(Translation from the Italian original which remains the definitive version)

PININFARINA GROUP

2019 consolidated non-financial statement

Letter to stakeholders

At Pininfarina we are aware that economic growth and attainment of business objectives cannot and should not be achieved to the detriment of individuals, the environment or the communities of the areas where the group operates. We believe that respecting such values is the cornerstone of a long-term strategy, as long-lasting value cannot be generated without a sustainable growth plan.

Accordingly, and in line with previous years, the Pininfarina Group has decided to publish this non-financial statement in order to provide adequate disclosure to the market and all its stakeholders. This statement is not only a legislative obligation to be met, but also a chance to enhance the group's corporate culture which has always kept a close eye on sustainability issues.

Indeed, Pininfarina launched a stakeholder engagement project during the year in order to ascertain which issues are key to its stakeholders. As part of this project, an initial section of group employees was involved in workshops aimed at stimulating open, honest, constructive dialogue on such issues in an attempt to foster a culture of sustainability.

The outcome of this project can already be seen in this statement, i.e., the Materiality Matrix. Furthermore, the results of the employee survey have stimulated top management to investigate additional issues to be included in future non-financial statements in order to provide the market and our stakeholders with the most thorough framework possible of the commitment that has always set us apart in the world of sustainability.

Silvio Pietro Angori, Managing Director

(signed on the original)

The Board of Directors approved the parent's 2019 consolidated non-financial statement on March 23rd 2020.

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PININFARINA AND SUSTAINABILITY

As a **public interest entity**, the Pininfarina Group (the “group” or “Pininfarina”) is required to comply with Legislative decree no. 254 of 30 December 2016 which transposed into Italian law Directive no. 2014/95/EU of the European Parliament and the Council of 22 October 2014, amending Directive 2013/34/EU with respect to the disclosure of non-financial and diversity information by large companies and groups (“Legislative decree no. 254/2016” or the “decree”).

Pininfarina has prepared this 2019 **consolidated non-financial statement** (the “non-financial statement” or the “statement”) in accordance with the decree. While it is a separate document from the Directors’ report, it forms part of the 2019 Financial Report.

The non-financial statement includes information about the environment, social aspects, labour practices, respect for human rights and the fight against corruption, useful to aid an understanding of the group’s performance, operations, results and the impact thereof.

Pininfarina referred to the specific principles and methodologies defined in the most recent standards published by the Global Reporting Initiative, an authoritative independent body which defines non-financial reporting models, in 2016 and updated in 2018 (the “GRI Standards”).

In order to provide a high level of transparency, Pininfarina prepared this report **in accordance with the Core option** provided for by the GRI Standards.[1] This option entails the reporting of a number of indicators that specifically disclose the group’s sustainability and at least one indicator related to each identified material aspect.

The scope and quality of reporting reflects the principle of materiality, which underpins the reference regulations and the GRI standards. The topics presented in this statement are those considered material by management after its careful assessment and in light of the results of the stakeholder engagement project as they reflect the impact of the group’s activities on society and the environment and can affect its stakeholders’ decisions.

The following pages present a table that shows the sections and GRI standards used for reporting for each category provided for by Legislative decree no. 254/2016 to facilitate an understanding of this statement.

The **independent auditors checked the compliance** of this statement according to the procedures described in their report attached hereto.

The Board of Directors of Pininfarina S.p.A. approved the non-financial statement on March 23rd 2020.

It has been posted on the “Investor Relations/Informazioni per gli Azionisti” section of the parent’s website (www.pininfarina.com).

1 GRI 102-54: “in accordance” option picked.

The Pininfarina Group - Identity and creation of sustainable value over time

Group profile[2]

Pininfarina's core business is historically the automotive sector, thus developing partnerships with manufacturers. The group is a global operator providing a complete service to develop new products through its design, engineering, development, industrialisation and manufacturing of limited series either together as a single service or separately with great flexibility.

The group is based in Italy, Germany, China and the United States. It mainly sells to Italy and Germany, with a growth strategy also in China and the United States.

The parent Pininfarina has its registered office in Via Raimondo Montecuccoli 9, Turin.

Pininfarina S.p.A. has been listed on the Italian stock exchange since 1986 and its governance structure is based on a traditional administration and control model.

The Pininfarina Group modified its structure in 2018 in order to better focus on the two prongs of its business: design and engineering. Pininfarina Extra merged into Pininfarina S.p.A., uniting industrial design, architecture and interior, and transportation design activities within one company. At the same time, the group decided to set up Pininfarina Engineering S.r.l. in order to ensure higher standards in developing engineering solutions for its customers. Shortening the chain of control for design and centralising sales strategies, this restructuring will enable the group to more efficiently focus its efforts.

2 GRI 102-6: Markets served.

Pininfarina: our background

The group’s origins date back to 1930 when Battista Farina (nicknamed “Pinin”) set up Carrozzeria Pinin Farina as a joint-stock company. It was immediately clear that Pininfarina aimed to create models that embodied the concepts of purity, elegance and innovation. The first car that obtained worldwide recognition was the Cisitalia in 1946, when it became the first car to be included in the permanent collection of a modern art museum, the prestigious MoMA in New York.

The constant search for purity of the automotive line continued and gained pace in subsequent decades, alongside the company’s industrial growth. Its partnership with Ferrari started in the 1950’s, an ideal match that led to the design of iconic models, such as the 250 GT, the F12 sedan and the Ferrari Testarossa.

In 1955, 27,000 units of the famous Alfa Romeo Giulietta Spider were manufactured and the company opened the Grugliasaco facility.

In 1961, Sergio Pininfarina took over from his father at the helm of the family business, which stimulated further growth. Five years later, Sergio opened the research centre at Grugliasco, continuing the merger at the heart of Pininfarina’s identity: design, technical research and innovation.

At the end of the 1980’s and in the midst of the oil crisis, Pininfarina refocused on its research centre and opened a special unit in Cambiano so as to offer its customers a custom design service, with all the facilities necessary to develop a creative service such as the design of new bodywork. In 1986, again in Cambiano, Pininfarina Extra was set up as the group company whose mission is to transmit and apply the Pininfarina design to the other aspects of our life.

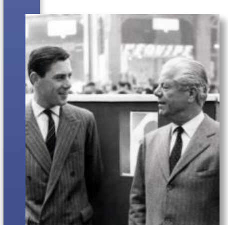
In the 1980’s and 1990’s, the group expanded abroad with the incorporation of Pininfarina Deutschland GmbH to best serve the German automotive industry.

1930

1940

1950

1960



1980-90

2000

In 2002, Pininfarina opened the engineering centre in its Cambiano headquarters allowing the group to diversify its portfolio and reposition itself on the market no longer as just a manufacturer of unique and limited series of cars but more as an international player that provides style, design and engineering services.

Pininfarina offered its customers both the complete design and manufacture of a new turnkey product but also the possibility to outsource one or more stages of the production phase. Partly as a result of this decision, the group strengthened its relationship with the emerging economies, and especially China, in the first five years of this century.

The subsequent drop in orders from large manufacturers led the group to reorganise itself, progressively disbanding its production facilities to focus more on design and engineering.

This difficult situation continued until Pininfarina entered the Mahindra Group in 2016. This Indian group is active in many sectors including automotive and aerospace. Pininfarina jumped at this new challenge and began to grow again, boosted by the new group's strong international identity, focusing on its own core business.

In 2018, Pininfarina showed its focus on sustainable mobility by presenting two models at the Geneva International Motor Show, specifically:

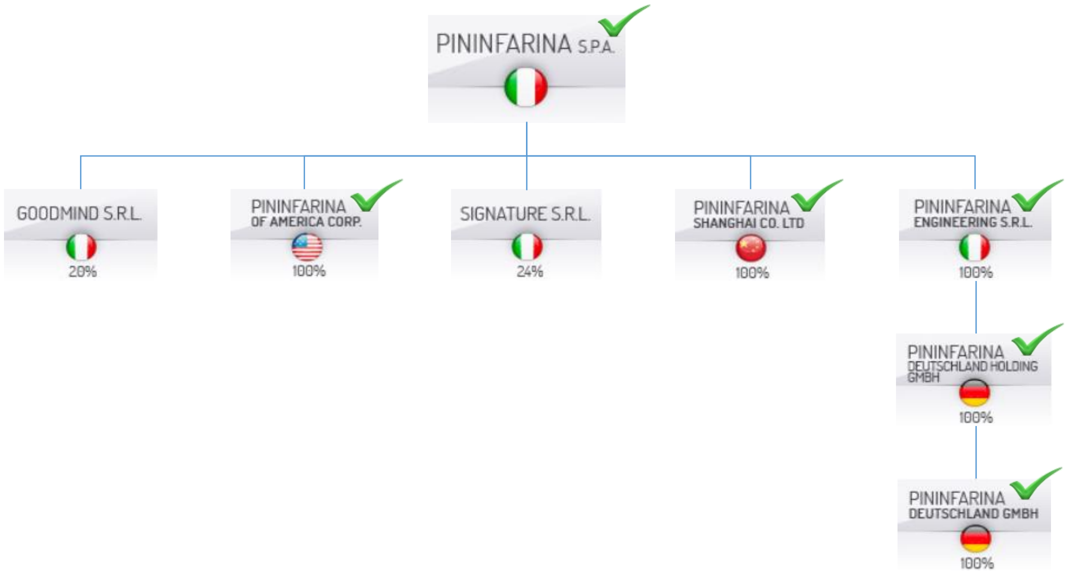
- HK GT, a luxury and eco-sustainable Gran Turismo developed with the Hybrid Kinetic Group;
- H2 Speed, a high-performance vehicle built in collaboration with the French-Swiss company Green GT to be manufactured in small series.

In 2019, the group gave further proof of its growing focus on sustainability by unveiling the Battista, an electric supercar dedicated to the company's founder, Battista "Pinin" Farina, in Geneva and presenting its partnership with the China-based Grove Hydrogen Automotive Company, world leader in large scale production of exclusively hydrogen fuel cell vehicles, in Shanghai.

Reporting scope[3]

As required by Legislative decree no. 254/2016, the scope of this non-financial statement includes the companies that are part of the Pininfarina Group and are coordinated by the parent. Therefore, the reporting scope includes the following legal entities (marked with a tick):

Graph 1. Reporting scope



The scope does not include Goodmind S.r.l. (20%) and Signatures S.r.l. (24%) as Pininfarina S.p.A. only holds minority interests therein.

When the sustainability performance indicators set out herein do not cover 100% of the reporting scope, for example, due to the lack of exact monitoring tools at the smaller legal entities, this is disclosed in the section on the methodology for reporting non-financial information.

Materiality analysis and reporting scope

In accordance with the ruling regulations and the GRI Standard, the group has performed a materiality analysis to identify the non-financial topics to be reported on in this statement as they are more significant.

Group management was involved in the analysis to identify, assess and define the material topics.

Based on the guidance provided by Legislative decree no. 254/2016, the group identified the potentially material topics based on an analysis of its business, the sector characteristics and approaches adopted by comparable entities at national and international level.

3 GRI 102-45: Entities included in the consolidated financial statements and indication of the entities not included in the scope of this report.

Group management discussed and assessed the topics subsequently in meetings to define those that best represent the social and environmental impact of Pininfarina's activities.

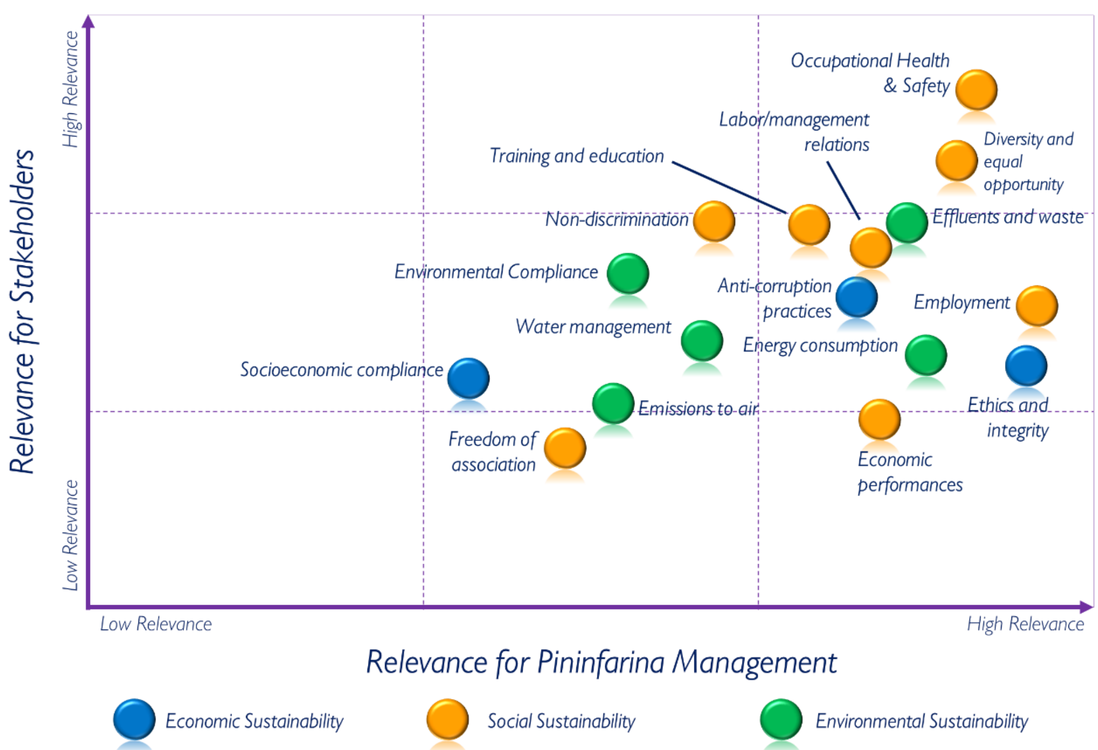
Upon completion of the analysis, management identified the following material topics to be reported, either because this was explicitly required by the adopted reporting standards ("Core" general disclosure required by the GRI Standards) or because they are directly related to the potential material non-financial impacts for Pininfarina.[4]

For the purposes of ongoing improvement and open, honest, constructive dialogue with group stakeholders, Pininfarina decided to launch a project to gradually increase its stakeholders' involvement in defining the issues reported in the non-financial statement in the group's third year of publishing such statement.

In 2019, Pininfarina rolled out a pilot project involving a group of employees who took part in a workshop aimed at introducing them to sustainability issues and their importance for the group. After the workshop, participants filled out a questionnaire where they were asked to comment on issues identified as material by top management along with those previously marked non-material.

The results of the stakeholder engagement project were analysed in order to compare the group's expectations with those of its employees. The result of such analysis is the materiality matrix set out later on.

Topics identified as material and to be reported[5]



4 GRI 102-46: Defining report content and topic boundaries.

5 GRI 102-47: List of material topics.

Reconciliation with Legislative decree no. 254/16

The following table matches the reporting topics required by Legislative decree no. 254/2016 with the GRI Standard and shows the section in this statement that deals with them.

Reference should be made to section 8.2 for the table with all the reported-on GRI Standards.

Scope of Legislative decree no. 254/2016	Required by Legislative decree no. 254/2016	GRI Standard	Reference
Company management and corporate governance model	*Art. 3.1.a)* *Description of the management and organisational model, including models adopted pursuant to Legislative decree no. 231/2001*	102-18	p. 10
Policies	*Art. 3.1.b)* *Description of the company's policies, including due diligence measures*	103-2	p. 11, 14, 20, 30, 36, 38
Risk management model	*Art 3.1.c)* *Description of main risks that are generated by or arise from the company's business, including the relevant risk management methods*	102-15	p. 15, 22, 31, 37, 39
Individuals	*Art 3.2.d)* *Disclosures about personnel management, including gender equality, implementation of international trade union agreements and dialogue with social parties*	102-8; 102-36; 102-41; 401-1; 401-2; 404-1; 405-1	p. 42, 47, 44, 34, 45, 43
	Art 3.2.c) *Disclosures about the impact on health and safety*	403-2	p. 32
Environment	*Art 3.2.a, b, c)* *Use of water resources; atmospheric emissions; impact on the environment, other indicators related to environmental policies*	302-1; 302-3; 303-1; 305-1; 305-2; 305-6; 306-2; 307-1	p. 24, 26, 50
Social	*Art 3.2.d)* *Disclosures on social aspects*	419-1	p. 39
Human rights	*Art 3.2.e)* *Disclosures about human rights and measures adopted to prevent violations and discriminatory conduct*	406-1	p. 37
Anti-corruption	*Art 3.2.f)* *Disclosures about the fight against corruption and bribery*	205-2; 205-3	p. 15, 16

GOVERNANCE

33%

PRESENCE OF WOMEN ON THE BOARD OF DIRECTORS

0

REPORTED OR CONFIRMED ACTS OF CORRUPTION

Our mission

Pininfarina is a design house of international repute, a symbol of Italian style around the world. With over 80 years of experience, it is a flexible partner able to offer competitive products and services based on the values of the brand: purity, elegance and innovation. Its activities focus on design, engineering services, conception and production of unique vehicles or limited series of cars.

Our values

Purity, Elegance and **Innovation** are Pininfarina's key values.

These are joined by the ethical and sustainability principles and values inspiring the group:

- **Legality**
- **Integrity and transparency**
- **Social equality and respect for the individual**

Over the years and thanks in part to these values, the Pininfarina Group has gained a solid reputation that it intends to protect and promote in line with the projects that have been in place for years, including the adoption of a Code of Ethics and ethical and conduct rules issued back in 1993. [6]

Corporate governance structure[7]

Although it is part of the Tech Mahindra Group, the Pininfarina Group is not managed and coordinated by it pursuant to the provisions of article 2497 and following articles of the Italian Civil Code.

The parent, Pininfarina S.p.A. has a traditional corporate governance model which complies with that set out in the Italian Civil Code. The Board of Directors manages the parent's business. It has all ordinary and extraordinary powers for all matters except for those reserved for the shareholders as provided for by law or the by-laws. The Board of Directors meets at least once a quarter when called to do so by the Chairperson or a person legally allowed to do so whenever this is deemed necessary or at least four directors or the competent bodies have requested in writing that a meeting be held.

In order to ensure that the directors take decisions in an informed manner and that board meetings can properly and fully evaluate facts and circumstances, the Chairperson of the Board of Directors ensures that the directors are provided with the documentation and information well before the date of the meeting. The Chairperson may decide to invite other participants to provide more detailed information on the issues on the agenda when necessary.

The Board of Directors reviews and approves the business and financial plans, prepared by the parent with the investees' assistance, of the parent and the group.

The Board of Directors assesses the adequacy of the organisational, general administration and accounting structure of the parent and the group with particular reference to the group companies Pininfarina Deutschland and Pininfarina Engineering as they are more important in size and strategic terms. This takes the form of quarterly audits performed with the internal audit manager or assisted by external experts. The ongoing exchange of information with the independent auditors is also ensured.

The Board of Directors has the following committees comprising independent directors: the Risk and Control Committee, the Nomination and Remuneration Committee and the Committee for Transactions with Related Parties. They report regularly to the Board on the matters pertinent to them.

6 GRI 102-16: Values, principles, standards and norms of behaviour.

7 GRI 102-18: Governance structure.

Internal policies[8]

Pininfarina ensures gender equality and diversity in its management bodies, including to comply with Borsa Italiana's Code of Conduct for Listed Companies.

In line with best practices and the guidelines set out in the above-mentioned Code of Conduct, when presenting lists for the election of directors, the shareholders pursued the objective of ensuring gender equality, multiculturalism and diversified and complementary skills of the directors.

The importance given to this topic can be seen in the composition of the management and supervisory bodies, which reflects:

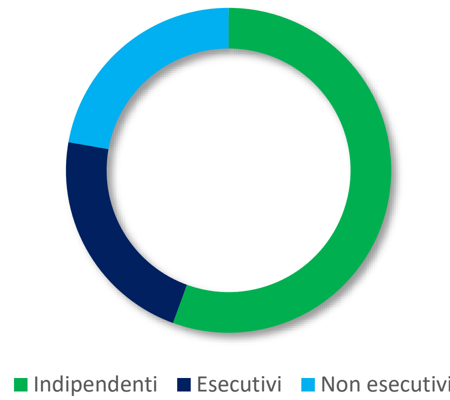
- **Geographical diversity**, with directors representing the group's strong Italian background as well as its multinational character as part of the Tech Mahindra Group;
- **Gender diversity**, with a Board of Directors and Committees comprised of at least one third of the least represented gender;
- **Expertise, experience and professional background diversity.**

The parent's Board of Directors has nine members, of which:[9]

- five are independent;
- three are women;
- two are executive (the Chairperson and the Managing Director).

33% PRESENCE OF WOMEN ON THE BOARD OF DIRECTORS

In line with international best practices, the majority of Pininfarina S.p.A.'s directors are independent as per the Code of Conduct for Listed Companies and the Consolidated Finance Act (CFA).



The Pininfarina Group does not have a specific policy for the preparation of the lists of candidates to be presented in shareholders' meeting for the appointment of directors. This is because it takes place in compliance with:

- the by-laws;
- the Issuers' Regulation;
- the shareholders in their meeting;
- guidelines and standards included in Borsa Italiana's Code of Conduct for Listed Companies

Reference should be made to the Report on corporate governance and ownership structure for details of the group's methods to appoint and replace directors, the composition of the Board of Directors and allocation of duties to the directors.

8 GRI 103-2: The management approach and its components.

9 GRI 405-1a: Diversity of governance bodies.

Board of Directors di Pininfarina S.p.A.[10]

Office held	Member	Age	Date of first appointment (*)	In office since	Executive	Independent	Number of other positions held (**)
Chairperson	Paolo Pininfarina	62	29/06/88	13/05/19	Executive		
Managing Director	Silvio Pietro Angori	59	12/08/08	13/05/19	Executive		
Director	Manoj Bhat	47	03/08/16	13/05/19	Non-executive		
Director	Romina Guglielmetti	47	29/04/15	13/05/19	Non-executive	CFA code	10
Director	Chander Prakass Gurnani	62	30/05/16	13/05/19	Non-executive		2
Director	Jay Itzkowitz	60	03/08/16	13/05/19	Non-executive	CFA code	2
Director	Licia Mattioli	53	29/04/15	13/05/19	Non-executive	CFA code	4
Director	Sara Miglioli	50	03/08/16	13/05/19	Non-executive	CFA code	
Director	Antony Sheriff	57	03/08/16	13/05/19	Non-executive	CFA code	4

* Date of first appointment is the date on which the director was appointed for the very first time to the Issuer's Board of Directors.
** Number of positions held as director or statutory auditors in other listed companies, including on foreign stock exchanges, financial companies, banks, insurance companies or companies of a significant size. Positions are detailed in the Report on corporate governance and ownership structure.

Control and risk committee

Office held	Member	Age	Date of first appointment (*)	In office since	Executive	Independent	Number of other positions held (**)
Chairperson	Romina Guglielmetti	47	29/04/15	13/05/19	Non-executive	CFA code	10
Director	Jay Itzkowitz	60	03/08/16	13/05/19	Non-executive	CFA code	2
Director	Sara Miglioli	50	03/08/16	13/05/19	Non-executive	CFA code	

Nomination and Remuneration Committee

Office held	Member	Age	Date of first appointment (*)	In office since	Executive	Independent	Number of other positions held (**)
Chairperson	Antony Sheriff	57	03/08/16	13/05/19	Non-executive	CFA code	4
Director	Jay Itzkowitz	60	03/08/16	13/05/19	Non-executive	CFA code	2
Director	Licia Mattioli	53	29/04/15	13/05/19	Non-executive	CFA code	4

Committee for Transactions with Related Parties

Office held	Member	Age	Date of first appointment (*)	In office since	Executive	Independent	Number of other positions held (**)
Chairperson	Jay Itzkowitz	60	03/08/16	03/08/16	Non-executive	CFA code	2
Director	Romina Guglielmetti	47	29/04/15	03/08/16	Non-executive	CFA code	10
Director	Sara Miglioli	50	03/08/16	03/08/16	Non-executive	CFA code	

10 GRI 102-22: Composition of the highest governance body and its committees

Management and control system

Environment and quality management systems

Pininfarina has a quality management system that complies with the UNI EN ISO 9001:2015 standard. It has obtained the relevant certification for its facilities in Cambiano and Grugliasco (wind tunnel). It also set up the environmental management system and obtained UNI EN ISO 14001:2015 certification for the facilities in Cambiano and the wind tunnel. The certifications were not updated for the facility in San Giorgio Canavese as it has been abandoned.

Organisational, management and control model as per Legislative decree no. 231/01

Pininfarina S.p.A. has adopted and revised from time to time its organisational, management and control model, which it designed considering the areas in which it would be more possible to commit a crime. The objectives of the parent's organisational, management and control model, the latest version of which was approved and distributed at the end of 2018, are to:

- introduce a preventive and monitoring system to minimise the risk of crimes being committed in relation to its business operations;
- Make all those parties who work in the name of and on behalf of Pininfarina and, especially, those that work in "areas at risk" aware of the risk that they may incur criminal and administrative sanctions both individually and at company level should they violate the measures set out in the model;
- Inform all those parties that work with the parent that the violation of the model's measures will result in the application of sanctions or termination of the contractual relationship;
- Confirm that Pininfarina has a zero tolerance policy for illegal acts of any nature and for any reason and that, moreover, such acts (even when it could seem that they were to the parent's advantage) are contrary to the principles on which it bases its business.

Risk management model

Pininfarina's Internal Audit Department carried out a consulting activity on the group's internal risk management process.

Thanks to this activity, which included interviews with process owners and department heads, the group could map both the internal and external risks to which it is exposed in a structured manner.

Furthermore, such analysis was carried out in order to assess possible actions to bolster the risk management systems currently adopted by the group, suggesting the gradual development of the existing systems as per ISO:31000 standard before assessing the subsequent implementation of a structured Enterprise Risk Management process in accordance with the principles set out in CoSO ERM 2017 model issued by the Committee of Sponsoring Organizations of the Tradeway Commission.

Anti-corruption

Internal policies[11]

Pininfarina acts to ensure the highest possible respect for the principles of legality, integrity and transparency. The group deplores all conduct taken by its personnel or any party that carries out activities in favour of or on behalf of the group involving the promise, offer, payment or acceptance of cash or other benefits directly or indirectly to obtain or continue a business deal or obtain an unfair advantage in conducting a business transaction.

The group is fully aware of the risk posed by corruption at whatever level it takes place and its negative consequences, both direct and indirect for Pininfarina and indirect for society and the environment in which the group operates.

Pininfarina's stated objective is zero tolerance for acts of corruption and bribery. All group employees are required to abide by the anti-corruption objectives.

In order to prevent episodes that could trigger exposure to corruption, the parent has written the following documents that set out anti-corruption principles and controls and have been distributed to all employees as well as being posted on the corporate website[12]:

- **Code of Ethics**, approved by the Board of Directors in March 2014 and revised in November 2018. This code establishes the principles of legality, integrity and transparency as fundamental ethical values for the group. The code also sets out clear conduct rules, specifying, inter alia, that gifts and other benefits are only allowed when they are of modest value or such that they do not compromise the integrity or reputation of one of the parties. The code provides guidance about transactions with the public administration and specifies that all recipients are required to work with the public administration and control bodies in a correct and honest manner to ensure transparent behaviour that cannot be interpreted as ambiguous or counter to the ruling regulations by the parties involved.

"Legality is paramount to the group in carrying out its activities. It operates in full compliance with the laws ruling in the countries where it works and acts in a manner that does not jeopardise its professional and moral standing. The group companies and, more in general, all the recipients, shall not commence or continue relationships with parties that do not abide by the group's standards."

Pininfarina's Code of Ethics

- **Organisational model as per Legislative decree no. 231/01**, updated in 2018 to incorporate regulatory changes (including the amendments to introduce the crime of instigation to private corruption as per article 2635-bis of the Italian Civil Code (article 25-ter of the decree) and to the crime of private-to-private corruption as per article 2635 of the Italian Civil Code), designed to reflect the parent's operations in line with its governance system and to enhance the existing controls and supervisory bodies. The model has a specific special part on corruption and other crimes against the public administration, which describes:
  - the areas at risk and the related sensitive activities;
  - the main offices and units active in each area at risk;
  - the main crimes that could be committed in these areas;
  - the main controls in place in each area at risk;
  - the conduct rules and checks to be complied with to decrease the risk of crimes being committed.

11 GRI 103-2: The management approach and its components

12 GRI 205-2: Communication and training about anti-corruption policies and procedures.

- **Quality and environment management system** and related operating procedures (e.g., for the procurement or sales processes), which define the procedure flows and responsibilities to ensure optimum process management and also to prevent potential incorrect behaviour.

Main risks and risk management methods[13]

Pininfarina describes the activities that could facilitate the commission of corruption in its organisational model (e.g., due to the management of purchases of goods and services, the acquisition of consultancies and professional services, benefits management, etc.).

Specifically, the risk of corruption during a sales process is usually considered low in the group's sector, where the decisive factor is always high technical expertise rather than the price factor. Moreover, nearly all contracts are awarded through calls to tender involving a large number of people both within the group and the customer.

Bribery in the purchases process is also considered to be a low level risk given the group's scrupulous supplier screening process and contract formalisation procedures, as well as the type and volume of goods and services purchased (generally not "critical").

The group has set up specific communication channels to actively combat corruption that can be used by individuals to report on the application or violation of the Code of Ethics.

Specifically, reports of identified or alleged violations of the Code of Ethics' principles can either be sent to the parent's supervisory body, which carries out the relevant inspections and assessments with the competent bodies, or to a specific postal address to ensure the confidentiality of the whistleblower.

In 2019, the group undertook specific training programmes about policies and procedures to prevent and combat corruption[14] in order to promote amongst its employees its values and Culture, that are based on the assumption that respecting laws is a prerequisite for making business.

Finally, to further mitigate its risk profile, in 2019, Pininfarina S.p.A. adopted the new SAP ERP system which will help reinforce the Internal Control System by implementing specific systematic approval workflows even on processes that are traditionally less regulated.

13 GRI 102-15: Key impacts, risks and opportunities.

14 GRI 205-2: Communication and training about anti-corruption policies and procedures

Performance indicators

In continuity with previous years and as further confirmation of the group's close attention to this issue, no reported or confirmed incidents of corruption were identified in 2019 at any of the Pininfarina Group's legal entities.[15]

The group has never been involved in legal proceedings related to cases of corruption implicating the group or its employees. It aims to continue along this line.

REPORTED OR CONFIRMED ACTS OF CORRUPTION

15 GRI 205-3: Confirmed incidents of corruption and actions taken in 2018.

ENVIRONMENT

87%

OF WASTE

PRODUCED IS RECYCLED

0

EMISSIONS OF

OZONE-DEPLETING SUBSTANCES

30%

OF ENERGY CONSUMPTION

IS FROM RENEWABLE SOURCES

Group policy[16]

Partly as a result of its industrial background, the Pininfarina Group is highly sensitive to environmental issues. It adopts stringent rules of conduct to protect the environment, which are formalised and an inherent part of its Code of Ethics. Moreover, over the years, the group has adopted a proactive approach to monitoring its environmental performance.

Pininfarina S.p.A., the only group company to still have production laboratories, has an environmental management system at its Cambiano and Grugliasco sites that is UNI EN ISO 14001:2015 compliant, thus confirming its commitment and desire to constantly improve in this respect. This certification is further confirmation of the parent's ongoing efforts to improve its products, processes and services.

Following the updating of the new standards, Pininfarina issued a new Environment, Health and Safety Policy (EHS) in March 2018, also posted on its website, in an attempt to highlight the group's widespread commitment to adopting programmes at all its production sites aimed at safeguarding the safety of workers and the surrounding environment.

Such policy is supplemented by a number of procedures and operating instructions that are ISO 14001:2015 compliant and specify responsibilities and operating methods to ensure its commitments are respected. Pininfarina S.p.A. sets itself specific annual environmental targets to ensure achievement of the objectives laid down in its environmental policy. The environmental management system has specific procedures to define and monitor these targets such as procedure "PA.33.01 - Objectives, goals and environmental management programme"

"In compliance with ruling legislation on working conditions, the group companies ensure a suitable work environment with regard to the health and safety of employees, adopting all necessary measures"
Pininfarina considers the environment and workplaces as a system to be safeguarded and acts to ensure that its plant, production and non-production processes and services do not cause significant environmental damage but rather protect the health and safety of workers.
The group acknowledges the importance of the environment as being equal to its productivity and profitability. It is committed to taking all steps necessary to protect the environment and prevent pollution efficiently."

Pininfarina's Code of Ethics

and procedure "PA.51.02 - Environment performance indicators". Procedure "PA.52.01 - Non-compliance, environment remedial and preventive actions" establishes the approach to be taken in the case of non-compliance or possible improvements that may be identified as part of internal audits.

The targets set by the parent are constantly monitored and, once a year, senior management assesses the group's environmental performance and formalises its findings in a management review report that refers to the various documents adopted as part of the environmental management system.

Pininfarina's environmental commitment is not limited to certifying its processes, but is also clearly seen in its ongoing search for efficiency in the vehicles developed by the group and its keen interest in electric mobility.

16 GRI 103-2: The management approach and its components.

A prime example is the H2 Speed hydrogen supercar made in partnership with the Franco-Swiss manufacturer GreenGT. Presented at the 2016 Geneva Motor Show where it won the Best Concept Award, the H2 Speed was not designed as a simple idea destined to remain on paper but, as testified by the test drive on the Le Mans track in France, it is a real car and is characterised by high performance, while respecting the environment at the same time. This concept was summed up by the Managing Director, Silvio Pietro Angori: "*The Pininfarina H2 Speed interprets the company's passion for racing and exceptional, environmentally responsible automotive performance. It is a concentration of Italian styling and sustainable technology for gentlemen drivers and aficionados*".

The ideas of sustainable mobility and energy efficiency are not new concepts for the group, but are engrained in its DNA. Indeed, right in the middle of the energy crisis in the 1970s, Pininfarina developed its first electric car, the Ecos.

It then continued its research into sustainable vehicles throughout the following decades, culminating with the creation of a research and development entirely focused on modular electric platforms in 2007. This hard work led to the creation of two electric vehicles: the BlueCar, designed for travelling medium distances, and the Nido EV, destined mainly for urban use.

Thanks to the know-how developed in this area over the decades, Pininfarina is now known on the market as a player that can develop high performance electric vehicles; most recently, the PF-0 concept presented at the 2018 Geneva Motor Show. Based on the PF-0, the parent developed the Pininfarina Battista, an electric supercar dedicated to the company's founder, Battista "Pinin" Farina, and unveiled at the 2019 Geneva Motor Show.

As summarised by the Chairperson, Paolo Pininfarina, the Battista "*is the result of the vision of my grandfather. His ambition was to take speed and style to a new extreme and to see Pininfarina stand alone as a brand".*

Main risks and risk management methods[17]

Following the disposal of production plant in recent years and the conversion to almost exclusively design and engineering activities, the group has significantly improved its risk profile in terms of environment protection.

The only (modest) exception is the parent which still has laboratories for the production of prototypes and a wind gallery where aerodynamic tests are performed. In order to properly monitor the environmental risks generated or incurred, Pininfarina S.p.A. has included procedure “PA.31.01 - Environmental aspects” in its environmental management system. This procedure sets out the methods adopted by the parent to identify the impact on the environment of its activities, products and services that it can monitor and influence, the aspects that have or may have significant effects on the environment and to document the environmental issues arising from its previous and future operations.

Following internal analyses, the main internal risks identified as potentially linked to the parent’s activities are:

- **Atmospheric emissions** arising from: a) modelling and completion - spray painting (inhalation from spray/sanding booths), b) systems and maintenance - thermal power plants (emissions from the gas-driven boilers);
- **Emissions into the soil** deriving from: a) systems and maintenance - tanks and underground tanks (emergency conditions);
- **Use of raw materials and natural resources** related to: a) modelling and completion - spray painting (consumption of activated carbon), b) systems and maintenance - thermal power plants (consumption of natural gas);
- **Utilisation of energy** deriving from: a) modelling and completion - spray painting (consumption of electrical energy), b) systems and maintenance - thermal power plants (consumption of electrical energy);
- **Utilisation of dangerous substances/preparations** deriving from: a) modelling and completion - spray painting (inflammable substances), b) systems and maintenance - maintenance (inflammable substances).

The main external risks linked to environmental aspects may arise from:

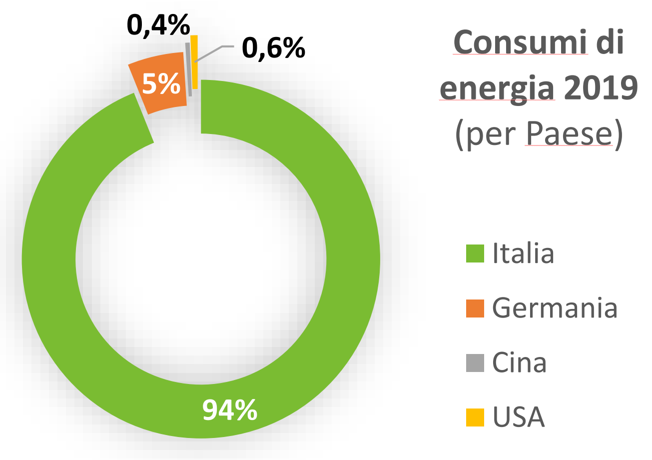
- **Changes in regulations about the environment and places** where the employees work; changes in regulations about site reclamation or the use of dangerous substances and mixtures are especially important both with respect to the environment and health and safety in the workplace due to information that must be obtained from the entire chemical product supply chain as required by EU regulations;
- **Climate changes** that may affect the group’s operations or its products and services.

With respect to the **risk of environmental disputes** and as described in the 2019 Financial Report, the pending dispute with the Grugliasco municipality for a facility which no longer belongs to it has concluded. Reference should be made to the notes to the consolidated financial statements for further information.

17 GRI 102-15: Key impacts, risks and opportunities.

Energy consumption and related projects

The Pininfarina Group carefully monitors its energy consumption to limit its impact on the environment and implement suitable reduction measures if necessary. The group's total energy consumption in 2019 amounts to 43,461 Gj, slightly up on 2018 (19%) fully due to the increase in indirect consumption (electrical energy).

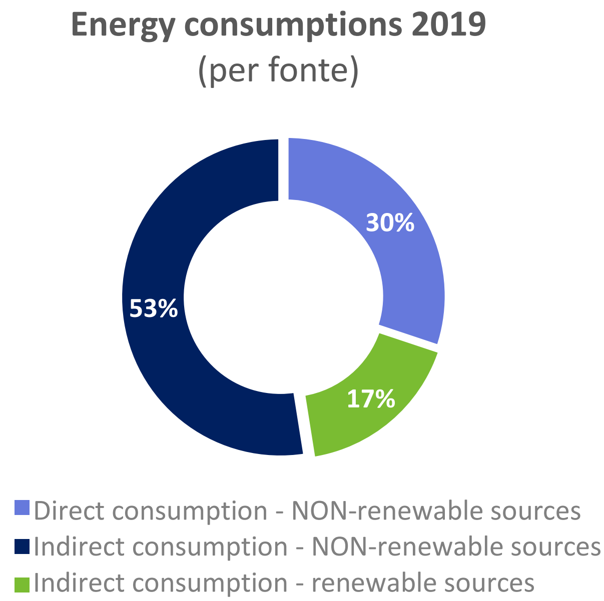


The most significant change was seen in the United States, especially with regard to the consumption of electrical energy, with an increase of 33%. This rise is due to higher consumption of electrical energy. The figures were estimated on the basis of average consumption in a US office. The exact figures are not available as the company's offices are located in a compound with other companies and the lease paid to the landlord includes energy, water and waste disposal services, so it is not currently possible to obtain a breakdown of actual consumption.

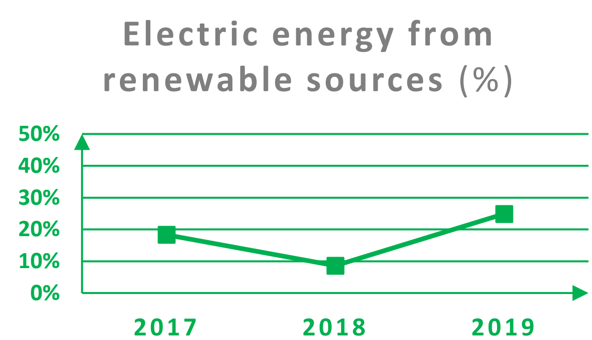
The group's total energy consumption in 2019 amounts to 43,461 Gj, mostly obtained from non-renewable sources. Specifically:

- 52.5% refers to indirect consumption from non-renewable sources (14,484 Gj from the use of electrical energy from non-renewable sources);
- 30.1% refers to direct consumption from non-renewable sources (8,311 Gj from the use of natural gas and diesel);
- the other 17.4% refers to indirect consumption from renewable sources (4,794 Gj from the use of electrical energy from renewable sources).

The rise in energy consumption related to renewable sources is due to the opening of the new Pininfarina Engineering offices in Turin at the end of 2018. Indeed, such offices generated indirect consumption of thermal energy.



With regard to electrical energy consumption, the positive trends recorded in 2018 were reconfirmed, with a significant rise in energy consumption from renewable sources (from 8.5% in 2018 to 24.9% in 2019). Such increase is due to the production mix declared by the electrical energy provider of the Italian companies, which account for 94% of the group's total consumption.



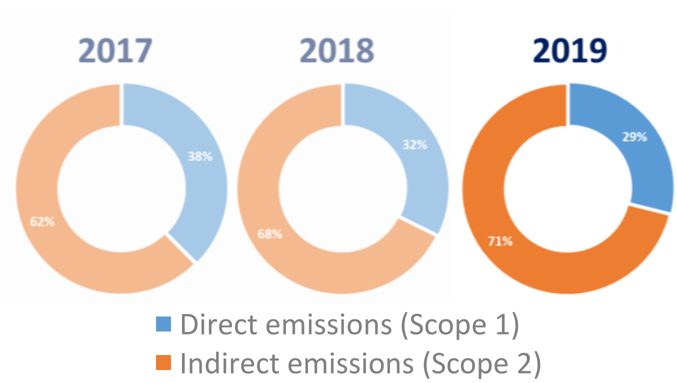
The tables in the "Figures and indicators" section show details of the Pininfarina Group's energy consumption by country, source and scope.

Atmospheric emissions and corrective initiatives

The Pininfarina Group constantly monitors the direct and indirect emissions caused by its energy consumption. In addition, and given that it has prototype laboratories in Italy, Pininfarina S.p.A. checks its emissions of fumes every two months to estimate the impact of the harmful substances released into the atmosphere.

Total greenhouse gas (GHG) emissions generated by the group's activities in 2019 amounted to 2,837.6 tonnes of CO_2, as follows:

- 28.9% of direct emissions (Scope 1) equal to 819.88 tCO_2 originated from consumption of natural gas (e.g., heating fuel) and fuel for company vehicles;
- 71.1% of indirect emissions (Scope 2) equal to 2,017.72 tCO_2 originated by consumption of electrical and thermal energy from non-renewable sources, purchased on the market.



Total emissions remained basically unchanged overall, with a drop in emissions generated by company vehicles offset by heating at the new Turin offices. Electrical energy consumption remained almost the same at group level, as the increase in Italy was offset by an equivalent drop in Germany.

Reference should be made to the Methodology for reporting non-financial information section for the methodology used to calculate the CO_2 atmospheric emissions.

Harmful emissions

Pininfarina's operations do not generate any type of harmful emissions that would damage the ozone layer (e.g., CFC, HCFC or R-22) as its group companies do not produce, import or export any substances that fall into this category.[18]

With respect to the air-conditioning systems in work environments and air-cooling systems for technological use, the parent keeps an updated list of the systems that contain refrigerants to ensure their correct operation and to make the statements required by the ruling regulations (the "F-gas statement" as per Presidential decree no. 43/2012). It regularly performs the necessary maintenance activities using the services of specialist companies, including checks of the refrigerant gas circuit seals.

In Italy, Pininfarina's nitrogen oxides (NOx) emissions are modest, equal to 250,084 kg/year, generated as a by-product of the combustion of natural gas used for the winter heating of work environments. This figure was estimated using the consumption of natural gas and metering of chimney emissions showing the value of the NOx expressed as ppm compared to an oxygen level of 3% in the fumes.

The Italian companies also have limited emissions of volatile organic compounds (VOC), equal to roughly 450.54 kg/year due to the activities of the spray painting unit which uses products with organic solvents. There was an increase in VOC compared to 2018 due to increased activities in the Cambiano laboratories.

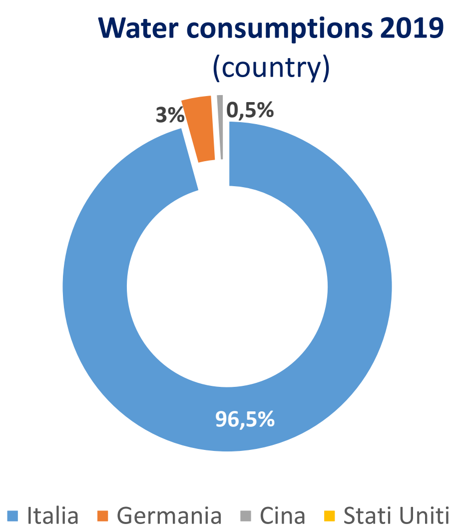
18 GRI 305-6: Emissions of ozone-depleting substances (ODS).

The figure was estimated using the calculation methodology required by the public body (the Turin city council) to obtain the environmental authorisation under current regulations. The methodology considers the quantities and characteristics of the paint products containing organic solvents, the systems used to decrease the activated carbon in the solvents and the quantities of paint products disposed of containing organic solvents.

Water resources

A breakdown of the group's water consumption is in line with that of its energy consumption, with the Italian in-scope companies responsible for 96.5% of the total water use in 2019. Once again, this is due to the fact that the foreign group companies solely use water for office purposes.

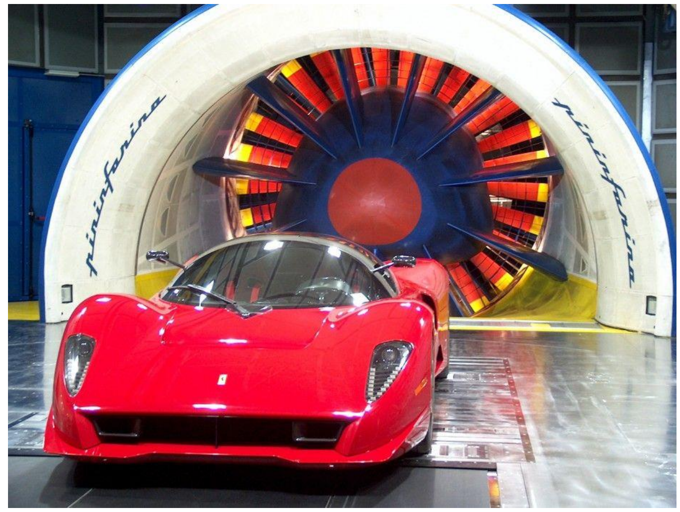
The notable rise in water consumption in China is



due to company's move to new offices that are significantly larger than the previous ones.

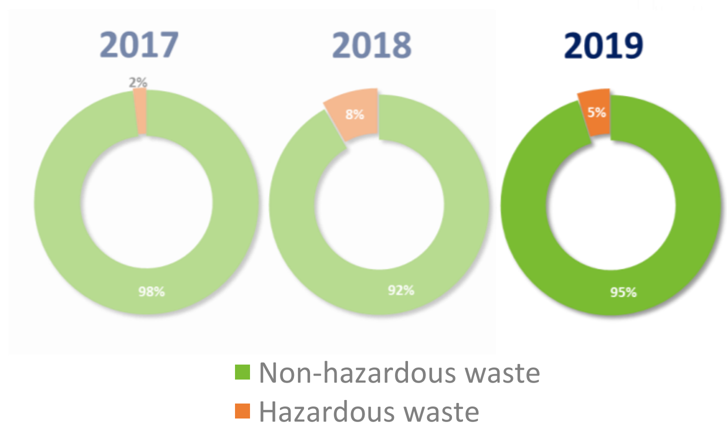
All the water withdrawn is municipal water or obtained from other public or private water services. The group does not take water from surface water, ground water, directly collected rainwater or waste water from other companies.

As a further measure to reduce environmental impact of the air conditioning system for tests carried out in the Wind Tunnel, Pininfarina Italy has adopted a cooling system based on a refrigeration group together with a "cooling tower"; this system enables the Wind Tunnel to be more energy efficient.



Waste

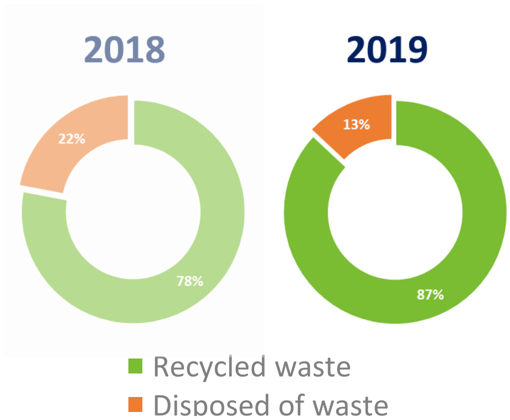
As in the previous non-financial statement, figures about internally-generated waste are currently only available for the Italian in-scope companies that are the only companies whose waste is monitored and reported given the nature of their activities.



In 2019, Pininfarina produced 412,360 tonnes of waste, compared to 242,632 tonnes in 2018 (up 100%) and 1,364,886 in 2017.

The increase is due to the opening of the new offices in Turin at the end of 2018 for the newco Pininfarina Engineering.

The percentage of waste sent for recycling by the Pininfarina Group's legal entities in Italy improved (87% compared to 78% in 2018).



0 SANCTIONS FOR VIOLATIONS OF ENVIRONMENTAL REGULATIONS

Sanctions

As in previous years, the group did not receive any sanctions for violations of environmental regulations in 2019, confirming the importance given to this issue by Pininfarina.[19]

This is also due to the fact that Pininfarina S.p.A. considers waste disposal to be a critical issue. Accordingly, it hires specialist companies to dispose of its waste after checking they have the necessary transport, disposal or recycling authorisations. It requires them to confirm that the waste disposal activities have been performed and informs the competent authorities in the case of delays or irregularities. Furthermore, the disposal operations are recorded systematically in a special register and included in the consolidated environmental statement which is sent to the relevant authority (the local chamber of commerce).

19 GRI 307-1: Non-compliance with environmental laws and regulations.

PERSONNEL

672

EMPLOYEES

20419

HOURS OF TRAINING PROVIDED

0

INCIDENTS OF DISCRIMINATION OR NON-RESPECT OF HUMAN RIGHTS

The group's people

The Pininfarina Group acknowledges the importance of its human capital, i.e., people with their skills, professionalism and passion, as a key factor for achievement of its objectives. This focus is seen clearly in the principles of the group's Code of Ethics and, even more so, in its personnel's routine behaviour.

Groups like Pininfarina undergo constant reorganisation due to rapid technological and market changes. It follows that people are an excellent strategic resource to ensure ongoing improvement. Therefore, it is fundamental that employees are identified, organised, made participant and managed in the best way possible.

Pininfarina has always strived to ensure correct HR management as a tool to leverage improved competitive performances and promote a quality service.

Specifically, Pininfarina's HR policy[20] is designed to:

- **Attract and encourage the development of talented people**, especially university graduates and young professionals through partnerships with universities and schools as well as a structured recruitment process regulated by a specific internal procedure "Recruiting, selection and hiring of human resources".
  Such commitment is confirmed by various initiative recently rolled out by the group, such as:

"The Pininfarina Group acknowledges the importance of its employees and consultants as a key factor for achievement of its objectives. It adopts selection, development, assessment and training procedures and methods designed to ensure maximum correctness and equal opportunities, avoiding any form of discrimination based on gender, race or other reasons."

"The group guarantees a safe and healthy work environment and work conditions that respect the dignity of the individual. Specifically, it plays particular attention to recruitment and hiring policies, including to avoid any form of discrimination based on race or gender, ensuring equal opportunities and treatment, while at the same time ensuring transparent hiring processes that fully comply with laws and regulations"

Pininfarina's Code of Ethics

  - attending various career days held by partner universities, such as Turin's Politecnico University or Bocconi University, and collaborations with the Almalaurea Interuniversity Consortium;
  - the first edition of the "Pininfarina International Olympics" in 2018 with participating teams of students from some of the world's most prestigious universities;
  - specific partnership projects with Turin's Politecnico University in order to identify promising talented people.

  In order to strengthen its ability to attract talented people in 2019, the group continued its employer branding campaign on the main social networks launched two years ago.
- **Encourage skill building** by consultants and employees through tailored training courses. The "Training course management" procedure formalises the processes put in

20 GRI 103-2: The management approach and its components.

place to strengthen training activities. This is a fundamental part of the parent's quality and environment management system.

- **Retain and motivate the more qualified and promising resources**, not only by adopting competitive remuneration systems that are merit-based or providing benefits, but by also fostering a sense of belonging to the group.
  This approach includes the publication of the online magazine "Pininformando" which provides updates about the group in general and has a section dedicated to introducing new employees and the creation of a welcome kit with branded gadgets.
  Finally, in order to boost stakeholder involvement, the group organised career counselling sessions for employees' children.

- **Guarantee the well-being, health and safety of not only Pininfarina employees but also its consultants.** The group has set a target of zero injuries and pursues this through training courses, identification of competent managers and the adoption of the highest possible safety standards. The company offices are ISO 9001:2015 and ISO 14001:2015 certified.
  Moreover, Pininfarina supports and encourages a healthier way of life for its employees and consultants, including by agreeing discounts with gyms.
- **Ensure social equality and respect for the individual**, which is one of Pininfarina's fundamental pillars as it strives constantly to combat all forms of discrimination.

Main risks and risk management methods[21]

The group attributes great importance to mitigating the following internal risk factors related to HR management processes:

- **Risks that may arise during the selection stage**, such as the lack of transparency in candidate screening, inadequate advertising about vacant positions, the candidate's lack of suitable credentials, the subjective valuation of the candidate's professional background, giving the candidate an entry position (role and remuneration) that does not reflect their skills and experience and discrimination.
- **Risk of the qualitative and quantitative inadequacy of human capital** considering the group's operating model and changes in its strategic requirements or due to a turnover rate that does not allow the group to pursue its operations in line with objectives.
- **Risk of establishing training programmes that do not match the group's actual business requirements**

The main external risks to which the group is potentially exposed with respect to HR management include:

- **Changes in regulations**, be they local or EU or the framework agreements with which Pininfarina abides (e.g., the recent changes in German regulations about labour leasing).
- **Possible labour market crises** and the related difficulty in finding resources (for example, the possible fallout of the recent Dieselgate scandal on the automotive sector, which include the group's main customers).

21 GRI 102-15: Key impacts, risks and opportunities.

- **The loss of key and talented resources** due to targeted recruitment policies of the group's competitors.

With respect to potential risks generated by internal operations that could affect health and safety in the workplace, risk factors identified include those applicable to office workers and those, mainly in Italy, related to workshop activities:

- **Typical office risks**, such as an inadequate working environment, incorrect lighting, exposure to noise.
- **Increase in work-related stress**.
- **Commuting accidents**.
- **Accidents or damage to the health of resources who work in the workshops** (e.g.: cuts/bumps and/or abrasions resulting from moving/handling/using equipment and tools.; flying slag during welding operations; inhalation, contact with the chemical preparations used in the various manufacturing processes; exposure to gas, fumes, dust, steam; exposure to non-ionizing radiation; exposure to lasers; noise generated by machines/plant/work equipment; dangers arising from the movement of means of transport and people; lifting of heavy objects; use of equipment with video terminals).

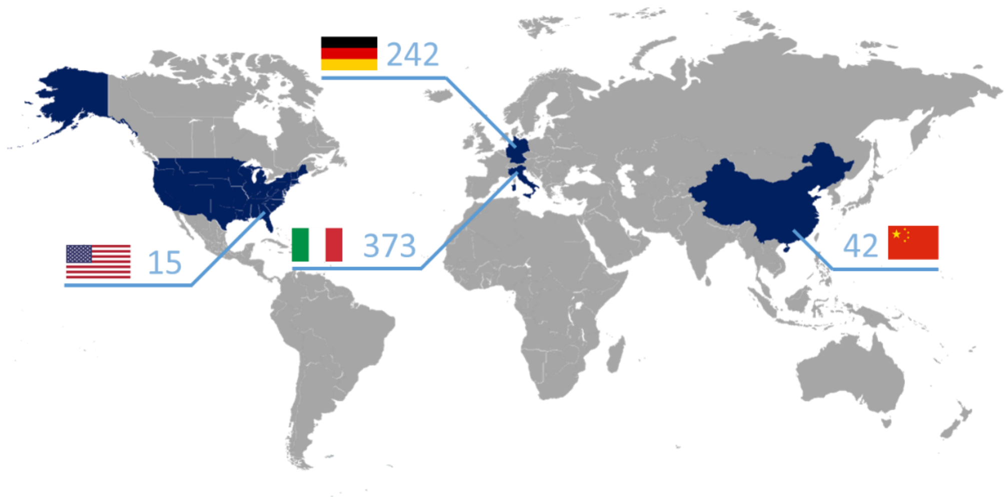
In order to minimise the probability that one of these risk takes place or its magnitude, Pininfarina has always ensured its organisational models and controls are up-to-date, likewise the definitions of specialised duties, certifications and plant renovations, the re-engineering of production and operating layouts. It provides employees with ongoing and tailored training and information, personal protection devices and materials. It also introduces projects to ensure that jobs are performed in fully secure conditions.[22]

22 GRI 403-2: Hazard identification, risk assessment, and incident investigation

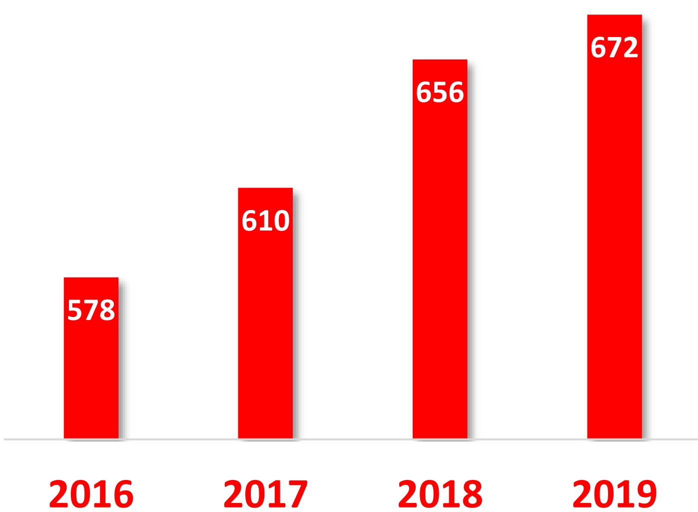
Workforce composition

Pininfarina's workforce grew 2% in 2019, from 656 employees in 2018 to **672**, located as follows:

- **373 in Italy** with the parent, Pininfarina S.p.A., Pininfarina Extra S.r.l. (merged into Pininfarina S.p.A. in 2019) and the newco Pininfarina Engineering S.r.l. (56%);
- **242 in Germany** with Pininfarina Deutschland Holding GmbH and Pininfarina Deutschland GmbH (36%);
- **42 in China** with Pininfarina Shanghai Co. Ltd. (6%);
- **15 in the United States** with Pininfarina of America Corp. (2%).



The increase in the workforce is due to the group's overall growth, particularly the strong development of the Chinese market and the establishment of the newco **Pininfarina Engineering S.r.l.** in 2018 by selling the engineering business unit of Pininfarina S.p.A., which led to the hiring of around forty employees.



Pininfarina's people in 2019

The growth of Pininfarina's workforce continued in 2019, also confirming the group's rediscovered solidity. Indeed, the workforce rose from 656 to 672, showing an overall increase of 2%, most of all concentrated in Germany and the United States. The workforce in Italy and China remained more or less unchanged.

The rise in employee numbers is chiefly due to the parent's choice to more clearly and effectively focus on the two nuclei of its business: design and engineering.

Gender equality

In continuity with the previous year, a breakdown by gender shows that 80% of the workforce is male and 20% female, as is customary in the group's sector and due to its industrial background.

The growth in the number of women in the group's workforce rose significantly during the year in all countries. Indeed, there was a 10% rise in Italy, 4% in Germany, 71% in China and 100% in the United States. This is proof of the group's constant, effective effort to foster gender equality.

A breakdown of the workforce by country and gender in terms of the type of employment contract, position and duties is provided in the “Figures and indicators” section.

Number of new hires and turnover

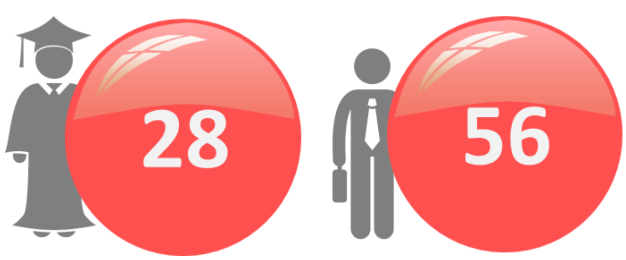
The 2019 overall turnover rate was 12%, calculated as the ratio of the number of employees who left the parent during the year to the total number of employees.

It was more or less unchanged on 2018 (10% in 2018 and 12% in 2019).

In detail, the 93 new hires in 2019 are broken down as follows:

- 28 individuals under 30 years old;

65 individuals over 30 years old (including 51 aged between 30 and 50 years old and 14 over 50 years old).



Training

In 2019, the group provided more than 20,000 hours of training to its employees, with an average of 40 training hours per employee against 39 in 2018. The 1% increase is mainly due to the boost in training provided to employees in Germany.

Remuneration and benefits

The base average remuneration of group employees is €66,758 per annum, considering managers, junior managers, white collars and blue collars. The total remuneration (including the variable component) is €83,291.

The ratio of the base average remuneration paid to female employees compared to male employees is 67% (69% considering the total base remuneration plus variable component).[23]

With respect to employee benefits[24], the following are provided:

- child assistance services in Germany;
- wellness and nutrition programmes in Germany;
- gym membership and fitness services in Germany and the United States, with discounts offered in Italy.

In Italy, where benefits were mainly paid to personnel with higher positions in the past, a programme was launched in 2019 to extend a portion of the benefits to all employees via a portal that they can use to access or request benefits.

23 GRI 405-2: Ratio of basic salary and remuneration of women to men

24 GRI 401-2: Ratio of basic salary and remuneration of women to men.

Health and safety in the workplace

Employee health and safety is a key priority for the group as can be seen from the fact that it has adopted the UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 standards, certified by an independent expert.[25]

The following occurred in 2019:

- three accidents in the workplace in Italy;
- three commuting accidents in Italy.

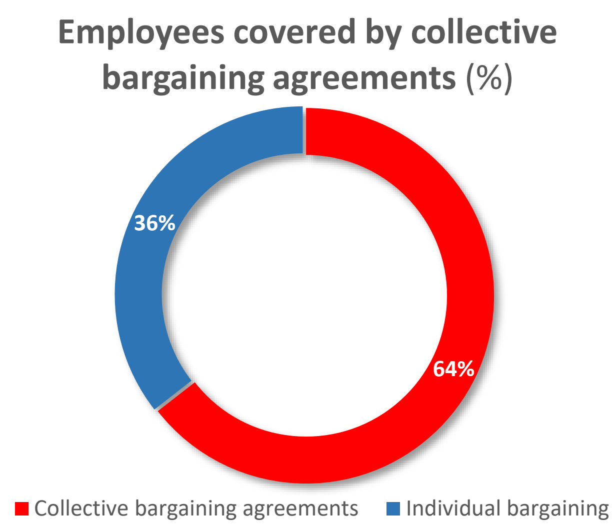
Though the group has focused more and more on safety in the workplace in past years, the number of accidents and their significance rose in 2019, with the lost days rate (LDR), an indicator of the seriousness of the accidents, increasing from 0.015 in 2018 to 1.189 a 2019.

Finally, there were no deaths in the workplace or occupational diseases among employees or former employees in 2019.[26]

Dialogue with social parties

Pininfarina guarantees its employees the right to freedom of association and collective bargaining in all the countries where it operates in compliance with the ruling regulations. The group adopts a proactive approach to the worker associations and trade unions.

At the end of 2019 figures confirm that 64% of employees are covered by collective bargaining agreements, up slightly on 73% in 2018. This rise is due to the growth of Pininfarina's workforce in Germany and the United States where most employees do not have employment contracts based on collectively-bargained framework agreements.



25 GRI 403-1: Occupational health and safety management system.

26 GRI 403-10: Work-related ill health

Human rights

Given the non-industrial nature of its business and supply chain, its geographical diversification in advanced economies and the type of workforce deployed (employees and consultants who are highly educated and with significant work experience), the group considers the risk of violating human rights to be low. Accordingly, it does not have specific internal policies or procedures to manage this topic, except for long-standing practices such as, for example, checks that its suppliers pay their social security contributions or the ongoing dialogue with trade unions for significant transactions that affect workers, such as the redundancy schemes implemented in the last ten years. [27]

Although the topic of human rights and compliance therewith during its business activities is not a material aspect for the group, Pininfarina has chosen to emphasise in its Code of Ethics that social equality and respect for the individual are fundamental values for its internal culture.

The values of inclusion and respect are a vital part of Pininfarina's corporate culture. This was confirmed by the "Diversity & Inclusion Award" given to Pininfarina S.p.A. in 2018 as part of Diversity Day held at Bocconi University. The award is bestowed on companies who stood out during the year with regard to inclusion and diversity. Pininfarina's commitment continues with its participation at the subsequent editions of Diversity Day.

"The group does not tolerate any form of violence, bullying, exploitation or undesired attention that violates the dignity of the individual affected by such conduct. It forbids all forms of exploitation and/or sexual harassment or harassment due to an individual's different personal, cultural or religious practices or beliefs. It forbids all the group companies in Italy and abroad from engaging in any form of labour exploitation and, especially, child labour"

"The group strongly condemns any form of racism or xenophobia. It also strongly opposes any form of exploitation of workers, even in the event of illegal intermediation."

Pininfarina's Code of Ethics

The logical consequence of such approach is the set target of zero episodes of discrimination among group companies. This goal was once more reached in 2018 and is considered vitally important, as it is an indicator of a corporate culture that is inclusive and open to debate.

Pininfarina's strategy in this regard is to hold responsible and create awareness among both internal personnel, regardless of their hierarchical level or duties, and any third parties who work with the group, as expressly referred to the Code of Ethics, aimed at all parties who work for Pininfarina.

27 GRI 103-2: The management approach and its components.

Main risks and risk management methods[28]

Given the nature and geographical location of the group's business operations, it is not exposed to particularly significant risks of violating human rights.

As far as possible, the risks of violating human rights related to child labour, forced labour, security practices or respect for local communities are not significant. In this regard, the Pininfarina Group has not implemented a specific control system aimed at preventing such violations, deeming it sufficient to communicate and share the moral principles contained in the Code of Ethics.

Internal risks managed through specific regulations or projects could arise from discrimination in the workplace or the violation of the worker's privacy or safety, although the group has not received reports of discrimination or situations where the worker's rights have actually been violated or jeopardised.

As a measure of counter-action, the group has set up a whistleblowing channel and applies itself every day to make sure the founding principles of the group's culture, set out in the Code of Ethics, are shared and respected by all Pininfarina personnel and anyone who works with the group.

Risks arising from limitations to the freedom of association and collective bargaining could arise, although most of the group employees were covered by collective bargaining agreements at 31 December 2019.

0 INCIDENTS OF DISCRIMINATION OR NON-RESPECT OF HUMAN RIGHTS

During 2019, no reports of discrimination or non-respect for human rights were received by any of the group companies, confirming the importance given to this issue by the group and basically in continuity with that reported last year. [29]

No labour disputes that ended by finding the group guilty have taken place related to the freedom of association and collective bargaining, despite the significant personnel restructuring projects undertaken in the last ten years.

28 GRI 102-15: Key impacts, risks and opportunities.

29 GRI 406-1: Incidents of discrimination and corrective actions taken

Social aspects - compliance with social and economic regulations

> ***"Compliance with the law, regulations, the bylaws, ethical integrity and correctness is an ongoing commitment and duty of the entire group and distinguishes the behaviour of the entire organisation."***
>
> Pininfarina's Code of Ethics

The group's policies for social aspects related to its HR management, including gender equality and dialogue with social parties, have already been presented in the section on "The group's people".

This section provides a brief description of the group's policy to ensure compliance with the main social and economic topics[30] which include statements, international agreements and treaties as well as potentially significant regulations and rules such as:

- regulations about consumer health and safety;
- regulations and rules about marketing and communications;
- regulations about privacy and the loss of customer data

Assuming that Pininfarina acts to ensure the closest possible compliance with the principles of legality, integrity and transparency, its stated objective is zero tolerance of any violations of social and economic laws and regulations.

Pininfarina updated its quality management system in order to make it compliant with the requirements of the UNI EN ISO 9001:2015 standard. It has obtained the relevant certification for its facilities in Cambiano and Grugliasco (Wind Tunnel). The quality management system of the offices of Pininfarina Deutschland was updated to the UNI EN ISO 9001:2008 standard. The group's focus on the quality management system is due to the fact that it is considered a vital tool for ensuring that the companies operate in full compliance with social and economic regulations and rules.

Pininfarina's business mainly consists of design and engineering, product development, testing and building prototypes rather than the manufacturing and sale of products. Nonetheless, it has obtained certificates and introduced control procedures allowing the group to avoid sanctions of any kind due to non-compliance with regulations about consumer health and safety, as already reported last year.

Other potentially significant social and economic regulations include those about marketing and communications. Pininfarina has incorporated principles and practices in its organisational model pursuant to Legislative decree no. 231/01 and its Code of Ethics to prevent any crimes against industry and trade or copyright crimes.

With respect to data privacy and loss of customer data, Pininfarina S.p.A. began updating its processes and systems in order to ensure their compliance with the new Regulation (EU) 2016/679 on data protection (the GDPR) in 2017 and subsequently completed the project in 2018.

30 GRI 103-2: The management approach and its components.

Main risks and risk management methods[31]

The main internal risks related to social and economic compliance identified by the group include:

- non-compliance with regulations/rules/codes about health and product safety;
- non-compliance with voluntary regulations or codes governing marketing, advertising, promotions and sponsorships,
- violations of the regulation about privacy and the loss of customer data;
- violations of indigenous rights

The principal external risks related to social and economic compliance include risks of significant changes to or stricter regulations that might make it difficult for the group to align its models and control systems.

In order to reduce the possibility of such risks occurring and minimise their potential impact, Pininfarina places its utmost attention on relevant legislation. This includes the updating of the control practices contained in the organisational model in 2018 or the implementation of a personal data management system compliance with GDPR requirements.

The group has not implemented any control systems aimed at preventing violations of indigenous rights, as they are only considered applicable in an abstract manner given the geographical location of the group and the context in which it operates. Accordingly, Pininfarina has deemed it sufficient to communicate and share the moral principles contained in the Code of Ethics.

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Performance indicators

None of the group companies have received notifications or sanctions due to violations of social and economic regulations (including, for example, violations of indigenous rights, violation of privacy or customer data loss, non-compliance with voluntary regulations or codes governing marketing, advertising, promotions and sponsorships or non-compliance with regulations, rules and codes about the impact on health and product safety).[32]

0 SANCTIONS FOR VIOLATIONS OF SOCIAL AND ECONOMIC REGULATIONS

31 GRI 102-15: Key impacts, risks, and opportunities.

32 GRI 419-1: Non-compliance with laws and regulations in the social and economic area.

FIGURES AND INDICATORS

Employees by type of employment contract (no.)[33]	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	**309**	**64**	**373**	**312**	**58**	**370**	**280**	**53**	**333**
Fixed-term contracts	296	57	353	4	1	5	8	5	13
Open-ended contracts	1	-	1	296	53	349	268	45	313
Trainee contracts	12	7	19	12	4	16	4	3	7
Germany	**188**	**54**	**242**	**182**	**52**	**234**	**182**	**51**	**233**
Fixed-term contracts	177	49	226	172	47	219	176	46	222
Open-ended contracts	3	1	4	3	1	4	1	-	1
Trainee contracts	8	4	12	7	4	11	5	5	10
China	**30**	**12**	**42**	**33**	**7**	**40**	**27**	**7**	**34**
Fixed-term contracts	30	12	42	33	7	40	26	7	33
Open-ended contracts	-	-	-	-	-	-	1	-	1
Trainee contracts	-	-	-	-	-	-	-	-	-
USA	**11**	**4**	**15**	**10**	**2**	**12**	**7**	**3**	**10**
Fixed-term contracts	11	3	14	10	2	12	7	3	10
Open-ended contracts	-	1	1	-	-	-	-	-	-
Trainee contracts	-	-	-	-	-	-	-	-	-
TOTAL	**538**	**134**	**672**	**537**	**119**	**656**	**496**	**114**	**610**
Fixed-term contracts	514	121	635	219	57	276	217	61	278
Open-ended contracts	4	2	6	299	54	353	270	45	315
Trainee contracts	20	11	31	19	8	27	9	8	17

Employees by type of position (no.)	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	**309**	**64**	**373**	**312**	**58**	**370**	**280**	**53**	**333**
Full-time employees	306	61	367	310	56	366	280	51	331
Part-time employees	3	3	6	2	2	4	-	2	2
Germany	**188**	**54**	**242**	**182**	**52**	**234**	**182**	**51**	**233**
Full-time employees	138	29	167	165	31	196	169	35	204
Part-time employees	50	25	75	17	21	38	13	16	29
China	**30**	**12**	**42**	**33**	**7**	**40**	**27**	**7**	**34**
Full-time employees	30	12	42	33	7	40	27	7	34
Part-time employees	-	-	-	-	-	-	-	-	-
USA	**11**	**4**	**15**	**10**	**2**	**12**	**7**	**3**	**10**
Full-time employees	11	4	15	10	2	12	7	3	10
Part-time employees	-	-	-	-	-	-	-	-	-
TOTAL	**538**	**134**	**672**	**537**	**119**	**656**	**496**	**114**	**610**
Full-time employees	485	106	591	518	96	614	483	96	579
Part-time employees	53	28	81	19	23	42	13	18	31

33 GRI 102-8: Information on employees and other workers

Employees by age bracket (no.)[34]	2019			2018			2017		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Italy	**309**	**64**	**373**	**312**	**58**	**370**	**280**	**53**	**333**
Managers	**26**	**2**	**28**	23	2	25	19	3	22
Under 30	-	-	-	-	-	-	-	-	-
Between 30 and 50	8	-	8	9	-	9	7	1	8
Over 50	18	2	20	14	2	16	12	2	14
Junior managers	**100**	**24**	**124**	**104**	**22**	**126**	**91**	**15**	**106**
Under 30	-	-	-	-	-	-	-	-	-
Between 30 and 50	58	15	73	58	14	72	52	8	60
Over 50	42	9	51	46	8	54	39	7	46
White collars	**163**	**37**	**200**	**162**	**34**	**196**	**143**	**35**	**178**
Under 30	18	6	24	25	5	30	11	7	18
Between 30 and 50	81	18	99	75	18	93	74	17	91
Over 50	64	13	77	62	11	73	58	11	69
Blue collars	**20**	**1**	**21**	**23**	**-**	**23**	**27**	**-**	**27**
Under 30	5	1	6	4	-	4	2	-	2
Between 30 and 50	-	-	-	5	-	5	9	-	9
Over 50	15	-	15	14	-	14	16	-	16
Germany	**188**	**54**	**242**	**182**	**52**	**234**	**182**	**51**	**233**
Managers	2	-	2	**2**	**-**	**2**	**2**	**-**	**2**
Under 30	-	-	-	-	-	-	-	-	-
Between 30 and 50	1	-	1	1	-	1	1	-	1
Over 50	1	-	1	1	-	1	1	-	1
Junior managers	**27**	**5**	**32**	**32**	**4**	**36**	**29**	**3**	**32**
Under 30	2	-	2	1	-	1	1	-	1
Between 30 and 50	15	5	20	24	4	28	23	3	26
Over 50	10	-	10	7	-	7	5	-	5
White collars	**159**	**49**	**208**	**148**	**48**	**196**	**151**	**48**	**199**
Under 30	38	19	57	47	16	63	55	21	76
Between 30 and 50	100	27	127	82	28	110	76	25	101
Over 50	21	3	24	19	4	23	20	2	22
China	**30**	**12**	**42**	**33**	**7**	**40**	**27**	**7**	**34**
Managers	**1**	**-**	**1**	**1**	**-**	**1**	**1**	**-**	**1**
Under 30	-	-	0	-	-	-	-	-	-
Between 30 and 50	-	-	0	-	-	-	1	-	1
Over 50	1	-	1	1	-	1	-	-	-
Junior managers	**4**	**2**	**6**	**4**	**1**	**5**	**4**	**1**	**5**
Under 30	-	-	0	-	-	-	2	-	2
Between 30 and 50	4	2	6	4	1	5	2	1	3
Over 50	-	-	0	-	-	-	-	-	-
White collars	**25**	**10**	**35**	**28**	**6**	**34**	**22**	**6**	**28**
Under 30	10	9	19	10	3	13	11	2	13
Between 30 and 50	13	1	14	18	3	21	11	4	15
Over 50	2	-	2	-	-	-	-	-	-
USA	**11**	**4**	**15**	**10**	**2**	**12**	**7**	**3**	**10**
Managers	**1**	**0**	**1**	**1**	**1**	**2**	**1**	**-**	**1**
Under 30	-	-	-	-	-	-	-	-	-
Between 30 and 50	1	-	1	1	1	2	1	-	1

34 GRI 405-1: Diversity of governance bodies and employees.

Over 50	-	-	0	-	-	-	-	-	-
White collars	**10**	**4**	**14**	**9**	**1**	**10**	**6**	**3**	**9**
Under 30	**4**	**3**	7	3	1	4	-	2	2
Between 30 and 50	**6**	**1**	7	6	-	6	6	1	7
Over 50	-	-	-	-	-	-	-	-	-
TOTAL	**538**	**134**	**672**	**537**	**119**	**656**	**496**	**114**	**610**
Managers	**30**	**2**	**32**	**27**	**3**	**30**	**23**	**3**	**26**
Under 30	-	-	-	-	-	-	-	-	-
Between 30 and 50	10	-	10	11	1	12	10	1	11
Over 50	20	2	22	16	2	18	13	2	15
Junior managers	**131**	**31**	**162**	**140**	**27**	**167**	**124**	**19**	**143**
Under 30	2	-	2	1	-	1	3	-	3
Between 30 and 50	77	22	99	86	19	105	77	12	89
Over 50	52	9	61	53	8	61	44	7	51
White collars	**357**	**100**	**457**	**347**	**89**	**436**	**322**	**92**	**414**
Under 30	70	37	107	88	26	114	77	32	109
Between 30 and 50	200	47	247	178	48	226	167	47	214
Over 50	87	16	103	81	15	96	78	13	91
Blue collars	**20**	**1**	**21**	**23**	**-**	**23**	**27**	**-**	**27**
Under 30	5	1	6	4	-	4	2	-	2
Between 30 and 50	-	-	-	5	-	5	9	-	9
Over 50	15	-	15	14	-	14	16	-	16

Number of new hires (no.)[35]	**2019**			**2018**			**2017**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Italy	**42**	**12**	**54**	**48**	**8**	**56**	**44**	**9**	**53**
Under 30	4	4	8	18	1	19	7	3	10
Between 30 and 50	29	7	36	25	6	31	27	6	33
Over 50	9	1	10	5	1	6	10	-	10
Germany	**28**	**8**	**36**	**24**	**15**	**39**	**39**	**13**	**52**
Under 30	12	7	19	12	8	20	24	9	33
Between 30 and 50	12	1	13	11	5	16	14	4	18
Over 50	4	-	4	1	2	3	1	-	1
China	**-**	**5**	**5**	**6**	**-**	**6**	**1**	**-**	**1**
Under 30	-	-	-	1	-	1	-	-	-
Between 30 and 50	-	5	5	5	-	5	1	-	1
Over 50	-	-	-	-	-	-	-	-	-
USA	**1**	**2**	**3**	**4**	**1**	**5**	**-**	**1**	**1**
Under 30	-	1	1	3	1	4	-	1	1
Between 30 and 50	1	1	2	1	-	1	-	-	-
Over 50	-	-	-	-	-	-	-	-	-
TOTAL	**71**	**27**	**98**	**82**	**24**	**106**	**84**	**23**	**107**
Under 30	16	12	28	34	10	44	31	13	44
Between 30 and 50	42	14	56	42	11	53	42	10	52
Over 50	13	1	14	6	3	9	11	-	11

35 GRI 401-1: New employee hires and employee turnover.

Number of departures (no.)	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	**47**	**7**	**54**	**14**	**3**	**17**	**21**	**3**	**24**
Under 30	4	2	6	3	-	3	4	-	4
Between 30 and 50	15	4	19	6	3	9	11	1	12
Over 50	28	1	29	5	-	5	6	2	8
Germany	**17**	**6**	**23**	**29**	**13**	**42**	**45**	**13**	**58**
Under 30	6	3	9	11	10	21	17	7	24
Between 30 and 50	10	3	13	15	3	18	25	6	31
Over 50	1	-	1	3	-	3	3	-	3
China	**3**	**-**	**3**	**1**	**-**	**1**	**-**	**1**	**1**
Under 30	-	-	-	1	-	1	-	-	-
Between 30 and 50	3	-	3	-	-	-	-	1	1
Over 50	-	-	-	-	-	-	-	-	-
USA	**3**	**-**	**3**	**1**	**3**	**4**	**1**	**2**	**3**
Under 30	-	-	-	-	2	2	-	1	1
Between 30 and 50	2	-	2	1	1	2	1	1	2
Over 50	1	-	1	-	-	-	-	-	-
TOTAL	**70**	**13**	**83**	**45**	**19**	**64**	**67**	**19**	**86**
Under 30	10	5	15	15	12	27	21	8	29
Between 30 and 50	30	7	37	22	7	29	37	9	46
Over 50	30	1	31	8	-	8	9	2	11

Turnover rate (%)	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	13%	2%	15%	4%	1%	5%	6%	1%	7%
Germany	7%	3%	10%	12%	6%	18%	19%	6%	25%
China	8%	0%	8%	3%	=	3%	=	3%	3%
USA	25%	0%	25%	8%	25%	33%	10%	20%	30%
TOTAL	**11%**	**2%**	**13%**	**7%**	**3%**	**10%**	**11%**	**3%**	**14%**

Average training hours by gender and employee categories (hours/no.)[36]	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	**14**	**17**	**15**	**13**	**19**	**14**	**24**	**27**	**25**
Managers	14	7	13	10	11	10	15	17	16
Junior managers	12	16	13	15	16	15	31	31	31
White collars	17	18	17	13	22	15	22	27	23
Blue collars	7	45	9	9	-	9	19	-	19
Germany	**227**	**113**	**187**	**73**	**116**	**86**	**175**	**162**	**172**
Managers	-	-	-	-	-	-	16	-	16
Junior managers	27	13	24	-	18	18	148	-	139
White collars	324	126	240	73	123	87	183	169	179
China	**5**	**6**	**5**	**24**	**24**	**24**	**-**	**-**	**-**
Managers	-	-	-	-	-	-	-	-	-
Junior managers	4	4	4	24	-	24	-	-	-
White collars	6	6	6	24	24	24	-	-	-
USA	**-**	**-**	**-**	**-**	**45**	**45**	**-**	**-**	**-**
Managers	-	-	-	-	-	-	-	-	-
Junior managers	-	-	-	-	-	-	-	-	-
White collars	-	-	-	-	45	45	-	-	-
TOTAL	**40**	**40**	**40**	**33**	**64**	**39**	**59**	**69**	**61**
Managers	15	7	14	10	11	10	15	17	16
Junior managers	14	15	14	15	16	15	48	29	45
White collars	61	51	59	42	80	51	74	82	76
Blue collars	7	45	9	9	-	9	19	-	19

Injuries, deaths or occupational diseases (no.)[37]	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
at work	**3**	**-**	**3**	**4**	**-**	**4**	**1**	**-**	**1**
Italy	3	-	3	3	-	3	1	-	1
Germany	-	-	-	1	-	1	-	-	-
China	-	-	-	-	-	-	-	-	-
USA	-	-	-	-	-	-	-	-	-
commuting	**2**	**1**	**3**	**1**	**-**	**1**	**2**	**-**	**2**
Italy	2	1	3	-	-	-	1	-	1
Germany	-	-	-	1	-	1	1	-	1
China	-	-	-	-	-	-	-	-	-
USA	-	-	-	-	-	-	-	-	-
TOTAL	**5**	**1**	**6**	**5**	**-**	**5**	**3**	**-**	**3**

36 GRI 404-1: Diversity of governance bodies and employees.

37 GRI 403-9: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.

Number of employees covered by collective bargaining agreements (no. and %)[38]	**2019**	**2018**	**2017**
Italy	**100%**	**100%**	**100%**
Employees covered by collective bargaining agreements (no.)	373	372	333
Total (no.)	373	372	333
Germany	**26%**	**29%**	**24%**
Employees covered by collective bargaining agreements (no.)	62	68	57
Total (no.)	242	234	233
China	**100%**	**100%**	**100%**
Employees covered by collective bargaining agreements (no.)	42	40	34
Total (no.)	42	40	34
USA	**0%**	**0%**	**0%**
Employees covered by collective bargaining agreements (no.)	0	0	0
Total (no.)	15	12	10
TOTAL	**71%**	**73%**	**70%**
Employees covered by collective bargaining agreements (no.)	**477**	**480**	**424**
Total (no.)	**672**	**656**	**610**

38 GRI 102-41: Collective bargaining agreements

Total energy consumption (offices and production sites) (Gj)[39]	2019	2018	2017
Italy	**40,807.91**	**34,081.67**	**32,651.95**
Consumption of fuel or primary sources	14,180.83	15,833.34	16,251.80
Consumption of electrical energy	26,627.08	18,248.33	16,400.15
Germany	**2,196.25**	**2,018.841**	**1,613.47**
Consumption of fuel or primary sources	1,688.75	1,453.47	1,136.37
Consumption of electrical energy	507.50	565.38	477.11
China	**175.14**	**137.59**	**133.63**
Consumption of fuel or primary sources	-	-	-
Consumption of electrical energy	175.14	137.59	133.63
USA	**281.84**	**212.62**	**-**
Consumption of fuel or primary sources	-	-	-
Consumption of electrical energy	281.84	212.62	-
TOTAL	**43,461.14**	**36,450.73**	**34,399.06**
Consumption of fuel or primary sources	**15,869.58**	**17,286.80**	**17,388.17**
Consumption of electrical energy	**27,591.56**	**19,163.92**	**17,010.89**

NB: The energy consumption of Pininfarina of America Corp. (USA) is estimated on the basis of average consumption in a US office.

Direct emissions (Scope 1)[40]

Direct GHG emissions broken down by energy source (tCO_2)	2019	2018	2017
Italy	**708.38**	**789.66**	**809.35**
From non-renewable sources	684.62	767.72	791.07
From company vehicles (fleet)	23.77	21.94	18.28
Germany	**111.50**	**99.96**	**77.79**
From non-renewable sources	-	-	-
From company vehicles (fleet)	111.50	99.96	77.79
TOTAL	**819.88**	**889.61**	**887.15**
From non-renewable sources	**684.62**	**767.72**	**791.07**
From company vehicles (fleet)	**135.27**	**121.89**	**96.07**

NB: The energy consumption of Pininfarina of America Corp. (USA) is estimated on the basis of average consumption in a US office.

39 GRI 302-1: Energy consumption within the organization.

40 GRI 305-1: Direct (Scope 1) GHG emissions.

Indirect emissions (Scope 2)[41]

Indirect GHG emissions deriving from energy consumption from non-renewable sources (tCO_2)	2019	2018	2017
Italy	**1,880.09**	**1,729.22**	**1,384.79**
Electrical energy	1,408.37	1,729.22	1,384.79
Thermal energy	471.72	-	-
Other sources	-	-	-
Germany	**70.49**	**78.52**	**66.27**
Electrical energy	70.49	78.52	66.27
Thermal energy	-	-	-
Other sources	-	-	-
China	**31.53**	**24.77**	**24.05**
Electrical energy	31.53	24.77	24.05
Thermal energy	-	-	-
Other sources	-	-	-
USA	**35.62**	**26.87**	**-**
Electrical energy	35.62	26.87	-
Thermal energy	-	-	-
Other sources	-	-	-
TOTAL	**2,017.72**	**1,859.38**	**1,475.11**
Electrical energy	**1,546,72**	**1,859.38**	**1,475.11**
Thermal energy	**471.72**	**-**	**-**
Other sources	**-**	**-**	**-**

NB: The energy consumption of Pininfarina of America Corp. (USA) is estimated on the basis of average consumption in a US office.

NOx, SOx and other significant air emissions *(kg)*[42]	2019	2018	2017
Italy	**250,534.54**	**252,642.07**	**238,905.58**
NO_x	250,084.00	252,442.00	238,752.00
VOC	450.54	220.07	153.58

NB: The figures relate to Italy as the emissions of significant substances in the other countries is not relevant in terms of their environmental impact.

41 GRI 305-2: Energy indirect (Scope 2) GHG emissions.

42 GRI 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions.

Water withdrawal *(L)*[43]	**2019**	**2018**	**2017**
Italy	18,062,000.00	18,573,000	26,525,000
Germany	626,304.00	587,000	605,000
China	184,000.00	88,000	248
USA	2,860.00	2,860	-
TOTAL	**18,875,164.00**	**19,250,860**	**27,130,248**

NB: The energy consumption of Pininfarina of America Corp. (USA) is estimated on the basis of average consumption in a US office.

The following table shows details of waste produced by the Pininfarina Group's legal entities in Italy.

Total weight of waste produced (t)[44]	**2019**	**2018**	**2017**
Hazardous waste	**19,816**	**20,067**	**26,287**
Waste to be recycled	12,665	17,761	12,236
Waste to be disposed of	7,151	2,306	14,051
Non-hazardous waste	**392,385.00**	**222,565.50**	**1,338,599**
Waste to be recycled	345,930.00	171,432	1,305,999
Waste to be disposed of	46,455.00	51,133.50	32,600
Total	**412,200**	**242,632**	**1,364,886**
Waste to be recycled	**358,595**	**189,193**	**1,318,235**
Waste to be disposed of	**53,606**	**53,439.50**	**46,651**

43 GRI 303-3: Water withdrawal by source.

44 GRI 306-2: Waste by type and disposal method.

Methodology for reporting non-financial information

Standards applied

The data and information included in this non-financial statement are taken from the group's IT systems and the non-financial reporting system developed specially to meet the requirements of Legislative decree no. 254/2016 and the GRI Standard. They have been prepared using precise calculations or estimates, as indicated. The calculation methodologies used are described below.

Injury rates

The injury rates were calculated using the method set out in UNI 7249:2007 "Statistics on occupational injuries".

Specifically, the injury rate (IR) was calculated as the ratio of injuries, including fatal, to the hours worked multiplied by 1,000,000. The lost days rate (LRD) is calculated as the ratio of the number of hours lost due to injuries and the hours worked in a year, multiplied by 200,000. This parameter is equal to the number of hours worked by 50 employees in a year working 40 hours a week. The same methodology was used to calculate the hours lost due to occupational diseases (ODR), i.e., the ratio of the hours lost due to injury by the hours worked in a year multiplied by 200,000.

Energy consumption and GHG emissions

The data used to calculate energy consumption by the foreign group companies are provided by the energy provider. They are obtained from the meters installed at their facilities for the parent and Pininfarina Extra.

Fuel consumed by the Italian fleet was estimated by multiplying the mileage by average consumption for the percentage attributable to company use (7% of the total).

Emissions are split between Scope 1 and Scope 2.

Scope 1 emissions are GHG emissions generated directly by the group companies when burning fuel to generate electrical or thermal energy.

Scope 2 emissions include those of the energy providers.

In order to calculate the direct CO_2 emissions (Scope 1), the group uses the emission factors defined by the UK Department for Business, Energy & Industrial Strategy (BEIS), while it used the emission factors defined by ISPRA using TERNA data for the indirect CO_2 emissions (Scope 2).

Estimates of the harmful ozone substances released by the Italian workshops were based on six-monthly measurements of the fumes in accordance with the ruling regulations.

Waste

Data about waste produced were obtained from the group's waste register in accordance with the ruling regulations about waste disposal.

GRI Content Index[45]

The table summarising the GRI indicators referred to herein is set out below.

Disclosure	**Page number, reference to other sections of the Report or other documents** (The page numbers refer to the paragraph that includes the information)
GRI 102	**General Disclosure**
102-1	Pininfarina S.p.A.
102-2	p. 14 Annual Financial Report. 2019 performance by business segment
102-3	Cambiano (Turin), Italy
102-4	The group operates directly in Italy, Germany, China and the United States. It also receives orders from customers in other countries.
102-5	p. 36 Annual Financial Report, General considerations, Introduction
102-6	p. 2 The Pininfarina Group has offices in the following countries: Italy, Germany, China and the United States. Its services include design, style and engineering.
102-7	p. 12 Annual Financial Report, Human resources and the environment; p. 15 Annual Financial Report group companies
102-8	p. 42
102-9	Given the nature of Pininfarina's business, it does not have a structured supply chain. It purchases just a few materials used to make the design models and prototypes and software. Therefore, this topic is not material for the group.
102-10	No significant changes in the supply chain compared to the previous year.
102-11	When developing a product, Pininfarina adheres to its customer's specific requirements and the customer is responsible for analysing health, safety and environmental impact risks. The customer then has the product endorsed.
102-12	The Pininfarina Group has not adhered to codes of conduct, principles or initiatives developed outside its organisation.
102-13	The main trade associations of which it is a member are Confindustria, ANFIA and AMNA.
102-14	p. 1, "Letter to stakeholders"
102-15	p. 15 Corruption; p. 31 Employees; p. 22 Environment; p. 37 Society; p. 39 Human rights
102-16	p. 10
102-18	p. 10
102-22	p. 12
102-36	Remuneration Report The group decides employee remuneration in line with the standard set in framework agreements for the specific employee category which is then negotiated with the employee.
102-40	p. 5
102-41	p. 47
102-42	p. 5
102-43	p. 5
102-44	p. 6
102-45	p. 5
102-46	p. 6
102-47	p. 6

45 GRI 102-55: GRI content index.

Disclosure	Page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)
GRI 102	**General Disclosure**
102-48	The information provided in 2016 does not need to be amended or supplemented.
102-49	No significant changes in the material topics and scope compared to the previous year.
102-50	2019
102-51	2019
102-52	Annual
102-53	finance@pec.pininfarina.it
102-54	p. 1
102-55	p.52
102-56	p. 55
GRI 103	**Management Approach**
103-2	p. 14 Corruption; p. 11 Employees; p. 20 Environment; p. 30 Society; p. 36 Human rights; p. 38 Diversity of governance bodies
GRI 205	**Anti-corruption**
205-2	p. 15
205-3	p. 16
GRI 302	**Energy**
302-1	p. 48
302-3	Pininfarina calculates energy intensity as the ratio of energy consumption to surface square metres. This indicator is available for Italy (315.05 KWh/sm), Germany (207.2), China (49.64) and the United States (186.22). At group level, it is 299.18 kWh/sm. Figures for Pininfarina of America Corp. (US) are estimated on the basis of average consumption in a US office.
GRI 303	**Water and effluents**
303-3	p. 50
GRI 305	**Emissions**
305-1	p. 48
305-2	p. 49
305-6	p. 24
305-7	p. 49
GRI 306	**Effluents and waste**
306-2	p. 50
GRI 307	**Environmental compliance**
307-1	p. 26
GRI 401	**Employment**
401-1	p. 44
401-2	p. 34
GRI 403	**Occupational health and safety**
403-1	p. 35
403-9	p. 46
403-10	p. 35

Disclosure	Page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)
GRI 404	**Training and education**
404-1	p. 45
GRI 405	**Diversity and equal opportunity**
405-2	p. 34
405-1a	p. 11
405-1b	p. 43
GRI 406	**Non-discrimination**
406-1	p. 37
GRI 419	**Socio-economic compliance**
419-1	p. 39
-	Pininfarina has not signed international conventions about HR management.

Report of the independent auditors

KPMG

(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Pininfarina S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2019 consolidated non-financial statement of the Pininfarina Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 23 March 2020 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Pininfarina S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards").

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Gaining an understanding of the following:
   - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
   - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
   - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 4.a).

4. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel and personnel of Pininfarina Engineering S.r.l. and Pininfarina Deutschland GmbH . We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics:

   - at group level,
     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
     b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
   - we visited Pininfarina S.p.A., Pininfarina Engineering S.r.l. and Pininfarina Deutschland GmbH, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators;

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2019 consolidated non-financial statement of the Pininfarina Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Turin, 17 April 2020

KPMG S.p.A.

(signed on the original)

Andrea Fumagallo
Director of Audit