



## **DIRECTORS' REPORT**

**in accordance with Article 125-ter of Legislative Decree 58/1998 and Articles 84-ter and 73 of the regulation adopted with Consob motion No. 11971 of 1999**

**Shareholders' Meeting of 29 April 2019 (first call)**

**and of 2 May 2019 (second call)**

**Issuer: Zignago Vetro S.p.A.**

**Website: [www.gruppozignagovetro.com](http://www.gruppozignagovetro.com)**

*ZIGNAGO VETRO S.p.A.  
Registered office Fossalta di Portogruaro (VE) Via Ita Marzotto, 8  
Share capital 8,800,000.00 fully subscribed and paid-in  
Tax and Venice Companies Registration Office No.: 00717800247*

## Proposals to the Shareholders' Meeting

The Shareholders' Meeting of Zignago Vetro S.p.A. is to be held at the Company's registered office in Fossalta di Portogruaro (VE), via Ita Marzotto No.8, on 29 April 2019, at the time of 11 AM in first call and, on 2 May 2018 in second call, at the same location and time.

(Directors' Report prepared in accordance with Article 125-ter of Legislative Decree 58/1998 and Articles 84-ter and 73 of the regulation adopted with Consob motion No. 11971 of 1999)

### 1) Annual Financial Statements for the year ended 31 December 2018, Directors' Report, Board of Statutory Auditors' Report and Independent Auditors' Report.

#### 1.1) Review and approval of Annual Financial Statements for the year ended 31 December 2018, Directors' Report, Board of Statutory Auditors' Report and Independent Auditors' Report.

#### 1.2) Allocation of the profit

Dear Shareholders,

The financial statements for the year ended 31 December 2018, which we present for your approval, report revenues in 2018 of Euro 201,351,474, up 9.2% on Euro 184,454,225 in 2017.

The profit of Euro 34,035,293, permits us to propose the distribution of a dividend of Euro 0.36 for each of the ordinary shares at 13 March 2019 (excluding treasury shares held by Zignago Vetro S.p.A. at 13 March 2018), for a total amount of Euro 31,568,769.00, corresponding to 70.0% of the consolidated profit, with dividend coupon date No. 13 of 13 May 2019 (ex date), record date of 14 May 2019 and pay-out on 15 May 2019. The proposal is therefore in line with the policy to allocate 70% of consolidated profit as dividend in the absence of significant extraordinary operations.

We also present the Consolidated Financial Statements for the year ended 31 December 2018 which, although not requiring approval by the Shareholders' Meeting, comprises additional information to the Financial Statements of Zignago Vetro S.p.A..

2018 featured generally favourable market conditions across all Group sectors. Both Italy and Europe in general saw growing Beverage and Food glass container demand across all the main market segments, thanks to strong end consumption, buoyant exports and an increasing preference among users for glass packaging.

The global Perfumery markets also performed strongly, particularly in the specialised categories and more specifically the luxury segment. For the Cosmetics market, the Skincare and Make up segments appeared to expand, while the nail varnish container market, impacted by the reduced sell-out, continues to display signs of weakness.

The Group reports a good increase in revenues (+11.7%), driven by volumes, and also of the margin: Zignago Vetro Group EBITDA totalled Euro 104.3 million - a 27.7% margin - and up 13.9% on 2017. The profit was Euro 45.0 million (12% margin, +13.1% on 2017).

The financial and capital base is well balanced, with a low risk profile. The increase in the debt is mainly due to the significant investments made. On the other hand, cash generation improved considerably.

In consideration of the results above and the information disclosed in the Financial Statements for the year ended 31 December 2018 which you are called to approve and in the Directors' Report in the Consolidated Financial Statements at 31 December 2018, we present for your approval the following

#### **motion**

“The Shareholders' Meeting of Zignago Vetro S.p.A., noting the Directors' Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report, and having reviewed the Financial Statements for the year ended 31 December 2018,

approves

(1) the Financial Statements for the year ended 31 December 2018 which report a Profit of Euro 34,035,292.92, as presented by the Board of Directors and the related Directors' Report;

(2) allocation of the profit of Euro 34,035,292.92, as follows:

- for Euro 31,568,769.00 as dividend, as Euro 0.36 for each of the 87,691,025 ordinary shares (excluding the treasury shares held by Zignago Vetro S.p.A. at 13 March 2019);
- for Euro 2,466,523.92 to “Retained earnings”;

- (3) the payment of a dividend of Euro 0.36, before any withholding taxes, for each of the 87,691,025 ordinary shares (excluding the treasury shares held by Zignago Vetro S.p.A. at 29 April 2019), with coupon date No. 13 of 13 May 2019 (ex date), record date of 14 May 2019 and pay-out on 15 May 2019. The payment will be made through the authorised intermediaries through which the shares are registered on the Monte Titoli System;
- (4) to authorise the Chairman of the Board of Directors, where the number of treasury shares is modified before the dividend coupon date:
- to allocate the amount of the dividend relating to any treasury shares acquired to the Extraordinary Reserve;
  - to reduce the Extraordinary Reserve for the amount of dividends on any treasury shares sold.”

**2) 2018 Remuneration Report – motions concerning the First Section, in accordance with Article 123-ter of Legislative Decree 58/1998 and Article 84-quater of Consob Regulation 11971/1999.**

Dear Shareholders,

We submit for your approval the Remuneration Report in accordance with Article 123-ter of the CFA and Article 84-quater of the Issuers' Regulation, which will be published in accordance with law. The remuneration report is broken down into two sections, which respectively illustrate: (i) the remuneration policy of the company for members of the Board of Directors and Board of Statutory Auditors, general managers and the senior executives, with regard at least to the subsequent year and the procedures utilised for the adoption and implementation of these policies; and (ii) each of the items which comprise the remuneration of the members of the Board of Directors, Board of Statutory Auditors, the general managers and the senior executives, in addition to the fees paid in any regard in the previous year.

Given that stated previously, and while reference should be made to the remuneration report for further details, we submit, in line with the provisions of Article 123-ter, paragraph 6 of the CFA, for your approval the following

**motion**

“The Shareholders' Meeting of Zignago Vetro S.p.A.,

- noting the Remuneration Report prepared by the Board of Directors and in accordance with Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Issuers' Regulation,
- having examined in particular the “first section” concerning the policy of the company in relation to the remuneration of members of the Board of Directors, of General Managers and of Senior Executives and the procedures utilised for the adoption and implementation of this policy,
- considering the Self-Governance Code of listed companies, to which the Company complies,

approves

the first section of the remuneration report prepared in accordance with Articles 123-ter of Legislative Decree 58/1998 (as subsequently amended and supplemented) and 84-quater of the Issuer's Regulation.”

**4) Appointment of the Board of Directors, with prior determination of the number of members, duration of office, remuneration and authorisation as per Article 2390 of the Civil Code.**

Dear Shareholders,

with the approval of the financial statements for the year ended 31 December 2018, the mandate of the Board of Directors concluded and you are therefore called to elect a new Board of Directors, establishing also the number of members and their remuneration.

The Board of Directors, in accordance with Article 15 of the By-Laws is composed of between 5 and 15 members, including the Chairman, with the number of members of the under-represented gender matching at least the regulatory required minimum in force.

The Shareholders' Meeting decides the number of members on the Board of Directors, their appointments within the above-mentioned limits and the duration of office, which may not extend beyond 3 years. The offices held by the directors appointed conclude on the date of the Shareholders' Meeting called for the approval of the financial statements of the final year of office and they may be re-elected. The Shareholders' Meeting can change the number of directors during the course of its mandate, within the limits set out above and in the manner that is described as follows; the mandate of these directors ceases with that of the other directors previously appointed.

The members of the Board of Directors are elected on the basis of slates of candidates, in accordance with the following procedures.

The appointment of the Board of Directors must occur through the voting of slates, which allows the minority shareholders to elect at least one director. Shareholders who represent at least 2.5% of the paid-in and subscribed share capital at the date of the presentation of the slate can present a slate of candidates with no more candidates than those to be elected, progressively numbered. This quota is in line with that established by Article 144 *quater* of the Consob Issuers' Regulations.

Each shareholder may present or be a candidate on only one slate; in case of breach, they are excluded from all slates. The shareholders adhering to a shareholders' agreement in accordance with Article 122 of Legs. Decree 58/98 can present and vote on only one slate. The votes in breach of this are not attributed to any slate. Each candidate can be presented only on one slate at the risk of being declared ineligible.

The slates shall be filed at the Company's registered office at least 25 (twenty-five) days prior to the date established for the Shareholders' Meeting in first call or within a differing minimum timeframe established by applicable regulation. The ownership of the necessary number of shares for the presentation of a slate is demonstrated by shareholders through the filing of a copy of the certification issued in accordance with law by the authorised parties at the registered office of the Company, at least 21 days before the date fixed for the Shareholders' Meeting in first call. Together with each slate, within the terms indicated above, the following must be filed (i) information relating to the identity of the shareholders presenting the slate and their shareholding; (ii) declarations that the individual candidates accept their candidature and attest to the inexistence of causes of ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office, including any possible declarations of independence required in accordance with the Self-Governance Code and regulations in force, and (iii) the curriculum vitae of each candidate, with indication of offices held.

In the case of the presentation of a slate by shareholders other than those holding, even jointly, a controlling or relative majority share in the Company, Consob Communication No. DEM/9017893 of February 26, 2009 recommends that this slate is accompanied by a declaration of the presenting shareholders stating the absence of connecting relationships, even indirect, in accordance with Article 147-*ter*, paragraph 3 of the CFA and Article 144-*quinquies* of the Issuers' Regulation, with the shareholders who hold, even jointly, a controlling or relative majority holding.

Each slate must contain and expressly indicate the candidature of at least one party, or two in the case of a Board of Directors composed of more than seven members, being independent in accordance with Article 148, paragraph 3, of the Finance Act and with Article 147-*ter*, paragraph 4, of the Finance Act (hereafter "Independent Directors ex Article 147-*ter*").

Based on the listing of the Company on the STAR segment, the Board of Directors must contain at least 2 directors (in the case of Boards composed of a maximum of 8 members), or 3 directors (in the case of Boards composed of between 9 and 14 members) or 4 directors (in the case of Boards composed of more than 14 members) considered independent as per Article 3 of the Self-Governance Code.

Each slate presenting a number of candidates equal to or above three must present a number of candidates from the under-represented gender which ensures, within the slate itself, compliance with the regulatory gender quota in force (at least one-third of candidates).

The candidates elected shall be those on the two slates that have obtained the higher number of votes, with the following criteria:

- a) from the slate which obtained the highest number of votes (hereafter the "Majority Slate") all of the members of the Board of Directors are elected except one, as established by the Shareholders' Meeting; the candidates are elected on the basis of progressive numbering;
- b) from the slate which obtained the second highest number of votes and not connected in any way, even indirectly, with the shareholders who presented or voted on the majority slate (hereafter the "Minority Slate"), one director is elected, who is the candidate indicated in the first position on the same slate; however, when from the Majority Slate one or two Independent Directors in accordance with Article 147-*ter* cannot be elected, the first person on the Minority Slate, (or the first two, in the case of a Board of Directors composed of more than seven members) is elected as an Independent Director in accordance with Article 147-*ter* indicated in the Minority Slate.

The candidate listed in first position on the Majority Slate is elected as Chairman of Board of Directors.

When two slates obtain an equal amount of votes, a new vote is taken by the Shareholders' Meeting, considering only the leading two slates. The same rule will apply in the case of parity between the slates with the second highest number of votes.

If under the above procedure the composition of the Board of Directors does not permit compliance with the gender quota regulation, the number of votes to be attributed to each candidate is calculated by dividing the number of votes for each slate by the number by which the individual candidates are listed. The results thus attained are listed in decreasing order. The candidate of the over-represented gender with the lowest quota among the candidates which will be elected is replaced by the first unelected candidate, belonging to the under-represented gender indicated on the same slate of the replaced candidate, in compliance with the minimum number of Independent Directors. In the case in which candidates from other slates have obtained the same quota, the candidate of the slate with the highest number of Directors is replaced. If the replacement of the candidate of the over-represented gender with the lower number of votes on the slate does not allow the reaching of the minimum threshold established by the Gender Quota Regulation (at least one-third of elected Directors), the replacement operation indicated above is carried out also in relation to the candidate of the over-represented gender with the penultimate number of votes and thereafter proceeding, where necessary, to the candidate above. In all cases in which the above-stated procedure is not applicable, the replacement is carried out by the Shareholders' Meeting based on statutory majority.

Should only one slate be presented, the Shareholders' Meeting shall vote on it and should this slate obtain the statutory majority, the candidates listed in progressive order up to the number fixed by the Shareholders' Meeting shall be elected as Directors, and however in compliance with the gender quota regulation and the required number of Independent Directors. The candidate listed in the first position is elected as the Chairman of the Board of Directors. For the inclusion of the Directors to be elected, consideration is not taken of the slates which have not obtained at least half of the votes required by the By-Laws for the presentation of the slates.

In the case of no slates being presented, the Shareholders' Meeting appoints the Board of Directors by statutory majority.

The Independent Directors in accordance with article 147-ter of the CFA who, after their appointment, are no longer independent, immediately must communicate such to the Board of Directors and, in every case, relinquish office.

In the case of the termination of office, for any reason, of one or more Directors, the replacement is made in accordance with law, without the necessity to appoint a Director from the slate of the Director that resigned from the majority slate or from the minority slate, ensuring the presence on the Board of Directors of the required number of members considered independent in accordance with the applicable regulations, in addition to compliance with that established and in force in relation to gender balance, considering that if the majority of the members of the Board of Directors for any reason is not in place, the entire Board is considered lapsed, the Shareholders' Meeting must be called without delay by the remaining Directors in office to reincorporate the Board.

In consideration of the upcoming conclusion of mandate of the current directors, in accordance with Application criterion 1.C.1, letter *h*) of the Code, the Board, taking account of the outcome of the self-assessment undertaken at the Board meeting of March 13, 2019, expressed to Shareholders - within the Illustrative Report on the agenda prepared as per Article 125-ter of the CFA - its opinion on the managerial and professional roles whose presence on the Board of Directors is considered beneficial, recommending to include in the slates:

- (i)* candidates with adequate experience - including managerial - and expertise regarding economic, accounting, legal, financial, risk management and/or remuneration policy matters;
- (ii)* an adequate number of candidates considered independent, so as that at least one-third of its members are Independent Directors, in addition to
- (iii)* with reference to the slates containing a number of candidates equal to or greater than three, candidates belonging to both genders, so that the composition of the Board of Directors ensures gender equality in the proportion established by Article 2 Law No. 120/11.

Dear Shareholders,

We therefore invite you to establish - in accordance with Article 2364, first paragraph, point 3) of the Civil Code and the applicable provisions of the By-Laws - the total annual remuneration of the Directors and in addition to issue any authorisation as per Article 2390 of the Civil Code.

Based on that above, the Board of Directors, in accordance with law and the By-Laws in relation to the matters on the agenda

**invites the Shareholders' Meeting**

- a) to determine the number of members of the Board of Directors;
- b) to determine the term of the duration of the appointment;
- c) to appoint the candidates for election to the Board of Directors of the Company, presented in accordance with the By-Laws and applicable law and regulations;
- d) to determine the remuneration of the Board of Directors;

- e) to authorise all the appointed Directors to undertake positions and holdings and carry out activities as an exception to the prohibition at Article 2390 of the Civil Code.

In accordance with law, on appointment and before accepting office, the Shareholders' Meeting is informed of the corporate offices held in other companies by the candidates.

## **5) Appointment of the Board of Statutory Auditors and the Chairman for the three years 2019-2020-2021 and determination of remuneration of the Statutory Auditors.**

Dear Shareholders,

at the date of the approval of the financial statements for the year ended 31 December 2018, the mandate of the Board of Statutory Auditors concludes.

It is therefore necessary to appoint a new Board of Statutory Auditors and determine the remuneration of the statutory auditors.

The appointment of the Statutory Auditors is carried out based on slates presented to the shareholders according to the procedure set out by Article 20 of the By-Laws, reported below, in order to ensure that the minority slate appoints a Statutory Auditor holding the position of the Chairman and an Alternate Auditor. As per the applicable rules, the outgoing statutory auditors may be re-elected. The candidates for the Board of Statutory Auditors should be considered independent in accordance with Article 148, third paragraph of the CFA and applicable legal and regulatory provisions.

Under the By-Laws, only shareholders who together or with others represent at least 2.5% of the subscribed and paid-in share capital at the moment of the presentation of the slate have the right to present slates.

In relation to this, slates are presented in which the candidates are listed by progressive numbering. The slates comprise two sections: one for candidates for the office of Statutory Auditor and the other for candidates for the office of Alternate Auditor.

Each shareholder may present only one slate; in case of breach, they are excluded from all slates. The shareholders belonging to a shareholders' agreement in accordance with Article 122 of the Finance Act can present and vote on only one slate. The votes in breach of this are not attributed to any slate.

The slates must be filed at the Company registered office and published at the expense of the proposing shareholder(s), in at least 2 Italian nationally distributed newspapers, 15 (fifteen) calendar days prior to the date scheduled for the Shareholders' Meeting in first call, or according to a differing deadline as established by applicable legal or regulatory provisions. Each slate presenting a number of candidates equal to or above three must present a number of candidates from the under-represented gender which ensures, within the slate itself, compliance with the regulatory gender quota in force (currently at least one-third of candidates). Ownership of the number of shares required for presentation of slates is demonstrated by shareholders according to the means and within the deadlines established by applicable legal and regulatory provisions. Together with each slate, within the terms indicated above, the following must be filed (i) information relating to the identity of the shareholders presenting the slate and their shareholding; (ii) declarations that the individual candidates accept their candidature and declare to the inexistence of causes of ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office, (iii) the curriculum vitae of each candidate, with indication of offices held.

In addition to that established by the previous points, in the case of the presentation of a slate by shareholders other than those who hold, also jointly, a controlling or majority holding of the share capital of the Company, such slates must be accompanied by a declaration of the shareholders presenting, declaring the absence of association with one or more of the main shareholders, as defined by existing regulations.

Slates presented that do not comply with all of the above formalities are considered as not presented.

Those with voting rights may vote on only one slate.

The selection of the Statutory Auditor is as follows: (a) from the slate that has obtained the higher number of votes, based on the progressive order with which they are shown on the slate, two statutory auditors and an alternate auditor (hereafter the “Majority slate”) are elected; (b) from the slate that has obtained the second highest number of votes and that is not associated, even indirectly, with the shareholders who have presented or voted on the Majority slate, based on the progressive order with which they are shown on the slate, the remaining statutory auditor and other alternate auditor are elected (the “Minority slate”).

When the first two slates obtain an equal amount of votes, a new vote is taken by the Shareholders’ Meeting, putting only the first two slates concerned to the meeting. The same rule will apply in the case of parity between the slates with the second highest number of votes.

The Chairman of the Board of Statutory Auditors shall be the first candidate on the Minority Slate.

In the case in which the minimum established requirement for the underrepresented gender of Standing or Alternate Auditors is not elected, within the slate which attracted the highest number of votes the necessary substitutions of candidates elected to the roles of Standing or Alternate Auditor is made, according to the progressive order in which the candidates were elected. In the absence of candidates from the underrepresented gender within the relevant section of the majority slate of a sufficient number to proceed with replacement, the Shareholders’ Meeting appoints the Standing or Alternate Members required through statutory majority, ensuring compliance with the requirements.

Where his/her legal requisites no longer exist, the statutory auditor must leave office.

In the case of the substitution of a Statutory Auditor until the next Shareholders’ Meeting, the Alternate Auditor is taken from the same slate as the auditor vacating office. If the replacement as indicated above does not allow compliance with the applicable Gender Quota Regulation (at least one-third of elected statutory auditors), the Shareholders’ Meetings must be called at the earliest opportunity to ensure compliance with the regulation.

When a Statutory Auditor vacates office, including the chairman of the Board of Statutory Auditors, the chairmanship is assumed until the next Shareholders’ Meeting by the alternate member of the same slate from which the Chairman was elected.

If the alternate auditor may not complete the Board of Statutory Auditors, a Shareholders’ Meeting is called to supplement the Statutory Auditors and chose, where statutory auditors may still be elected, from among the candidates on the slate of which the vacating statutory auditor was a member. In all of the cases in which it is not possible to form the Board of Statutory Auditors by that set out above, the provisions of law are applied.

In the case in which only one slate is presented or in the case in which no slate is presented, the Shareholders’ Meeting votes by statutory majority and in compliance with the regulation concerning gender balance.

In addition, pursuant to Article 144-*sexies*, paragraph 5 of the Issuers’ Regulation, where after the twenty-fifth day before the Shareholders’ Meeting only one slate has been filed for the appointment of the Board of Statutory Auditors, or only slates presented by shareholders that, pursuant to Article 144-*sexies*, paragraph 4 of the Issuers’ Regulation, are related as per Article 144-*quinquies* of the same Issuers’ Regulations, slates may be presented up to three days from this date and the shareholding (2.5% of the share capital) required for the presentation of the slates is reduced by half.

We finally invite you to establish - in accordance with Article 2364, first paragraph, point 3) of the Civil Code and the applicable provisions of the By-Laws - the total annual remuneration of the Statutory Auditors.

Based on that above, the Board of Directors, in accordance with law and the By-Laws in relation to the composition, duration and method for appointment of the Board of Statutory Auditors and the Chairman

**invites the Shareholders’ Meeting**

- a) to appoint the candidates for election to the Board of Statutory Auditors of the Company, presented in accordance with the By-laws and applicable law and regulations;

- b) to appoint the Board of Statutory Auditors;
- c) to establish the remuneration of the Board of Statutory Auditors.

In accordance with law, at the time of nomination and before accepting office, the Shareholders' Meeting is informed of the corporate offices held in other companies by the candidates.

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Fossalta di Portogruaro, 13 March 2019

The Chairman of the Board of Directors

Mr. Paolo Giacobbo