project validity which is officially recognized by institutions as an "innovative project with a high environmental content", by attesting the presence of an effective and low cost recovering / reusing system. This will be able to turn huge quantities of energies that, otherwise, would have been produced through fossil fuels and their derivatives conversion, as well as to generate significant savings in economic terms (pay-back time in less than 15 months) and a lower environmental impact in terms of greenhouse gases.

In the following table, changes in BU energetic consumption are reported values as variations compared to the machine hours worked:

Unit of measurement	Prima Components		Sole Components		PSMM		Eldoprime		TWICE PS	
	2017*	2018*	2017*	2018*	2017*	2018*	2017*	2018*	2017*	2018*
GJ/hrs										
Machine worked	0,27	0,34	0,41	0,41	0,33	0,38	0,27	0,18	-	1,3

*Reporting year

Energetic consumption is increasing for Prima Components and PSMM business units, is stable for Sole Components and is decreasing for Eldoprime.

5.3 EMISSIONS IN THE ATMOSPHERE

DIRECT EMISSIONS (SCOPE 1).

The table below shows the use of fuels for plants and heating for offices, as well as emissions deriving from the refrigerant gas losses in refrigerators and air conditioners.

Request	Prima Components	Sole Components	PSMM	Eldoprime	TWICE PS
	4586,4	9578,1	1147,9	239,8	976,0
Gross direct greenhouse gas emissions, equivalent CO ₂ tons (Scope 1)	4356,6	9096,6	1147,9	239,8	966,3
Total					
Fuels					
Refrigerating gas	229,7	481,5	-	-	9,7
Gas included in the calculation	CO ₂ HFC				

Source of GWP factors: With regard to GWP metrics for all substances with an altering climate effect, Chapter 8 (Anthropogenic and Natural Radiative Forcing) of the 2013 Climate Change report was used as a source: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, published by Cambridge University Press. Consolidation approach to emissions.

Operational control.

Standards, methodologies, hypotheses and / or tools calculation used

- For fuels, invoices
- For HFC, the FGAS declaration pursuant to article 16 paragraph 1 of the D.P.R. n. 43 of 27 January 2012, concerning the quantities of refrigerant added in repairing activities.

OTHER SIGNIFICANT EMISSIONS

	Unit of measurement	Prima Components	Sole Components	PSMM	Eldoprime Components	TWICE PS
Nox	Tons	1,799	3,738	0,472	0,099	0,397
Vox		0,055	0,089	0,011	0,002	0,096
Particulate emissions (PM)		0,008	0,016	0,002	0,000	0,002
CO		1,080	2,272	0,287	0,060	0,218
COV		6,99	59,453	2,836	0,000	42,250
Total of significant emissions		9,932	65,568	3,608	0,161	42,963

Source of emission factors used

- Natural gas
 - Emission factors and LHV (PCI): Ecoinvent 3.3 "Heat, district or industrial, natural gas (Europe without Switzerland) | heat production, natural gas, at industrial furnace low-NOx > 100k | Alloc Rec, U"
 - Density: GESTIS Substance Database Information system on hazardous substances of the German Social Accident Insurance (IFA, www.dguv.de) Diesel*
- Diesel
 - Emission factors and LHV (PCI): Ecoinvent 3.3 "Heat, central or small-scale, other than natural gas [Europe without Switzerland] | heat production, light fuel oil, 100kW at-boiler, non-modulating | Alloc Rec, U"
 - Density: GESTIS Substance Database Information system on hazardous substances of the German Social Accident Insurance (IFA, www.dguv.de)
- LPG
 - Emission factors: ISPRA, national inventory emission factors (<http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni>)
 - Density and LHV (PCI): ENEA, Experimentation of an integrated fuel processor / polymer electrolyte fuel cell system powered by LPG for stationary power generation.

Data on VOC is analytical and retrieved on the basis of direct measurement.

For all the plants the amount of emissions, compared to the fuels used according to the following emission factors, has been reported

FUELS	EMISSION FACTORS (g/GJ)			
	NO _x	SO _x	CO	PM < 2,5
Natural gas	25,6	0,61	15,56	0,11
Fuel oil	29,2	49,8	7,98	0,53
LPG	40,0	0,22	10,0	0,20



The production process that has the greatest impact from VOC emissions' point of view is painting. For this process, the total quantity of Volatile Organic Compounds (VOCs) emitted has been reported, which are conveyed into post-combustors, very high-efficiency equipment able to break down these substances, present in the outgoing stream of spray booths, from thousands of mg / Nmc to a few units. VOCs breakdown occurs by thermal oxidation (combustion) of the latter. The heat produced by VOCs combustion is recovered either in the same painting plant (heating of drying ovens and so on) or for different company needs.

In the following table, you can find the details of VOC's emissions for each plant, where the painting process takes place:

Production plants involved in the painting process	Unit of measurement	PCFerentino		Tecnoprima		ODERZO		PONTEDERA		PSMMC**		GSI UK GL	
		2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Organic compounds Volatiles (VOC) Emissions conveyed into the atmosphere	Tons	54,9	0,2*	13,6	6,0	35,1	6,3	5,4	7,3	-	2,3	-	33,6
Transformation (VOC) in Thermal Energy (heat)	GJ	Absent Adaptation Solvents by Activated Carbon		2381,2	2369,1	12958,2	8671,6	3659,0	2500,0	-	215,7	-	17

*Processing system has improved its efficiency

**The painting plant of PSMM Campania has not been operating in 2017

Assumptions:

- Total Assimilation (COV) with Acetone solvent currently present in painting materials
- Inferior calorific power - 28,5 [Mj/Kg]
- Neglecting emission diffusion

Sources analysed: Solvents plan management, 2018, of each plant

5.4 SUSTAINABLE PRODUCTION

The application of a management system promotes respect for the environment in every way and, at the same time, it is a fundamental factor for the organization growth. All PSC production sites use specific quality, environmental and safety management systems, which are mostly certified.

Nine out of fifteen production sites have the UNI EN ISO 14001 environmental management system certification.



Policy guidelines for environmental quality and safety will be redefined at group level over the next few years.

5.5 WASTE MANAGEMENT

The following tables show the quantity, characterization and destination of the waste produced by PSC.

	Unit of measurement	Prima Components	Sole Components	PSMM	Eldoprime Components	TWICE PS
Total weight of hazardous and non-hazardous waste	Hazardous	871,27	942,22	758,61	213,27	183,26
	Non-hazardous	1.980,83	6.053,1	1.606,27	432,59	1.515,12
Total weight of waste recovery	Hazardous	307,75	757,66	198,99	187,58	125
	Non-hazardous	1.766,47	3.490,43	1.539,83	228,11	468,2
Total weight of waste disposal	Hazardous	563,52	184,56	559,61	25,69	58,26
	Non-hazardous	214,36	2.562,67	66,44	204,48	1.046,92

You can find in this table, among waste recovery, other usages such as:

- Re-using
- Recycling
- Recovery, including energy recovery

In waste to landfill, the following is included:

- Biological treatment and physico-chemical
- Landfilling
- Preliminary storage

In the plants where the Word Class Manufacturing (WCM) methodology is present, such as Prima Components Anagni, Prima Components Ferentino and PSMM Pernambuco, the Environment pillar applies the 5R tool for waste reduction projects.

The concept behind this tool is that waste must not go to landfill and that the best waste management involves the following hierarchy of action:



Waste-disposal methods :	Prima Components	Sole Components	PSMM	Eldoprime Components	TWICE PS
Waste treatment managed by the company		1	2		
Information provided by the waste-disposal company					
Organizational patterns defined by the Contracting Party for waste treatment	3	4	3	3	3
1 Worth Disposal by Daimler	3	List of CER codes used, with description of the type of waste, characteristics of the waste, hazard class, waste destination			
2 PSMM C Waste treatment managed by PSMM P treated by FCA	4	List of CER codes used, with description of the type of waste, characteristics of the waste, hazard class, waste destination. Except for Worth			

5.6 WATER RESOURCE PROTECTION

The environmental impact on water resources of PSC production sites is not harsh and there are no factories in water-stressed areas with high risk.

In Prima Components sites, this impact is divided in three categories:

- 1) industrial water purification tanks (if there is a painting procedure, the water will be used in a closed circuit for the moulding process);
- 2) civil wastewater;
- 3) rain water.

In Sole Components business unit, water is mainly used for the moulding cooling process of the sites, for hygienic and cleaning purposes, as well as fire reserve.

In PSMM business unit, there are the same usages as mentioned above whereas in Twice PS business unit, water is used mainly for the moulding cooling process.

In Bergamo plant, the steam needed for machine operating is produced by cogeneration.

In ISO 14001-certified sites, potential impact on water resource will be identified and the most important ones will be managed according to the Deming cycle (plan – do – check – act).

Environment pillar assesses water resource impact for the factories using Word Class Manufacturing (WCM) method, such as Prima Components Anagni, Prima Components Ferentino and PSMM Pernambuco also according to stakeholders interaction, in the first place clients and suppliers.

For all the other sites, method of analysis and structured approaches for a proper use of water resource is being developed.

Many sites in the group aim to reduce impacts on the resource by operating through an integrity assessment of water supply, in order to avoid losses. Furthermore, there was an introduction of differentiated discharges and the construction of a first rain water treatment plant, for which in 2018 the Unique Environmental Authorisation (AUA) was requested.

All volumes taken and discharged, as described in the tables below, refer to fresh water.

5.6 WATER RESOURCE PROTECTION

	Unit of measurement	Prima Components	Sole Components	PSMM	Eldoprima Components	TWICE PS
Total volume of water withdrawn	ML	42,66	284,59	74,97	2,38	37,34
Underground water	ML	27,86	273,76	60,00	1,01	-
Municipal water supplies or other public or private water services *	ML	14,79	10,84	14,97	1,37	37,34
Standard, methodologies and used hypotheses		For PC Anagni, PC Ferentino and Prima Eastern: meter reading For Tecnoprima: meter reading + estimate (calculation estimate: 10 m ³ day x 260 days year) For SP First: well declaration + invoice	Oderzo and Suzzara: meter reading	For PSMM C: meter reading For PSMM P: measurements of water consumption by JEEP laboratories	Meter reading	For GSI UK GL and GSI UK BS: Meter reading For Twice Bergamo: calculation of consumption from invoice

* Water drawn from aqueduct + water supplied by COMPESA, manager of the Pernambuco water service

5.6 WATER RESOURCE PROTECTION

		Unit of measurement	Prima Components					Sole Components				PSMM		Eldoprime Components	TWICE PS			
Year			P Eastern	PCAnagni	PCFerentino	Tecno	SPPrima	ODERZO	SUZZARA	PONTEDERA	SOLE WOERTH	PSMM C	POPRAD	GSI UK GL	GSI UK BS	GSI DE	GSI DE	Twice BG
Total volume of planned and unscheduled water discharges	2017	ML	0,00	7,03	8,88	0,60	0,06	94,54	1,23	5,59	0,63	54,00	N/A**	3,34	-	-	-	-
	2018	ML	0,01	5,62	5,62	2,34	0,05	112,28	1,14	5,02	0,60	54,00	14,97	2,38	N/A**	0,01	1,38	0,00
Water discharged into natural body of water		ML	0,00	5,62	0,00	2,34	0,00	0,00	0,00	0,00	54,00	0,00	1,37	-	0,01	-	-	-
Water discharged into the sewer		ML	0,00	0,00	5,62	0,00	0,00	112,28	1,14	5,02	0,60	0,00	0,00	1,01	-	0,00	1,38	0,00
Water discharged into imhoff/Pool with periodic sampling (disposal as CER waste 200304)	2018	ML	0,01	0,00	0,00	0,00	0,05	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-	0,00	0,00	0,00
Treatment and use in the JEEP process		ML	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	14,97	0,00	-	0,00	0,00	0,00

*All discharges are handled by FCA

**Biological waste, unregistered

***Biological waste, unregistered

5.6 WATER RESOURCE PROTECTION

For water discharged into the sewer the volumes are converted from meter reading, whereas for discharges handled as waste CER 200304, they are taken from the MUD (single model of environmental declaration).

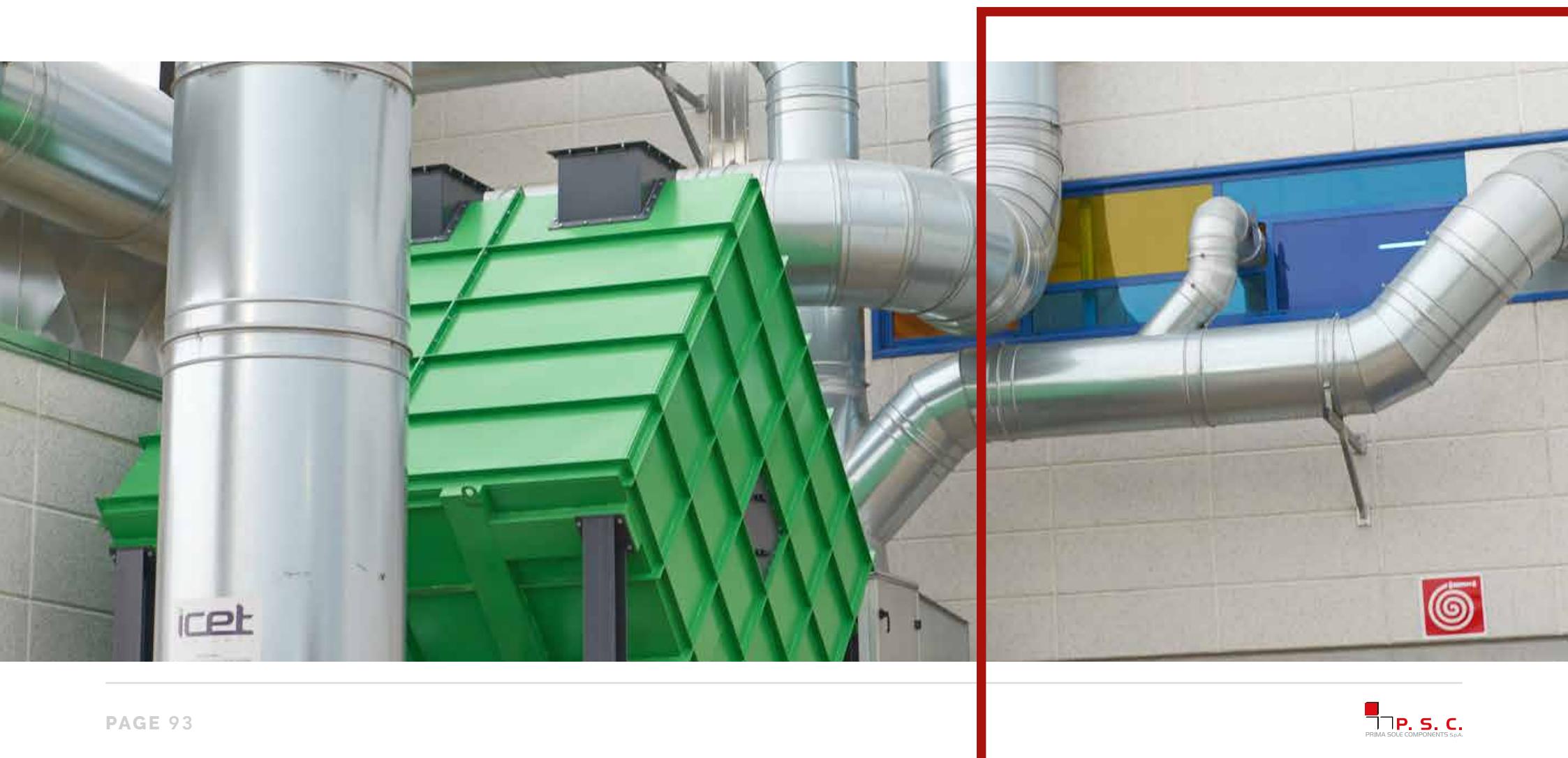
In PSC discharges, the presence of potentially hazardous substances may be recorded due to any industrial oil spills in Poprad and GSI UK BS plants.

For all Italian plants the emission limits in water are defined on the basis of Legislative Decree 152/06, Table 3, Annex 5. For the plant of Pernambuco, however, they are fixed with reference to CONAMA resolution number 430/201, while for GSI DE there is a municipal regulation.

Other emission limits for the protection of water quality are set analytically in the cases of Prima Eastern and Prima Components in Ferentino; according to the Integrated Environmental Authorization (AIA) for Sun oderzo and Sole Pontedera; from the Environmental Authorization (AUA) for Prima Components Anagni and PSMM Campania. PSC did not report any non-compliance incidents for discharge limits in 2018.

5.7 BIODIVERSITY

PSC establishments and sites are located in anthropized areas and do not directly affect protected areas or the ones having high biodiversity value, except for the case of the GSI plant in Bergamo, which is about 1 km far away from the local landmark "PLIS Monte Bastia" and has no impact on it.



ADJUSTMENTS

302-4: The method of indicator calculation has changed in the reporting year.

In the previous report, business units energy consumption value was the result of summing energy consumption values (Gj/hours machine worked) in each plant.

In this report, business units energy consumption value is the ratio between the sum of energy consumption in all BU's plants and the sum of all the machine hours worked in there.

As a consequence, no reference values were recorded in the previous report.

305-7: The emission factor considered for CO gas emissions calculation (0.11) is not correct.

Calculations for 2018 were used with 15.56 value, according to Ecoinvent 3.3 "Heat, central or small-scale, different from natural gas (Europe without Switzerland) | heat production, light fuel oil, 100kW boiler, non-modulating | Alloc Rec, U".

302-4: The 200.664 number volume of cubic meter water discharge for Anagni plant, reported in the previous report , is not correct. In the 2018 Report, the correct number 7.031 cubic meters, was replaced.

PSC OBJECTIVES

TABLE OF PSC OBJECTIVES

Macrotheme	Long-term objectives	Objective for 2020	State of progress for 2018
Generated Value	Create value for all stakeholders by designing, producing and marketing innovative and technologically advanced products, in compliance with regulations, as well as collaborating effectively with all the supply chain members.	<ul style="list-style-type: none"> • Increase the existing certifications, according to the current situation and through a long-term objective, by getting all Group sites ISO 14001 certified and by adding at least OHSAS 18001. • Develop an integrated policy for the quality, environment and safety of the Group • Develop the Group's code of ethics by using an organizational model, in compliance with Legislative Decree 231/01. 	<ul style="list-style-type: none"> • There have been no changes in the number of certified Group sites • The integrated policy for the quality, environment and the safety of the Group is being developed • Responsibilities for the development of a code of ethics referring to Legislative Decree 231/01 have been assigned
Workers	Ensuring well-being in the workplace for all employees without any discrimination, by guaranteeing training and resources to ensure professional development and adequate working conditions.	<ul style="list-style-type: none"> • Reset the number of accidents on all sites • Strengthen the methods of directly involving collaborators in the sustainability context. • Implement tools (eg webinars, focus groups) for training and promotion in the sustainability context. • Start the "Academy" to disseminate and to enhance values, alongside the main tools of the Group • Extend staff assessment systems with a view to career development for all group sites 	<ul style="list-style-type: none"> • The number of accidents is decreasing, compared to 2017, for the following plants: Prima Components Anagni, Prima Components Ferentino, Sole Suzzara, Sole Oderzo and Poprad. • The 2017 Sustainability Report was shared internally to collect feedback. • A training brochure is being developed to promote the main points of sustainability, as well as the process undertaken by PSC • The "Academy" project has been set up: aims, tutors' profile and timing of the project have been laid down. • Staff assessment activity on SP Prima pilot site has been extended to all Prima Components business unit sites

TABLE OF PSC OBJECTIVES

Macrotheme	Long-term objective	Objective for 2020	State of progress for 2018
Natural resources and environment	Develop innovative solutions to improve the quality of life and the environment, by protecting natural resources, reducing waste production, gas emissions and by pursuing sustainable production processes.	<ul style="list-style-type: none"> • Monitor and reduce energy consumption • Reduce significantly the environmental context: gas emissions • Reduce the ratio between hazardous and non-hazardous waste and increase the percentage of waste to recovery, as against waste disposal. 	<ul style="list-style-type: none"> • In the reporting year, Eldoprime Components business unit recorded a 33% reduction in energy consumption • In the reporting year, "Scope 1" emissions were recorded for Sole Components business unit (-20%) and for PSMM (-22%). • In the reporting year, the ratio between hazardous and non-hazardous waste has slightly increased (+ 2%); the percentage of waste to recovery has increased by + 21%.

APPENDIX

Organization size		2017	2018
Total number of employees		2704	3053
Parts sold		124.742.481	105.314.284
Revenues from sales and services		€ 618.842.626	€ 734.383.514
Share capital	Net capital	€ 106.353.527	€ 140.217.532
	Loan capital	€ 187.197.293	€ 280.217.532
	Share capital	€ 293.550.820	€ 420.435.064

Sectors	2017	2018
Vehicles	65%	59,5%
Commercial vehicles	19%	20,6%
Agricultural vehicles	-	8,3%
Heavy vehicles	7%	5,6%
Household appliances	7%	4,2%
Motorbike	2%	1,2%
Electric Vehicles	-	0,70%

Markets	2017	2018
Italy	49%	45,3%
Europe	43%	48,1%
World	8%	6,6%

Tax reliefs						
Total 2017 € 2.146.621						
SOLE COMPONENTS	SOLE ODERZO	SOLE SUZZARA	SOLE PONTEDERA	PRIMA COMPONENTS ANAGNI	PRIMA COMPONENTS FERENTINO	SP PRIMA
€ 690.716 32%	€ 853.335 40%	€ 96.878 5%	€ 116.741 5%	€ 159.972 7%	€ 120.604 6%	€ 108.375 5%
Total 2018 € 1.343.947						
SOLE ODERZO	SOLE SUZZARA	SOLE PONTEDERA	PRIMA COMPONENTS ANAGNI	PRIMA COMPONENTS FERENTINO	TECNOPRIMA	
€ 866.624 64%	€ 94.359 7%	€ 99.828 7%	€ 162.804 12%	€ 97.797 7%	€ 22.535 2%	

Economic value for Business Unit							
	PSC SPA	PRIMA COMPONENTS	SOLE COMPONENTS	PSMM	ELDOPRIMA COMPONENTS	TWICE PS	
Economic value generated	2017	€ 323.524.217	€ 299.895.114	€ 387.772.480	€ 78.401.706	€ 57.013.084	-
Revenues and other operating incomes	2018	€ 345.479.392	€ 310.509.745	€ 391.763.990	€ 89.920.924	€ 62.975.238	€ 120.177.487
	PSC SPA	PRIMA COMPONENTS	SOLE COMPONENTS	PSMM	ELDOPRIMA COMPONENTS	TWICE PS	
Economic value distributed	2017	€ 324.102.656	€ 282.738.253	€ 360.687.409	€ 79.851.036	€ 55.785.913	-
Operating costs	2018	€ 343.431.276	€ 294.906.983	€ 376.205.969	€ 89.376.846	€ 61.777.545	€ 100.187.195
Remuneration of collaborators							
Remuneration of lenders							
Remuneration of the public administration and investments							
for the community							
	PSC SPA	PRIMA COMPONENTS	SOLE COMPONENTS	PSMM	ELDOPRIMA COMPONENTS	TWICE PS	
Economic value held	2017	-€ 578.439	€ 17.156.861	€ 27.085.071	-€ 1.449.330	€ 1.227.171	-
Generated value	2018	€ 2.048.116	€ 15.602.762	€ 15.558.021	€ 544.078	€ 1.197.693	€ 19.990.292

Economic value according to the geographic area *				
		ITALY	EUROPE	WORLD
Economic value generated	2017	€ 1.011.736.633	€ 67.570.870	€ 63.775.600
	2018	€ 1.167.906.845	€ 103.123.268	€ 49.796.663
Economic value distribuited	2017	€ 970.833.248	€ 66.661.921	€ 62.146.600
	2018	€ 1.121.816.207	€ 101.150.565	€ 42.919.042
Economic value held	2017	€ 40.903.385	€ 908.949	€ 1.626.00
	2018	€ 46.090.638	€ 1.972.703	€ 6.877.621

*Total value of production and total cost of production based on geographic area.

Figures, trend													
TYPE OF CONTRACT	YEAR	PSC SPA		PRIMA COMPONENTS		SOLE COMPONENTS		PSMM		ELDOPRIMA COMPONENTS		TWICE PS	
		F	M	F	M	F	M	F	M	F	M	F	M
Permanent contract	2017	1	4	87	626	427	576	147	574	30	91	-	-
	2018	1	4	84	638	430	577	148	587	46	114	45	206
Fixed-term contract	2017	0	0	0	0	0	1	0	0	37	103	-	-
	2018	0	0	0	0	5	6	0	0	30	103	9	20
Full-time contract	2017	1	4	60	612	353	571	145	574	67	194	-	-
	2018	1	4	225	452	364	576	144	586	76	217	44	221
Part-time contract	2017	0	0	27	14	74	6	2	0	0	0	-	-
	2018	0	0	30	15	71	7	4	1	0	0	10	5

Figures, trend															
Working positions (employees workers)		ANNO		PSC SPA		PRIMA COMPONENTS		SOLE COMPONENTS		PSMM		ELDOPRIMA COMPONENTS		TWICE PS	
		F	M	F	M	F	M	F	M	F	M	F	M	F	M
Structure	2017	1	4	14	63	70	122	17	53	10	12	-	-		
	2018	1	4	11	65	73	119	18	64	13	14	22	27		
Direct	2017	0	0	69	388	304	201	102	333	47	103	-	-		
	2018	0	0	69	375	297	201	101	334	60	121	29	135		
Indirect	2017	0	0	2	177	53	254	27	189	2	87	-	-		
	2018	0	0	2	200	63	265	28	190	3	82	4	63		

Figures, trend			
Temporary workers		YEAR	
		F	M
	2017	164	329
	2018	155	327

Figures, trend

		Year	Italy	Europe	World
PSC SPA	Permanent	2017	5	0	0
		2018	5	0	0
	Fixed-term	2017	0	0	0
		2018	0	0	0
PRIMA COMPONENTS	Permanent	2017	713	0	0
		2018	722	0	0
	Fixed-term	2017	0	0	0
		2018	0	0	0
SOLE COMPONENTS	Permanent	2017	924	53	0
		2018	951	56	0
	Fixed-term	2017	9	18	0
		2018	6	5	0
PSMM	Permanent	2017	281	0	440
		2018	298	0	437
	Fixed-term	2017	0	0	0
		2018	0	0	0
ELDOPRIMA COMPONENTS	Permanent	2017	2	119	0
		2018	2	158	0
	Fixed-term	2017	0	140	0
		2018	0	133	0
TWICE PS	Permanent	2017	-	-	-
		2018	130	121	0
	Fixed-term	2017	-	-	-
		2018	1	28	0

Figures, trend										
STRUCTURE	PRIMA COMPONENTS		SOLE COMPONENTS		PSMM		ELDOPRIMA COMPONENTS		TWICE PS	
Gender	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Male	82%	86%	64%	62%	76%	78%	55%	52%	-	55%
Female	18%	14%	36%	38%	24%	22%	45%	48%	-	45%
Age range	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Under 30	0%	0%	6%	8%	0%	24%	27%	33%	-	18%
From 30 - 50	65%	59%	73%	71%	70%	60%	55%	63%	-	65%
Over 50	35%	41%	20%	21%	30%	16%	18%	4%	-	16%
Total employees in the factory	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
	77	76	192	192	70	82	22	27	-	49

Figures, trend										
DIRECT	PRIMA COMPONENTS		SOLE COMPONENTS		PSMM		ELDOPRIMA COMPONENTS		TWICE PS	
Gender	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Male	85%	84%	40%	40%	87%	77%	69%	67%	-	82%
Female	15%	16%	60%	60%	13%	23%	31%	33%	-	18%
Age range	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Under 30	9%	13%	11%	10%	24%	30%	25%	52%	-	7%
From 30 - 50	65%	58%	68%	58%	63%	52%	59%	39%	-	65%
Over 50	26%	29%	21%	32%	13%	18%	16%	8%	-	27%
Total direct employees	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
	457	444	505	498	216	435	150	181	-	164

Figures, trend										
INDIRECT	PRIMA COMPONENTS		SOLE COMPONENTS		PSMM		ELDOPRIMA COMPONENTS		TWICE PS	
Gender	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Male	99%	99%	83%	81%	77%	87%	98%	96%	-	94%
Female	1%	1%	17%	19%	23%	13%	2%	4%	-	6%
Age range	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Under 30	3%	4%	11%	13%	33%	23%	18%	9%	-	7%
From 30 - 50	65%	66%	66%	65%	55%	63%	66%	82%	-	69%
Over 50	32%	30%	23%	22%	12%	13%	16%	8%	-	24%
Total indirect employees	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
	179	202	307	328	435	218	89	85	-	67

Figures, trend										
DIRECT + INDIRECT	PRIMA COMPONENTS		SOLE COMPONENTS		PSMM		ELDOPRIMA COMPONENTS		TWICE PS	
Other indicators of diversity, in case of (minority groups or other vulnerable groups)	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
	8%	7%	4%	5%	4 [*] %	4%	4%	3%	-	3%

* data not provided for Pernambuco

		Prima Components			Sole Components	PSMM	Eldoprime	TWICE PS			
Types of fuel used from non-renewable sources	Unit of measurement	Year	Natural gas	Fuel oil	LGP	Natural gas	Fuel oil	Natural gas	Natural gas	Fuel oil	LGP
Total consumption of fuel (separated for typology) from non-renewable sources		2017	49391,91	234,38	224,78	179946,75	11751,83	2760,65	-	-	-
		2018	68815,44	251,1	757,83	146013,06	18425,92	3849,19	12849,74	1761,53	414,33
Total electric consumption	GJ	2017	132104,6			147337,98	89998,64	63088,82	-		
		2018	133132,5972			152864,28	106754,94	51195,6	140384,25		
Heat - steam		2017	-			-	-	-	-		
		2018	-			-	-	-	12468,74		
Heat – warm water		2017	-			-	-	-	-		
		2018	-			-	-	-	7330,9		
Total electric consumption within the organization		2017	181955,68			327284,73	101750,47	65849,47	-		
		2018	202956,96			298877,34	125180,86	55044,79	175209,51		

Request	Prima Components	Sole Components		PSMM		Eldoprime		TWICE PS			
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
Total	3405,26	4586,42	11312,28	9578,13	1464,54	1147,93	171,99	239,80	-	976,07	
Gross direct greenhouse gas emissions, equivalent CO ₂ tons (Scope 1)	Fuel	3110,31	4356,68	11210,68	9096,61	732,14	1147,93	171,99	239,80	-	966,35
	Refrigeration gas	294,95	229,7	101,60	481,527	732,4	0*	0*	0*	-	9,72
Gas included in the calculation		CO ₂ HFC		CO ₂ HFC		CO ₂ HFC		CO ₂ HFC		CO ₂ HFC	

* There were no replenishment

	Unit of measurement	Anno	Prima Components	Sole Components	PSMM	Eldoprime Components	TWICE PS
Nox	t	2017	1,280	4,607	0,301	0,071	-
		2018	1,799	3,738	0,472	0,099	0,397
Vox	t	2017	0,042	0,110	0,007	0,002	-
		2018	0,055	0,089	0,011	0,002	0,096
Particulate emissions (PM)	t	2017	0,006	0,047	0,001	0,000	-
		2018	0,008	0,016	0,002	0,000	0,002
CO	t	2017	0,773	2,800	0,183	0,043	-
		2018	1,080	2,272	0,287	0,060	0,218
COV	t	2017	-	-	-	-	-
		2018	6,99	59,453	2,836	0,000	42,250
Total of significant emissions	t	2017	2,100	7,563	0,492	0,116	-
		2018	2,942	6,115	0,772	0,161	0,713

		Unit of measurement	Year*	Prima Components	Sole Components	PSMM	Eldoprime Components	TWICE PS
Total weight of hazardous and non-hazardous waste	2017	Hazardous	1.095,43	950,10	336	108,853	-	
		Non-hazardous	1.934,58	6.354,27	1.666	531,53	-	
	2018	Hazardous	871,27	942,22	758,61	213,27	183,98	
		Non-hazardous	1.980,83	6.053,10	1.606,07	432,59	1.564,10	
Total weight of waste recovery	2017	Hazardous	283,9	342,34	64	6,286	-	
		Non-hazardous	1.750,51	914,96	1.470	451,263	-	
	2018	Hazardous	307,75	757,66	198,99	187,58	125,36	
		Non-hazardous	1.766,47	3.490,43	1.539,83	228,11	508,39	
Total weight of waste disposal	2017	Hazardous	811,52	577,68	275	102,57	-	
		Non-hazardous	184,07	5.115,04	138	80,27	-	
	2018	Hazardous	563,52	184,56	559,61	25,69	58,62	
		Non-hazardous	214,36	2.562,67	66,24	204,48	1.055,71	

* Reporting year

	Unit of measurement	Year	Prima Components	Sole Components	PSMM	Eldopríma Components	TWICE PS
Total volume of water withdrawn	MC	2017	46920	253581	86574,89	2171	-
		2018	42656	284592,88	74970,52	2384	37343,73
Underground water	MC	2017	28037	238242	70000	0	-
		2018	27864	273757,13	60000	1010	0
Municipal water supplies or other public or private water services *	MC	2017	18883	15339	16574,89	2171	-
		2018	14792	10835,75	14970,52	1374	37343,73

* Water drawn from aqueduct + water supplied by COMPESA, provider for the Pernambuco water service



A large, semi-transparent white circle is centered in the frame, partially overlapping a dark blue, wavy band that runs diagonally across the background. The circle contains a red-bordered rectangular frame that holds the title text.

DMA

DISCLOSURE ON MANAGEMENT APROACH

Macrothemes	Material Themes	Motivations and boundaries	Material themes from GRI Standard	Disclosure	Management tools	Responsibilities
All the Macro themes	All the Material Themes	<p>The material themes have been identified applying the principles for the definition of the Report contents and through the processes of stakeholder engagement and analysis of materiality described in detail in the second chapter of the Report of Sustainability, "Materiality and methodology".</p> <p>For every PSC material theme the perimeter, within which the potential impact can have an effect, has been identified:</p> <ul style="list-style-type: none"> • Within company boundaries: in this case the impact mainly affects the internal stakeholders • Outside the company boundaries: in this case, the external stakeholders are mainly affected by the impact • Inside and outside the company boundaries: the impact affects all stakeholders. <p>In the management of material themes, PSC considers both the possible impact that can be directly caused and the one that can indirectly derive from his work.</p>			<p>POLICIES</p> <p>The group is administered in the logic of recognition of the social role that the company has within the community, through the implementation of innovative solutions to improve the quality of life and the environment. PSC is developing a common policy for the whole Group regarding quality, environment and safety. In reference to these themes, the policies adopted by the Prima Components business unit are currently being used as a reference in compliance with the international standards ISO 9001, ISO 14001, OHSAS 18001.</p> <p>In the quality policy it is declared that:</p> <ul style="list-style-type: none"> • The future of Prima Sole Components depends on the ability to establish and maintain stable and satisfactory relationships with customers. • The satisfaction of customers' needs and the acquisition of new market areas are achieved through a continuous improvement of quality products, services and cost-effectiveness relationship. <p>Prima Sole Components, the group's holding company, defines the vision, the mission and the medium and long-term strategies in the new Group Industrial Plan 2018 - 2022. The operational plans of the business units and the sites connected to them are then developed on these lines. In the industrial plan, the strategic guidelines are: competitiveness, technological innovation and localization. At the Business Unit level and, with a trickle-down effect, for each production site, the activities in line with the strategic guidelines of the PSC are defined according to the following logical process: analysis of the business plan, S.W.O.T. analysis to determine strengths and weaknesses, as well as opportunities and risks, risk assessment and definition of the operational plan.</p> <ul style="list-style-type: none"> • The Business Plan covers the company network of all the PSC Group plants. • The last revision date of the Business Plan was April 2018. <p>PSC is also working on the drafting of organization, management and control model pursuant to Legislative Decree 231/2001. Currently the company responsibilities for the realization of the document have been assigned. Such model provides for an update of the code of ethics of the Group, of which a version is already active in the company. The latter clearly and transparently defines the set of values to which the Group is inspired in the relationship with all stakeholders.</p> <p>COMMITMENTS</p> <p>With the publication of the first sustainability report, PSC aims to demonstrate its willingness and commitment to undertake a new path towards sustainability in the economic, social and environmental spheres. This will and commitment derive from the company management, as described in the letter of the CEO at the opening of the Report and are transmitted in all of the plants and at all company levels.</p> <p>The commitment to the respect of legitimate stakeholders' interests and the community of all the PSC plants is set forth in the code of ethics of the Group.</p> <p>OBJECTIVES AND GOALS</p> <p>The objectives and goals that PSC sets towards sustainability can be found in this Report and concern all the plants PSC. The objectives show an improvement with respect to national legislation and will be monitored annually. Other more specific goals are identified in the improvement plans of each company site, prepared in compliance with the quality, environment and security standards.</p> <p>RESOURCES</p> <p>Dislocating human and financial resources is under the responsibility of the business unit administrator who, along with the director of the plant, draws up an investment plan approved by the holding company.</p> <p>COMPLAINTS MECHANISMS</p> <p>In the PSC sites, certified ISO 9001, ISO 14001 and OHSAS 18001 / ISO 45001 complaint collection systems are part of the management systems. Currently PSC has not activated an organized system that allows to ask for information and make any complaints on the company website. Stakeholders can make requests and complaints at the contact point specified in this report.</p> <p>SPECIFIC ACTIONS</p> <p>PSC publishes its first sustainability report in compliance with the main international reporting standard of sustainability, the GRI-Standards. Prima Components also undertakes to keep the policies on quality, environment and safety up to date and</p> <p>MANAGEMENT EVALUATION</p> <p>In order to monitor the actual adequacy of the management of the material issues, the results of the audits at first and third part performed on management systems will be used. Furthermore, GRI Standards disclosures, reported in this Report and subsequent, will be used as evaluations on management.</p>	<p>The commitment to take a more sustainable approach is shared both by the President and the CEO and involves all the business units, the individual plants and all the functions and the company employees. The responsibility in the implementation of the policies, in the realization of the commitments and in achievement of the objectives is entrusted to the administrators of each business unit and managers of the individual production units. The achievement of the specific objectives, identified in the improvement plans, is delegated to responsible implementation management systems.</p>

Macrothemes	Material Themes	Motivations and boundaries	Material themes from GRI Standard	Disclosure	Management tools	Responsibilities
GENERATED VALUE	Risk management	Acting considering the risks and opportunities in the economic, social and environmental sphere for the operation and image of PSC. Any related impacts could have effects both within and outside the Group.	GRI 201: Economic Performance 2016 GRI 102: General Disclosure 2016	201-1 Economic value generated and distributed 102-15 Main impacts, risks and opportunities.	<p>POLICIES In the quality policy, whose principles are applicable to all the Group's plants, it is declared that the following topics are central:</p> <ul style="list-style-type: none"> • The integration of the economic objectives with the requests of the interested parties and the applicable requirements • Process improvement by implementing projects aimed at increasing performance • The efficiency of the plants and equipment used for production. <p>The guiding principles are honesty, fairness, transparency and impartiality. They are applied in any relationship with suppliers, with the community and in any relationship with customers, to ensure the development of a responsible supply chain along with high levels of customer satisfaction and an open dialogue with communities. These principles have always animated PSC and are being formalized with the drafting of a new code of ethics, in compliance with the Legislative Decree 231/2001.</p> <p>COMMITMENTS It is PSC's commitment to scrupulously respect all those rules and laws applicable in the areas of quality, safety, respect for environment, aiming at continuous improvement. It is PSC's commitment to carry out its activities in an ethical manner, respecting in every relation with stakeholders its guiding principles, which will be formalized in the code of ethics.</p> <p>OBJECTIVES AND GOALS The objectives and goals taken for the material themes of this macro-theme are developed following as described in the section "Processes common to all macro-themes".</p> <p>RESOURCES The personnel and financial resources for the management of this macro-theme are given in detail to all the Group's management, such management is coordinated and controlled by the president and CEO of PSC.</p> <p>COMPLAINTS MECHANISMS The mechanisms though which it is possible to place any complaints related to this macro-theme are developed as described in the section "Processes common to all macro-themes".</p> <p>SPECIFIC ACTIONS The managing director of PSC and then the business unit administrators and subsequently the board of directors regularly evaluate the economic performances of the single business unit and of PSC and analyse any risks and opportunities.</p> <p>EVALUATION ON THE MANAGEMENT Evaluation mechanisms on the management of material themes related to the "Generation of value" macro-theme are developed following what is described in the section "Processes common to all macro themes".</p>	The responsibilities for the management of the material themes referred to the "generated value" macro-theme are assigned according to what is described in the section "Processes common to all macro-themes".
	Research, development and technological innovation	Research and technological innovation as strategic elements to increase the competitiveness of its products, in line with sustainable development. Any related impacts could have effects both within and outside the Group.	GRI 201: Economic Performance 2016	201-4 Financial assistance received from the government No. of resources engaged in R & D activities		
	Relations with business partners	To relate with our business partners, recognizing value for cooperation, synergies and socially responsible behaviour, in order to achieve higher levels of knowledge and higher quality. Any related impacts may have effect both inside and outside the Group.	GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for non-competitive behaviour, anti-trust and monopolistic practices and their result		
	Satisfaction of the customer and quality of the product	The care of customer services and the development of products with high quality standards, as basic elements to establish a lasting relationship and mutual satisfaction. Any related impacts could have effects both within and outside the Group.	GRI 416: Customer Health and Safety 2016	416-1 Percentage of the categories of products and services for which health and safety impacts are assessed 416-2 Number of cases of non-compliance with regulations and codes concerning health impacts and safety of products and services		
	Compliance	Ensure compliance with mandatory or voluntary standards through the empowerment of its employees and through appropriate organization and management models. Any related impacts could have an effect both within and outside the Group	GRI 307: Environmental Compliance 2016 GRI 419: Socioeconomic Compliance 2016	307-1 Non-compliance with environmental laws and regulations 419-1 Non-compliance on laws and regulations in the socio-economic field		
	Responsible management for the supply chain	The involvement of the supply chain by sharing the principles, policies and tools for sustainability and social responsibility. Any related impacts may have effect both inside and outside the Group.	GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016	308-1 New suppliers evaluated on the basis of environmental criteria 414-1 New suppliers evaluated on the basis of social criteria		
	Local communities	Attention and comparison with the expectations of the local communities, through an open, transparent and constructive dialogue. Any related impacts could have effects outside the Group.	GRI 413: Local Communities 2016	413-1 Areas of operation with implementation of local community involvement programs, impact assessment and development.		

Macrothemes	Material Themes	Motivations and boundaries	Material themes from GRI Standard	Disclosure	Management tools	Responsibilities
WORKERS	Well-being for employees	Generates well-being for employees through an organization and an environment which encourages commitment towards quality and the achievement of personal and professional satisfaction. Any related impacts could have effect within the Group.	GRI 401: Employment 2016	401-1 Total number of hires and Turnover rate 401-2 Benefits provided for full time workers who are not provided to part time workers	POLICIES The principles set in the policies for quality, environment and safety, are applicable to all plants of the Group, consistent with the strategic guidelines of PSC. In the policy for quality, among the central themes it is stated «the active involvement of all the staff in the process of continuous improvement ». In the environmental policy, on the other hand, there is the commitment "to promote the responsibility and sensitivity of the employees, engaged at all levels in company activities, through appropriate information programs and training, in order to obtain their cooperation". Finally, in the safety policy it is stated that "in carrying out its activities, the Group considers human health, environmental protection and occupational safety a fundamental duty, a continuous duty and a constant component of its own mission". COMMITMENTS In the safety policy, the commitment of the entire organization is to: <ul style="list-style-type: none">• Respect, in the contents and principles, the laws on industrial safety and hygiene applicable to the activities, products and services of the plant.• Promote any initiative to reduce to zero, in all activities, the possibility of accidents that may compromise the safety of employees and surrounding communities.• Pursue continuous improvement in the management of site safety, even through the identification of the risks associated with the activities carried out and the definition of new targets for their reduction.• Promote the involvement of all employees, including their representatives, and establish a transparent and collaborative relationship with public, private and local communities. The commitment of PSC in the development of human resources, to guarantee its rights and to promote its development and personal growth, is formalized in the code of ethics of the Group. OBJECTIVES AND GOALS The objectives and goals identified for the material themes of this macro-theme are developed according to what is described in the section "Processes common to all macro-themes".	The responsibilities for the management of the material themes referred to the "Workers" macro-theme are assigned following the procedure described in the section "Processes common to all macro-themes". The responsibility in terms of health and safety is entrusted to the individual administrators of the business units that act as employers towards employees. In each production unit and in each plant, the directors have a wide delegation regarding safety and environment. Each company of the Group has an H&S Manager that collaborates on the issues related to safety and workers elect one or more Workers' Safety Representatives (or Employee Representative for Health, Safety and the Environment in companies with rubber and plastic contract).
	Health and Safety at work	The guarantee of safety throughout the process and the protection of workers' health during all phases of procurement and production. Any related impacts could have effect within the Group.	GRI 403: Occupational health and safety 2018	403-1 Workers represented in the formal company-workers health and safety committees 403-2 Type of accidents, accident rates, occupational diseases, days of work lost, absenteeism, and number of fatal accidents	 RESOURCES The personnel and economic resources for the workers management are assigned to the individual business units through the definition and approval of the annual budget. COMPLAINTS MECHANISMS The mechanisms with which it is possible to place any complaints related to this macro-theme are developed following what is described in the section "Processes common to all macro-themes". SPECIFIC ACTIONS PSC has started a management system that, thanks to an internal and external audit process and to the periodical reviews, provides for the control, monitoring and possibly the mitigation of negative impacts concerning workers' health and safety. The Human Resources Department in cooperation with the individual business units and the directors of the production units or plants, manages professional and personal training programs for employees, newly hired and administered at the production sites. These programs are developed based on the business needs. The priorities for the individual worker are identified by the function managers and by the human resources department according to the needs of the task. At least once a year, the management systems are reviewed (ISO 9001 e OHSAS 18001/ISO45001), involving the administrators of the business units, the site managers and the managers of the different business functions. Following the review, the results of the audits, of non-compliances, of the corrective measures implemented, objectives and indicators, improvement initiatives can be implemented. EVALUATION ON THE MANAGEMENT The evaluation mechanisms on the management of the material themes related to the "Workers" macro-theme are developed as described in the section "Processes common to all macro-themes".	
	Personnel Training and Development	Considering one's own employees as a fundamental element of the company's value, to be developed through adequate training in the development of individual skills. Any related impacts could have effect within the Group.	GRI 404: Training and Education 2016	404-1 Average training hours per employee 404-3 Percentage of workers receiving regular performance evaluation and review of the career development	 RESOURCES The personnel and economic resources for the workers management are assigned to the individual business units through the definition and approval of the annual budget. COMPLAINTS MECHANISMS The mechanisms with which it is possible to place any complaints related to this macro-theme are developed following what is described in the section "Processes common to all macro-themes". SPECIFIC ACTIONS PSC has started a management system that, thanks to an internal and external audit process and to the periodical reviews, provides for the control, monitoring and possibly the mitigation of negative impacts concerning workers' health and safety. The Human Resources Department in cooperation with the individual business units and the directors of the production units or plants, manages professional and personal training programs for employees, newly hired and administered at the production sites. These programs are developed based on the business needs. The priorities for the individual worker are identified by the function managers and by the human resources department according to the needs of the task. At least once a year, the management systems are reviewed (ISO 9001 e OHSAS 18001/ISO45001), involving the administrators of the business units, the site managers and the managers of the different business functions. Following the review, the results of the audits, of non-compliances, of the corrective measures implemented, objectives and indicators, improvement initiatives can be implemented. EVALUATION ON THE MANAGEMENT The evaluation mechanisms on the management of the material themes related to the "Workers" macro-theme are developed as described in the section "Processes common to all macro-themes".	
	Equal opportunities and diversities	The enhancement of personal and cultural diversity of employees, suppliers and customers, avoiding unjustified discrimination and favouring inclusion. Any related impacts could have effect within the Group.	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity in governing bodies and among workers	 RESOURCES The personnel and economic resources for the workers management are assigned to the individual business units through the definition and approval of the annual budget. COMPLAINTS MECHANISMS The mechanisms with which it is possible to place any complaints related to this macro-theme are developed following what is described in the section "Processes common to all macro-themes". SPECIFIC ACTIONS PSC has started a management system that, thanks to an internal and external audit process and to the periodical reviews, provides for the control, monitoring and possibly the mitigation of negative impacts concerning workers' health and safety. The Human Resources Department in cooperation with the individual business units and the directors of the production units or plants, manages professional and personal training programs for employees, newly hired and administered at the production sites. These programs are developed based on the business needs. The priorities for the individual worker are identified by the function managers and by the human resources department according to the needs of the task. At least once a year, the management systems are reviewed (ISO 9001 e OHSAS 18001/ISO45001), involving the administrators of the business units, the site managers and the managers of the different business functions. Following the review, the results of the audits, of non-compliances, of the corrective measures implemented, objectives and indicators, improvement initiatives can be implemented. EVALUATION ON THE MANAGEMENT The evaluation mechanisms on the management of the material themes related to the "Workers" macro-theme are developed as described in the section "Processes common to all macro-themes".	

Macrothemes	Material Themes	Motivations and boundaries	Material themes from GRI Standard	Disclosure	Management tools	Responsibilities
NATURAL RESOURCES AND ENVIRONMENT	Energy consumption	The responsible use of energy resources achieved, when possible, with energy saving technologies and practices and the choice of renewable resources. Any related impacts could have effects both within and outside the Group.	GRI 302: Energy 2016	302-1 Energy consumption within the organization 302-4 Reduction of energy consumption	POLICIES Among the central themes for Prima Components, declared in the environmental policy, there are: <ul style="list-style-type: none"> • Evaluation of the environmental impacts of new processes, new products and changes to existing plants. • Careful monitoring of environmental performances in order to identify and monitor the environmental indicators • The intervention on the process and the activities to improve waste management, with an ever-increasing propensity towards recycling, in order to avoid more effectively the contamination of soil and water, to constantly monitor the quantities of materials used (chemicals, polymers) to control emissions into the atmosphere. • To privilege those suppliers who demonstrate that they have carried out initiatives in favour of the environment. • The commitment to intervene on significant environmental aspects, direct and indirect, with the best technologies economically sustainable. COMMITMENTS In the environmental policy, reference to all plants of the Group, the entire organization is reaffirmed to: <ul style="list-style-type: none"> • Respect, in the contents and principles, the environmental laws, also in compliance with the international standards and pursuing voluntary improvement initiatives. • Evaluate in advance, avoid or reduce potential environmental impacts (and their economic down falls), identifying effective actions in the management of production processes. • To aspire to continuous improvement in waste management, which includes an ever-increasing propensity towards recycling and natural resources, avoiding the contamination of soil and water. • Constantly monitor the quantities of materials used (chemicals, polymers) to keep under control emissions into the atmosphere. OBJECTIVES AND GOALS The objectives and goals taken for the material themes of this macro-theme are developed following what is described in the section "Processes common to all macro-themes".	Responsibilities for the themes management related to the area of natural resources and environment are entrusted to the following figures: <ul style="list-style-type: none"> • CEO of the Group • Director of the business unit • Manufacturing sites managers In the context of management system, the theme is addressed entrusting the directional responsibility to the plant manager, who is supported by a person responsible for the management system and an operational structure.
	Emissions in atmosphere	Conducting its activities by seizing the opportunities to prevent and mitigate emissions into the atmosphere, protecting air quality and combating climate change. Any related impacts could have effects both within and outside the Group.	GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions 305-7 NOX, Sox and other significant emissions		
	Sustainable production	The adoption of management models in line with best practices and international standards to achieve measurable and certifiable sustainability objectives. Any related impacts could have effects both within and outside the Group		IRIS 01254		
	Waste Management	The application, when possible, of the best reduction practices, through prevention, and waste recycling. Any related impacts could have effects both within and outside the Group.	GRI 306: Effluents and Waste 2016	306-2 Total weight of waste by type and method of disposal	RESOURCES Assigning human and financial resources is under the responsibility of the plant manager who draws up an investment plan approved by the business unit administrator and the general management. COMPLAINTS MECHANISMS The mechanisms with which it is possible to place any complaints related to this macro theme are developed following what is described in the section "Processes common to all macro-themes".	
	Protection of water resources	Responsible use of water thanks to technologies and practices aimed at reducing the quantity withdrawn and maintaining its original quality. Any related impacts could have effects both within and outside the Group.	GRI 303: Water and effluents 2018	303-1 Water taken by sources of supply 303-1 Total water drains for quality and destination	SPECIFIC ACTIONS The business unit Prima Components has adopted an environmental management system that, thanks to an audit process and periodic reviews, provides for the control, monitoring and possibly the mitigation of negative impacts on the environment. The Group adopts tools for assessing and quantifying energy and environmental loads and potential impacts of products and processes through: <ul style="list-style-type: none"> • External analysis laboratories for the assessment of the main environmental impacts (emissions, discharges, noise, waste), dedicated internal resources and external consulting firms for the energy assessment of individual sites. • Involvement of all the professional skills necessary for development, management and control activities • Adoption and maintenance of an environmental management system. For most plants, the management system is also certified according to ISO14001.	
	Biodiversity	Consider biodiversity as a resource to be protected, as a common value that is essential for the company, the territories and the communities linked to it. Any related impacts could have effects outside the Group.	GRI 304: Biodiversity 2016	304-1 Location and size of lands owned, leased or managed within or near protected areas or areas with high biodiversity value	EVALUATION ON THE MANAGEMENT Evaluation mechanisms on the management of material themes related to the "Natural Resources and environment" are developed following what is described in the section "Processes common to all macro-theme".	



GRI CONTENT INDEX

GRI Content Index

GRI Standard	Disclosure	Page	Omissions
GRI 101: Generale disclosure principles			
GRI 102: General Disclosure 2016	102-1 Company's name 102-2 Activities, brands, products and services 102-3 Headquarters 102-4 Location operations 102-5 Ownership structure and legal form 102-6 Served markets 102-7 Organization dimension 102-8 Information on employees and other workers 102-9 Supply chain 102-10 Significant changes in the organization and in its supply chain 102-11 Cautious approach application 102-12 Code of conduct subscription 102-13 Membership of associations 102-14 Statement by CEO 102-15 Main impacts, risks and opportunities description 102-16 Missions, values, codes of conduct and principles 102-18 Governance structure of the Organization 102-40 List of stakeholder groups 102-41 Percentage of employees covered by collective agreement system 102-42 Principles for identification and main stakeholders' selection 102-43 Approach to stakeholder engagement activity 102-44 Key topics and critical issues emerged from the engagement activity 102-45 List of companies included in the consolidated financial statements 102-46 Process of defining budget 102-47 List of aspects identified as material 102-48 Adjustments 102-49 Significant changes compared to the previous reporting period 102-50 Reporting period 102-51 Latest figures publication 102-52 Frequency of reporting 102-53 Useful contacts and addresses to information inquiry on financial statements and contents 102-55 Statement of GRI Standards use 102-57 GRI content index 102-56 GRI content index	7 16 11 13 11 24 15 58 51 12, 53 47, 79 8 10 2 38 8 11 33 64 33 33 33 33 12 28 34 94 29 28 28 28 127 28 121 126	

GRI Content Index

Material themes identified by PSC	Material themes from GRI Standards		Page	Omissions
-	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluations	116	
Risk management	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluations	118	
	GRI 201: economic performance 2016	201-1 Generated and distributed economic value	41	
Research, development and technological innovation	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluations	118	
	GRI 201: economic performance 2016	201-4 Financial assistance received from the government	45	
Relations with business partners	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluations	118	
	GRI 206: anti-competitive behavior 2016	206-1: Legal actions for non-competitive behavior, anti-trust, monopolistic activities and following outcome	46	
Energy consumption	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluations	120	
	GRI 302: Energy 2016	302-1: Energy consumption within the organization 302-4: Reduction of energy consumption	80 81	
Protection of water resources	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluations	120	
	GRI 303: Water and Effluents 2018	303-1: Water as a common resource 303-2 Management of impacts associated with water effluents 303-3 Water drawn by sources of supply 303-4 Total water drains for quality and destination	89 89 90 91	
Emissions in atmosphere	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools	120	
	GRI 305: Emissions 2016	103-3 Management evaluations 305-1: Direct greenhouse gas emissions 305-7: NOX, Sox and other significant emissions	82 83	
Biodiversity	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools	120	
	GRI 304: Biodiversity 2016	103-3 Management evaluations 304-1: Location and size of land owned, rented or managed in or near protected areas or areas of high value for biodiversity	93	

Material themes identified by PSC	Material themes from GRI Standards		Page	Omissions
Waste management	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	120	
	GRI 306: waste and discharge 2016	306-2: Total weight of waste by type and method of disposal		87
Wellbeing of collaborators	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	119	
	GRI 401: employment 2016	401-1: Total number of recruitment and turnover rate 401-2 Same benefits of full time workers are provided to part time workers		59 62
Health and safety at work	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	119	
	GRI 403: health and safety of workers 2018	403-1: Health and safety management system 403-2 Hazard identification, risk assessment and investigation on accidents 403-3 Occupational medicine 403-4 Participation, consultation and communication on health and safety 403-5 Training on health and safety 403-6 Promotion of workers' health 403-7 Prevention and mitigation of health impacts and safety directly connected to business relationships 403-9 Accidents related to work		49 63 65 64 65 65 63 66
Training and development of personnel	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	119	
	GRI 404: training and education 2016	404-1: Average training hours per employee 404-3: Percentage of employees receiving periodic evaluations on results and career development		69 71
Equal opportunities and diversity	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	119	
	GRI 405: diversity and equal opportunities 2016	405-1: Diversity in the governing bodies and among workers		72
Local communities	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	118	
	GRI 413: local communities 2016	413-1 Local community involvement operations, impact assessments and development programs		54

Material themes identified by PSC	Material themes from GRI Standards		Page	Omissions
Customer satisfaction and product quality	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	118	
	GRI 416: customer health and safety 2016	416-1 Assessment on the impacts of products and services on health and safety 416-2 Non-compliance events regarding the impacts of products and services on health and safety		
Compliance	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation	118	
	GRI 307: environmental Compliance 2016 GRI 419: socio-economic compliance 2016	307-1 Non-compliance with environmental laws and regulations 419-1 Non-compliance on laws and regulations in the socio-economic field		
Responsible management of the supply chain	GRI 103: Management approach GRI 308: Environmental assessments on suppliers 2016 GRI 414: Social assessments on suppliers	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation 308-New suppliers selected using environmental criteria 414-1 New suppliers selected using social criteria	118	
		103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation Number of people employed in research and development field		
Sustainable production	GRI 103: Management approach	103-1 Motivations and boundaries of material themes 103-2 Management tools 103-3 Management evaluation IRIS-OI1254 Environmental management system	118 86	



SAI Global Italia S.r.l. – con socio unico
Direzione e coordinamento ex art. 2497 del C.C.: SAI GLOBAL LTD
Corso Tazzoli 235/3A - 10129 Torino, Italia
Reg. Imp. TO 06586110014 | REA TO 798510
CF-P. IVA 06586110014 | Capitale sociale € 1.000.000,00 i.v.
Tel.: +39 011 51.65.700 | Fax: +39 011 51.65.777
www.saiglobal.it www.saiglobal.com

Torino, July 15th, 2019

To the Board of Directors of
P.S.C. - Prima Sole Components S.p.A.
and to all interested parties

ASSURANCE STATEMENT

SAI Global Italia S.r.l. (SAI Global) was mandated by P.S.C. - Prima Sole Components S.p.A. to carry out an independent assessment of the Sustainability Report for the year 2018, in order to verify the correct application of **GRI Standards 2016-2018** (option 'In accordance' - Core), including the relevance and reliability of its contents with respect to stakeholders' expectations.

SAI Global has not played any direct or indirect role in the preparation of the document, whose contents are the sole responsibility of P.S.C.

SAI Global declares its independence and absence of conflicts of interest with regard to P.S.C. and its stakeholders.

The assessment was carried out considering in particular the ISAE 3000 (Revised) international standard, in "limited assurance" mode.

Our task involved:

- a completeness and consistency analysis of the Sustainability Report under assessment with respect to the standards adopted by P.S.C.;
- the investigation of qualitative and quantitative aspects deemed to be significant for stakeholders, including achievement of objectives stated in the previous Report, referred to by our assurance statement dated November 19th, 2018;
- the interview on a sample basis of P.S.C. staff and interested parties' representatives.

CONCLUSION

Based on the above activities and selected sample, no contrary evidence arose to let us conclude that:

- the Sustainability Report of P.S.C. S.p.A. for the year 2018 has been prepared in substantial compliance with **GRI Standards 2016-2018** (option 'In accordance' - Core);
- the data and information included in the Report are consistent with the assessed documents.

We therefore believe that the Sustainability Report of Prima Sole Components - P.S.C. S.p.A. for the year 2018 contains an adequate representation of strategies, policies and sustainability performances of the company, with respect to the principles of materiality, responsiveness and completeness, and to stakeholders' expectations.

Best regards,

Luca Laruffa
Attorney

Marco Zomer
Project Leader



For further information and details:
Claudia Masini
Quality Engineer WCM Division Coordinator
claudia.masini@pscomponents.eu