

Consolidated non-Financial Report at december 31, 2017

in accordance with legislative Decree 254/2016

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INTRODUCTION

This Consolidated Non-Financial Report (hereafter also the “Report”) reflects the core principles of Zignago Vetro (hereafter also the “company”) and of the Group companies (hereafter also the “Zignago Vetro Group” or “Group”) in conducting operations in terms of a range of considerations - in particular with regard to environmental, societal and economic matters. It is part of the Consolidated Financial Statements and in this sense is read jointly with the Group Consolidated Financial Statements and the Corporate Governance and Ownership Structure Report, which comment upon the organisational and operating model of the company. In particular, paragraph 11 outlines the internal control and risk management system, including those risks deriving from the issues covered by the Decree.

The exploration of issues such as the nature of the business, the main products and services and key events, shall therefore not be restated in the Report.

This Report takes into account in addition the Mission, Vision and Values of the Zignago Vetro Group - key components of its corporate identity.

In accordance with Decree 254/2016 (Article 3, paragraph 7), the Board of Directors of the company approved this Non-Financial Report on 15 March 2018. The Board of Statutory Auditors of the company oversees compliance with Legislative Decree No. 254/2016, to the extent of its scope as dictated by statute and reports its findings in the Annual Report to the Shareholders’ Meeting.

The Consolidated Non-Financial Report of the Group was subject to limited audit (“limited assurance engagement”) by the Independent Audit Firm KPMG S.p.A. as per Article 3, paragraph 10 of Legislative Decree 254/2016. The findings of the audit by the Independent Audit Firm KPMG S.p.A. were outlined in the report prepared as per Article 3, paragraph 10 of Legislative Decree 254/2016 reported at the end of this document.

Scope: in line with the scope of the Group consolidated financial statements as per IFRS 11 (excluding therefore the joint ventures *Vetri Speciali S.p.A. and Vetreco S.r.l.*). Any changes to the scope and/or to the reporting period adopted shall be outlined in a note presented in this document.

This report does not include Vetro Revet Srl, as acquired at the end of 2017 and Zignago Glass USA which, for the purposes outlined in this report, was considered immaterial.

Reporting period: financial year 2017 For entirely comparative purposes, the 2016 figures are also reported.

LETTER TO THE STAKEHOLDERS

2017 was again for the Zignago Vetro Group a year of revenue and earnings growth. This makes us proud and confident in tackling additional more challenging goals and reinforces also the sense of responsibility we need to demonstrate in our work. Companies are not based only on their industrial assets, machinery and technology, but also - and to an increasing degree - on the contribution that employees can provide, their expertise and their ability to develop collective management. Companies are increasingly based on a network of interactions with society at large, with the institutions, with their commercial partners and with the environment. The more businesses grow, the greater the need to focus on being sustainable. For us in fact, the challenge is to couple our daily commitment to grow the Group with a continual focus on the society in which we live and in which we consider ourselves a responsible actor. We therefore always wish to view sustainability as a guiding force in our everyday choices.

Sustainability is an integral part of the Zignago Vetro Group's governance and directly involves top management. Over recent years, the Group has taken concrete actions, investing both financial and non-financial resources to continually and as much as possible improve the sustainability of our strategies - in particular with regards to the environmental, social and product aspects.

In this regard - to cite but a few examples - important steps have been taken in terms of raw material procurement, in particular favouring as much as possible the use of recycled glass, benefitting from the unique characteristic that glass guarantees and which can therefore be recycled an infinite number of times, ensuring a container identical to one made from virgin raw materials. We have continued to pursue energy efficiency, while in addition favouring the sourcing of renewable energy. An improvement process has been put in train for the management of water, minimising its use.

With the trade union representatives we have settled ongoing and constructive dialogue, of which we are particularly proud and which has allowed us to build a positive and collaborative atmosphere, thus minimising strikes. Major and increasing attention was focused on the issues of workplace health and safety in order to ensure a calm, dignified - but particularly - a safe workplace. We have guaranteed personnel, where requested and in the forms permitted by regulations, the flexibility to balance as best as possible their working and personal and family lives. We have introduced a training path for young new-hires to support their personal growth and their career development within the Group.

Furthermore, we have researched and introduced innovative product solutions - also to drive further environmental compatibility and the health and safety of consumers.

Zignago Vetro grows also in and together with the communities in which it operates, in Italy and overseas, and feels a sense of responsibility to knowledgeably invest, with attention and care, to guarantee together with its growth also that of the various parties with whom it interacts.

Notwithstanding the road that we have travelled and the results we have achieved, there remains much to be done, and this is our commitment: to continue, to improve, every day, to build the future.

Paolo Giacobbo,
Chairman & Chief Executive Officer

THE ZIGNAGO VETRO GROUP

STRUCTURE OF THE ZIGNAGO VETRO GROUP AT DECEMBER 31, 2017 ACTIVITIES AND SHAREHOLDINGS



The Zignago Vetro Group operates in the production and marketing of high quality hollow glass containers prevalently for the Food and Beverage, Cosmetics and Perfumery and “Specialty Glass” sectors (highly customised glass containers in small batches, typically used for wine, liquors and oils).

The Group operates in the market with a business-to-business model, supplying containers to its clients, which are then used in their respective industrial activities. Specifically, in the Italian market, the Group is one of the leading producers and distributors of glass containers for the food and beverage sector, while at international level it has a strong market share in the cosmetics and perfumery and specialty glass sectors.

The Group structure diagram is presented in the Directors’ Report.

CORPORATE IDENTITY

The corporate identity stems from the Mission, Vision and Values upon which Group operations are centred.

Mission

Zignago Vetro Group's mission is to produce and market hollow glass containers for a range of market segments, in particular the food and beverages and cosmetics and perfumery sectors, with the aim of providing its customers with high quality, safe products while guaranteeing its shareholders and stakeholders ongoing value creation.

Vision

Zignago Vetro Group's vision is to be a manufacturer known for the quality of the products and services it offers to customers, in particular in terms of innovation, creativity, flexibility and reliability, through a fully committed and pervasive effort focused on continuous improvement.

An integral part of this vision is Zignago Vetro Group's commitment to placing value on the human factor, through the contribution of both individual and collective action, which it considers fundamental for the success of the business.

In this regard, the Group has an approach to human resources based on equal opportunities regardless of gender, ethnic origin, religion or political ideology. This approach extends across the entire network of company relations, from its own employees through all commercial affairs. Equal importance is placed on the Group's commitment to adopting specific rules for the context and market in which it operates in compliance with applicable laws and regulations, fair competition and opposition to all forms of illegal conduct.

Another fundamental aspect of the company vision is the Group's awareness that its pool of stakeholders goes well beyond customers, and includes their wider environmental, social and local context. From this comes the conviction that respect for the needs of all stakeholders, from environmental, social and ethical topics, in general, to human rights and workplace safety, in particular, are fundamental issues in the definition of the Group's policies and strategy.

Values

The founding values shared by the Group are:

- Rigour in the performance of work at all levels
- Transparency in internal and external relations
- An ethical approach to corporate conduct
- Passion in the implementation of the Group's mission
- Sustainability as an integral part of the strategy of Zignago Vetro Group.

THE GROUP'S STAKEHOLDERS & MATERIAL SUSTAINABILITY TOPICS

The Group's values form the basis of an integrated management system oriented to both the company's success and to continuing positive relations with stakeholders, an essential prerequisite for combining the company's strategic vision with the principles of sustainable development and social responsibility.

The stakeholders that the Group deems most relevant to its activity and the context in which it operates include the following:

1. Employees
2. Customers
3. Shareholders
4. Communities and local authorities
5. Suppliers
6. Trade associations
7. Regulatory bodies

For these categories, the Group has identified relevant sustainability topics, relationships and interconnections. In this regard, in pursuit of the company's mission, the Group companies dedicate constant attention to internal and external stakeholders, maintaining interactions with them in order to understand their needs, interests and expectations. Through dialogue with stakeholders, the anticipation and identification of changes and emerging trends enables the Group to continue to generate shared added value over the long term. Every year, the Group companies adopt new and more challenging short, medium and long-term objectives, defining action plans and monitoring outcomes.

The Zignago Vetro Group performs periodic assessments to identify sustainability topics that are relevant to the Group and its stakeholders, engaging the main corporate departments in identifying the most significant aspects for the organization from environmental, social and economic points of view.

However, as the first version of this report, in executing these analysis to identify the importance of the material aspects for the stakeholders, a formal "stakeholder engagement" process as set out under the GRI standards was not possible. Therefore, the information has been collected through a number of communication tools and channels, as reported below in the table.

The sharing of sustainability matters with its stakeholders through appropriate tools is among the Group objectives.

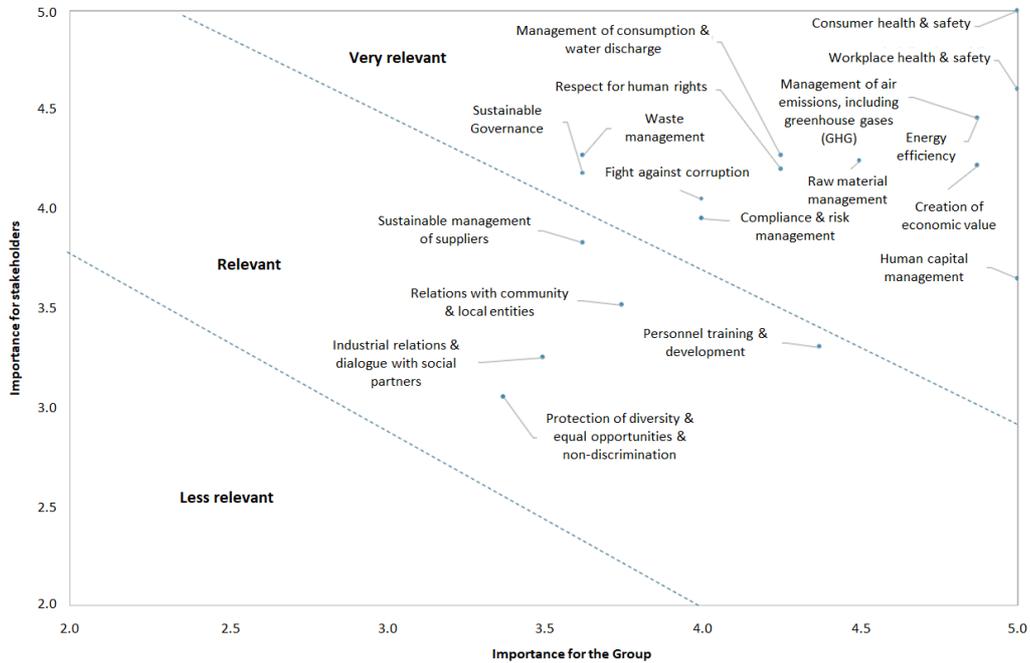
Stakeholder	Interaction Tools	Stakeholder Expectations
Employees	Training programmes Dialogue with Human Resource Management	Equal opportunities Training and development
Customers	Ongoing relations with the sales force	Product quality
Shareholders	Shareholders' Meetings Seminars, sector conferences and roadshows	Transparent and responsible management Value creation

Communities and local authorities	Organisation of specific events managed in collaboration	Regional support and development
Suppliers	Daily relations	Collaborative and ongoing relations Respect for contractual conditions
Trade associations	Meetings with the Trade Unions	Responsible management Dialogue between the parties
Regulatory bodies	Dedicated meetings	Efficient use of raw materials

The synthesis between the strategic business approach and the stakeholder perspective is key to the Group's continuing generation of shared value in the short, medium and long term.

In order to make sustainability an integral part of the organization, the Group has created a Sustainability Committee within the parent company to update the Group's list of stakeholders, sustainability topic materiality matrix and current sustainability policies and to oversee implementation at all of the Group companies. The Committee comprises representatives from the corporate departments responsible for production, safety and the environment, human resources, administration, finance and control and sales.

From work recently carried out by the Sustainability Committee, through the engagement of all main corporate departments, the following materiality matrix has been drawn up to identify the sustainability topics most relevant to the Group. This analysis has been carried out in compliance with the criteria defined by the Global Reporting Initiative (GRI) concerning sustainability topics of materiality to Zignago Vetro Group and to all stakeholders.



The sustainability issues outlined above reflect a similar number of potential risks where not adequately managed. On the other hand, they may also be sources of opportunity for company management, where adequately approached, monitored and managed.

In addition to that more extensively outlined in the following paragraphs, it is important to highlight that the potential risks indicated above deriving from the sustainability issues identified are primarily offset by the fact that the company since the initial months of 2008 has adopted an Organisational model as per Legs. Decree 231/01 (hereafter the “231 Model”), together with an Ethics Code, introducing an organisational structure, a system of procedures and powers, general principles, rules of conduct, instruments of control and organisational procedures, as well as training and education initiatives and a disciplinary system, to ensure the prevention of the commission of offences set out by Legs. Decree 231/2001. The Board of Directors also appointed a Supervisory Board, which was entrusted with the duties of monitoring the correct functioning of the Model and its development and reports to the Board of Directors and Board of Statutory Auditors on a half-yearly basis.

The 231 Model is consistently updated. The updated model is version 6.0 and was approved by the Board of Directors of the company on March 11, 2016.

The Ethics Code, in line with best international practice, sets out the principles and founding ethical values of the company, as well as the conduct regulations and legislation. The Ethics Code, which is an integral part of the organisational, management and control model as per Legislative Decree 231/01, is binding for the conduct of directors, employees and all collaborators of the company. A specific procedure for the recording of potential violations of the Ethics Code and Model 231 was set up.

The Group has also committed to EcoVadis, a sustainability performance monitoring platform, and to CDP, an international non-governmental organization dedicated to the development of the green economy and, in particular, to mitigating climate change.

In the following paragraphs, the above indicated sustainability issues are detailed and analyzed in light of the risks and opportunities involved in their management.

The Group companies have adopted a policy of continuous management of business risks concerning all company departments in order to closely monitor, identify and mitigate such risks with the aim of protecting the interests of shareholders and other stakeholders. In particular, the Group companies have implemented a dedicated internal control and risk management system, which provides a set of rules, procedures and organizational structures for the identification, measurement, monitoring and management of all the main risks. The competence structuring and related corporate functions are indicated in the Consolidated and Separate Financial Statements management report in the section entitled ‘Internal Control and Risk Management System’.

The main risks related to socio-environmental issues and arising from business operations or from the product or services provided, for all scopes of reporting, are described in detail in this report.

The sustainability topics illustrated below, as per Article 3 of the Legislative Decree, are analyzed by examining, first, the associated potential risks, second, the activities and management approach adopted to mitigate the risks, and, finally, where available, performance and monitoring indicators (KPI) useful in highlighting the outcome of the management of such material topics.

AREA LEGS. DECREE 254/16	MATERIAL ASPECT	ASSOCIATED RISK	IMPACT	CHAPTER
ENVIRONMENTAL	<ul style="list-style-type: none"> • Raw materials management • Energy efficiency • Water consumption and discharge management • Management of emissions, including greenhouse gases (GHGs) • Waste management 	<ol style="list-style-type: none"> 1. Risk related to the availability of raw materials 2. Pollution risk 3. Water pollution risk 4. Risk of non-compliance with environmental regulations 	<p>Internal:</p> <ul style="list-style-type: none"> - All Group companies <p>External:</p> <ul style="list-style-type: none"> - Communities and local authorities - Regulatory bodies - Customers 	<i>Management of environmental aspects</i>
SOCIAL	<ul style="list-style-type: none"> • Relations with communities and local bodies • Sustainable supplier management • Consumer health and safety 	<ol style="list-style-type: none"> 5. Relations with local community risk 6. Social dialogue risk 7. Supply chain risks for: <ol style="list-style-type: none"> a. Eco-sustainability, b. Issues related to workers and human rights, c. Mitigation of corruption (active and passive) 	<p>Internal:</p> <ul style="list-style-type: none"> - All Group companies <p>External:</p> <ul style="list-style-type: none"> - Suppliers - Employees - Communities and local authorities - Customers 	<i>Management of social aspects</i>

PERSONNEL	<ul style="list-style-type: none"> • Human resource management • Occupational health and safety • Personnel training and development • Diversity, equal opportunities and non-discrimination • Industrial relations and dialogue with social partners 	<p>8. Workplace health and safety risks</p> <p>9. Employment risks</p> <p>10. Worker equal opportunity risks</p> <p>11. Risks concerning relations with the Trade Unions</p>	<p>Internal:</p> <p>- All Group companies</p> <p>External:</p> <p>- Employees</p>	<i>Management of personnel issues</i>
FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION AND HUMAN RIGHTS RISKS	<ul style="list-style-type: none"> • The fight against corruption • Respect for human rights 	<p>12. Corruption risk</p> <p>13. Risk of non-compliance with workplace and human rights regulations</p> <p>14. Non-compliance with human rights risk</p>	<p>Internal:</p> <p>- All Group companies</p> <p>External:</p> <p>- Communities and local authorities</p> <p>- Employees</p> <p>- Customers</p>	<i>Management of the mitigation of active and passive corruption and human rights risks</i>

ECONOMIC VALUE CREATION

This aspect is identified principally by the capacity of the Group to produce wealth and redistribute it. The benefits of value creation extend beyond shareholders to employees, other stakeholders in general and the social context in which the Group operates

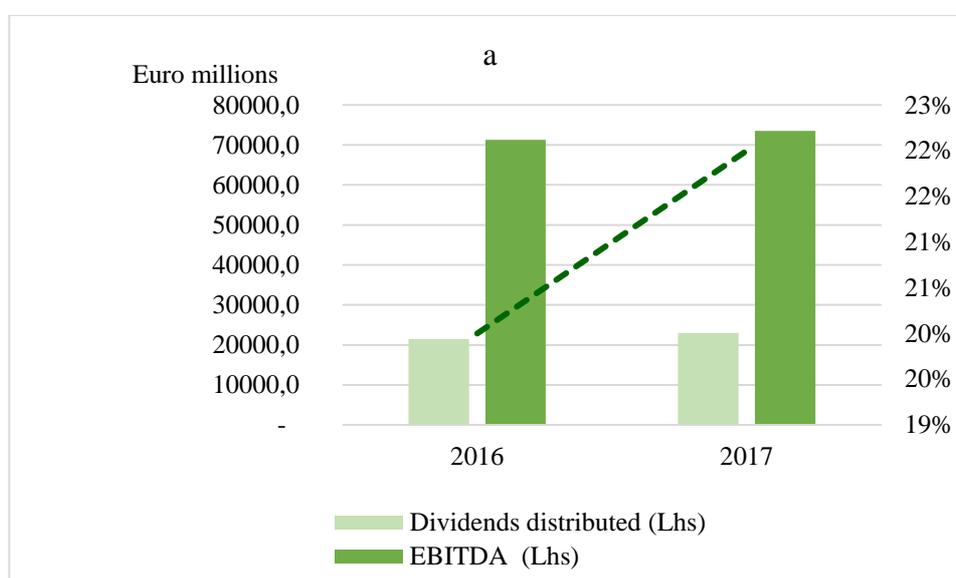
Performance Indicators

The indicator that best expresses the capacity of Zignago Vetro Group to create wealth derives from analysis of its financial statements.

In particular, the extent of the Group's operating margin gives an indication of the business' sustainability, of its current and future capacity to remunerate and hire human resources in the general social interest and of the degree of appreciation of its customers for the products it offers, their quality and the services associated with them.

The Company is listed in the STAR segment of the Italian Stock Exchange. This means that, among the other shareholders, there are certain to be savers and general investors for whom the most immediate measure of value creation is the distribution of dividends. Though other complementary economic and financial indicators are likely to be applicable, in this context it is deemed sufficient to indicate the following.

Zignago Vetro Group - the creation of economic value: EBITDA and dividends distributed



The creation of economic value not only concerns the capacity of the company to generate returns on invested capital, but also to grow value for the stakeholders, allocating them part of the value generated. In 2017, this amounted to Euro 354 million, with an economic value distributed of Euro 298 million.

	2017
[€/000]	
Economic value generated by the Group	354,427
Revenues	346,372
Other income	7,008
Financial income	793
Impairments on financial assets	--
Doubtful debt provision	(169)
Exchange differences	423
Income/charges from tangible & intangible assets	--
Impairments on tangible & intangible assets	--
Economic value distributed by the Group	298,682
Operating costs	179,572
Remuneration of collaborators	82,111
Remuneration of lenders	2,871
Remuneration of investors	21,818
Remuneration of the public sector	12,310
External processing	--
Economic value processed by the Group	55,745
Amortisation & Depreciation	37,858
Provisions	--
Reserves	17,887

The values indicated in the table above refer to the Group Consolidated Financial Statements reported in this Report on Management in the management view version.

THE ENVIRONMENT

“The company’s business activity is carried out in accordance with the principle of environmental protection and public health, with full respect for the applicable Regulations in force. In making its decisions, the company also considers environmental issues, adopting, whenever feasible from both operational and financial standpoints, technologies and methods of eco-compatible manufacturing, with the intent of reducing the environmental impact of its own activities.”

Zignago Vetro SpA Ethics Code

In managing its business, the Group is constantly focused on environmental issues. To this end, it adopts technologies, production methods and plant management approaches that consider objectives for minimizing environmental impacts.

The objectives that Zignago Vetro has set itself regarding environmental issues are:

- a) To research and implement process and product innovations that reduce global and local air, water and soil impacts, including those from noise, fumes, local dust emissions and traffic generated throughout product life cycles;
- b) To monitor and improve the energy efficiency of production activities and reduce direct and indirect greenhouse gas (GHG) emissions, also through the generation and use of renewable energy;
- c) To increase glass waste use and decrease other incoming raw material quantities;
- d) To reduce hazards in materials used and the consumption of chemical products;
- e) To responsibly manage product end-of-life through suitable recycling and waste disposal;
- f) To reduce the impact of production activities in protected areas, in order to safeguard biodiversity and endangered animal and plant species;
- g) To promote sustainable consumption through initiatives to raise customer awareness of the environmental impacts associated with product use.

Among the risks that the Group manages, the most significant relate to: potential environmental accidents, with consequent air, soil and subsoil contamination and associated emergency situations; failure to comply with new regulations; improper management of environmental issues such as waste management; the wasting of environmental resources; and environmental regulatory and legislative non-compliance. The latter risk, in particular, is potentially linked to occurrences of the following situations: failure to request or obtain necessary authorizations for the various types of water discharge and atmospheric emissions; failure to submit a new application for authorization in case of any modification; failure to comply with instructions ordered by the public administration regarding environmental remediation, and consequent sanctions; changes to environmental legislation that bring greater sanctioning powers or affect plant obsolescence; and failure to obtain or maintain environmental certifications for production sites.

To mitigate such risks, the Group has adopted a management approach that pays constant attention to the evolution of environmental, national and European Union legislation. All Group companies are constantly committed to respecting applicable legislation and to communicating actively with institutions in relationships built on collaboration and dialogue.

The Zignago Vetro Group has introduced various management tools, implemented with rigorous and systematic compliance monitoring of the environmental legislation in force in all the countries in which it operates. In this regard, the Group has introduced the necessary internal organization and professionalism to pursue these objectives and regularly consults with external consultants and experts in order to ensure timely and accurate compliance with applicable regulations, as well as for support in the case of the management of any emerging crisis.

Each Group company individually possesses procedures and standard practices for the management of environmental issues, based on its organizational and professional specificities, characteristics and needs. Such tools allow all employees to operate in full compliance with regulations on the basis of their corporate roles under the guarantee of a precise and detailed framework of responsibilities. Zignago Vetro's commitment to the implementation of environmental protection processes has attained standard ISO 9001:2008 certification in several of the Group's plants for "the design, production and sale of glass containers and the marketing of accessories and secondary processing". With a view to continuous improvement, the Group's future objectives include attainment of environmental certification ISO 14001:2015 for the production sites of Fossalta di Portogruaro and Empoli.

The following paragraphs give some indication of the Group's efforts in relation to environmental issues, including activities carried out to mitigate associated risks and quantitative and qualitative evidence of results achieved.

Raw materials management

From the point of view of environmental risk profiles, this topic is related mainly to:

- h) Natural resources consumption;
- i) Inefficient use of natural resources.

To mitigate such risks, the Group has set itself the constant objective, where possible, to increase the quantity of waste material used in the production of containers and to increase the range of containers that can be made with recycled glass.

Glass is, indeed, a packaging material that can be completely reused an infinite number of times, obtaining a product from glass waste that has the same characteristics of quality and functionality as the product obtained from virgin raw material.

The Group undertakes to:

- a) Reduce the use of virgin raw materials in favour of an ever-greater use of recycled, or more properly 'Post Consumer Recycled' (PCR), glass. Already, the Empoli plant makes large-scale use of recycled glass in the production of recycled glass.
- b) Increase recycled glass reuse. This aspect requires a constant research and development effort that has increasingly formed part of the group's operations in recent years.
- c) Constantly and progressively reduce the use of rare earth materials in glass production;

- d) invests in initiatives in service of that stated above. The Group in fact in recent years has invested directly in initiatives to promote glass recycling, firstly with the establishment, in 2011, of Vetreco Srl, a glass processing and recycling joint venture with other sector operators, and recently with the acquisition, in December 2017, of the majority share of Vetro Revet Srl, a company operating in Tuscany. This commitment is aimed at increasing the possibilities to reuse recycled glass, controlling the production chain and the quality of the glass to be recycled, and consequently increasing the possibilities for re-use while guaranteeing the quality of the finished product.

Performance Indicators

The percentage¹ of recycled input materials involved in production, expressed in tons of materials employed, derived from the reuse of glass waste and therefore from recycled material, was 40.8% in 2017, up from 37.7% in 2016.

Energy efficiency and sustainable energy consumption

Energy consumption is a sizable production input of the glass industry and therefore an important topic for the Zignago Vetro Group. The Group constantly monitors and strictly controls the energy consumption of its production processes, in order to minimize and optimize energy use throughout all production process phases, as well as across all corporate sectors. Over the years, all Group plants have made significant efforts to introduce more technologically advanced industrial equipment to optimize and improve the management of existing facilities and consequently reduce energy consumption.

In this scenario, the goal of exploiting a balanced mix of sources, such as renewable and self-produced energy, also assumes importance.

The Group is fully committed to the adoption of energy efficiency measures such as the creation of new high energy performance plants, the use of advanced furnace combustion management systems and further use of LED lighting.

From 2008 to 2016, Zignago Vetro implemented a range of energy efficiency projects, some of which also benefited from the recognition of white certificates, from the installation of a recovery boiler with electricity production turbine to the implementation of energy efficiency interventions on melting furnaces. Such initiatives have allowed Zignago Vetro to make primary energy reductions in a variety of source types (type 1 - electricity, type 2 - natural gas, type 3 - fossil fuels other than natural gas) totalling, as of 31/12/16, 16,213 toe, and, as of 31/12/17, 20,849 toe².

In recent years, the Huta Szkla Czechy facility has benefited from a revamping of the entire plant, which not only increased production capacity, but brought a decisive modernization in terms of energy efficiency. An energy recovery system was introduced to the production melting process and LED lights were installed in almost the entire factory, interventions which translated into an energy consumption saving of around 20%, with its consequent decrease in emissions.

¹ As defined by GRI 301-2

² Zignago Vetro and Huta Szkla Czechy aggregated data, as VB is exempt from TEE's.

The Verreries Brosse facility has also performed a range of interventions over recent years to increase the energy efficiency in furnace use.

Performance Indicators

The energy consumed by the Group derives from the following main sources: electricity, methane gas, fuel oil. The Group's energy consumption is indicated in detail below, using the value of 2016 as base 100 and highlighting the percentage change.

	Total energy consumed (base 100, year 2016)		
	<u>2016</u>	<u>2017</u>	<u>CGE. %</u>
Total energy consumed (MWh) ³	100	101	+1%

The increase in total energy consumed was due to the increased production yield achieved. Overall, the per tonne consumption of glass produced decreased 8.6%.

The Fossalta di Portogruaro and Empoli plants are equipped with photovoltaic panels with a total surface of 11,260 m². These photovoltaic systems produced 1,835,306 kWh in 2016, reducing CO₂ emissions by 607 tons, and 2,088,958 kWh in 2017, reducing CO₂ by 691 tons.

The Fossalta di Portogruaro plant is equipped with an electricity producing steam turbine that recovers heat energy from furnace fumes. This system produced 6,002,780 kWh in 2016 and 4,493,314 kWh in 2017, corresponding to an emissions saving of 1,486 tons of CO₂.

The self-produced electric energy summed from the above sources in relation to the total electric energy consumed, as per a 100 baseline, is indicated in the following table.

	Electricity		
	<u>2016</u>	<u>2017</u>	<u>CGE. %</u>
Electricity consumed	100	96	-4.42%
of which self-produced	5.03%	4.42%	-12%

The decrease in self-produced energy in 2017 was mainly due to the temporary stoppage of the steam turbine for maintenance work at the plant.

The Fossalta di Portogruaro plant procures electricity directly from the Zignago Power company, a subsidiary of the Zignago Holding Group, which generates electricity from natural biomass.

³ 2016 = base 100

	Electricity consumption from renewable and non-renewable sources⁴	
	<u>2016</u>	<u>2017</u>
	% of total consumption	% of total consumption
Renewable sources	37%	29%
Non-renewable sources	63%	71%
Total	100%	100%

In 2017, energy from renewable sources represented 29% of total energy consumed, down 8% on 2016. This is mainly due to the aforementioned temporary furnace maintenance stoppage.

The energy intensity⁵ is calculated as the ratio of total energy required (in MJ) to produce one kilogram of glass.

Energy intensity (MJ/Kg molten glass)	
<u>2016</u>	<u>2017</u>
7.82	7.15

In 2017, despite the increase in production volumes, with its consequent increase in energy consumption, the Group achieved significant results in terms of energy efficiency, reducing energy intensity by 8.6%.

Water consumption and discharge management

The use of water resources is an important factor in the Group's production activity, whose risks must be managed and mitigated, especially in relation to the need to prevent water pollution and to minimize, as far as possible, water consumption, waste and dispersion.

Zignago Vetro Group has long been engaged in activities aimed at preserving the hydrogeological equilibrium and preventing its risk of alteration. With this in mind, initiatives in support of the sustainable and compatible use of water resources and the optimization of the management of needs are significant. Concrete measures put in place specifically concern the reduction of water consumption as part of the production process, mainly through recycling and recovery actions and the containment of water discharges through the adoption of adequate treatment and disposal systems for waste and rain waters.

In this regard, the Group has introduced opportune systems for the monitoring of the quality of water resources used and discharged, for the collection of first rainwater at all plants and for the saving of water resources in production processes. Furthermore, a management policy has been implemented to control water discharges and reduce specific water consumptions.

⁴ With regards to GRI 302-1, which provides for the indexing of data, the Group considers it preferable to present the relative percentages, given the sensitivity of the data.

⁵ As defined by GRI 302-3

In particular:

- Zignago Vetro Fossalta plant: The cooling system is partly a closed circuit (part of which was realized in 2016) and partly an open circuit. For the currently open circuit part, transformation into a closed circuit is planned for 2018. The waters produced by the plant are transferred to a consortium treatment plant.
- Zignago Vetro Empoli plant: Closed cooling water recirculation system and waste water treatment plant.
- Verreries Brosse: the same as that stated for the Empoli facility. These systems process and recycle all the water used by the new plant production infrastructure.
- Huta Szkła Czechy: In 2016, the entire plant was equipped, for the first time, with a closed recirculation system for cooling and treatment water. These systems process and recycle all the water used by the new plant production infrastructure.

Performance Indicators

<i>m³</i>	Total water withdrawal by source⁶	
	2016	2017
Surface water (rivers, lakes, etc.)	2,277,211	1,798,161
Groundwater wells	606,209	618,592
Rainwater	127,355	161,067
Mains water supply	51,723	40,436
Other (specify)	-	-
Total	3,062,498	2,618,256

Water consumption for the year 2017 amounted to approximately 2,618,256 m³, down on 2016. The high use of surface water is due to a single industrial site that benefits from incoming and outgoing water treatment carried out by one of the companies of the Zignago Group. In recent years, investments have been planned and implemented to drastically reduce this withdrawal. Group companies increasingly use recycled water, though it is currently not possible to provide data to this effect, as the monitoring of such volumes is not yet fully implemented. With regard to the management of water discharges, the following indicates their destinations by type:

<i>m³</i>	Water discharged by destination	
	2016	2017
Sewerage	211,387	224,519
Ground water	2,624,778	2,208,721
Other	-	-
Total	2,836,165	2,433,240

Commenting on the above data, it should be noted that surface discharges mainly derive from the cooling of production plants. Such discharges are governed by requirements, in terms of water quality, that are extremely restrictive, and much more stringent than those for sewage discharges.

⁶ As defined by GRI 303-1

One facility uses an important surface water pre-treatment plant and a fully automated biological wastewater treatment plant managed by one of the companies of the Zignago Group. The other industrial sites are equipped with chemical-physical systems for the treatment and recycling of process water.

Management of emissions, including greenhouse gases (GHGs)

Plant production activities require the use of melting furnaces, whose combustion processes involve the emission of volatile substances, in particular greenhouse gases (GHGs) and mainly CO₂. The Group manages this aspect of its production activities with extreme care, implementing all technological solutions available to date, not only in order to comply with current regulations, but also to achieve the highest possible environmental protection standards.

Indeed, the Group is actively engaged in the implementation of measures to contain and reduce CO₂ emissions, such as maximizing the quantity of glass waste returned to furnaces and realizing lightened products, both efforts to reduce the amount of glass needed for production. Over time Zignago Vetro, through its Product Development team, has gradually implemented a variety of technical modifications to product designs aimed at reducing glass weight. This development goal is oriented to improving the energy efficiency of the production process, with consequent savings in emissions and consumed energy per product unit.

Performance Indicators

The following table indicates direct emissions⁷:

<i>ton eq⁸</i>	CO₂, NO_x, SO_x	
	2016	2017
CO ₂	224,827	206,867
NO _x	637	698
SO _x	635	381

Waste management

Zignago Vetro Group constantly monitors, through detailed analyses, the volumes of solid waste produced by all its plants and compliance with all regulatory disposal and storage requirements. In particular, a specific procedure has been implemented by the Group to govern waste collection and management processes. The procedure documentation defines process operational instructions and responsibilities to guarantee regulatory compliance and adequate waste management.

The company is also committed to the promotion of eco-compatible processes and technologies that reduce waste generation.

⁷ Data from internal systems and/or outside body certifications

⁸ As defined by GRI 305-7

Performance Indicators

tons	Solid waste produced by type and disposal method					
	2016			2017		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Landfill	759	1,425	2,185	580	1,465	2,045
Recovery (including energy recovery)	121	292	413	109	1,246	1,356
Recycling/reuse	0	6,595	6,595	0	4,074	4,074
Other (specify)	0	0	0	0	0	0
Total	880	8,312	9,193	689	6,785	7,475

SOCIAL RESPONSIBILITY

Relations with communities and local authorities

“The company adopts and promotes socially responsible behaviour, and aims at becoming a point of reference for the community and the territory where it operates, contributing to socio-economic growth and maintaining relationships with local organisations that are inspired by active collaboration.”

Zignago Vetro Ethics Code

The Zignago Vetro Group’s origins were founded, in the middle of the last century, on the ideals of Gaetano Marzotto - an entrepreneur already established within the textile industry. The business has thus always had a focus on the opportunity to play a significant social role. Zignago Group, from its very beginning, set itself apart in its commitment to the local region and its communities. This effort continues to the present day, both in terms of direct means and through the Marzotto Fund, a non-profit organization whose mission is to continue the work of its founder by engaging in a series of activities to support the region and communities, in particular, through:

- Preschools;
- Afterschool services;
- Summer camps;
- Third, fourth and fifth age services

One of the Group's fundamental commitments is to establish and maintain transparent and constructive relationships with local communities, institutions and public bodies, in addition to suppliers and customers.

With regards to relations with the local community, the Group companies have undertaken local level social, cultural and educational initiatives and projects. They have also maintained a significant focus on dialogue and communication with the local communities and with the bodies and institutions in general.

1.1 Performance Indicators

For a number of years, Zignago Vetro has been implementing, in Italy in particular, initiatives and activities for the local communities in which it operates. In both 2016 and 2017, approx. 25 scholarships were awarded through local educational institutions and agreements were drawn up with schools and universities for the offering of internships. Zignago Vetro in addition organises internships through the universities.

Currently, this cannot be measured to quantitative data as the Group has not undertaken an official policy for their measurement. The Group has however set as an objective their formal measurement.

Sustainable supplier management

“In accordance with the principles of transparency and correctness, relationships with suppliers focus on the objective of competitive comparison, searching for the maximum advantage for the company in terms of quality, price, service and assistance guarantees and integrity.

The company also provides for the contractual right to adopt any necessary measures (including the termination of the contract) in the event that the Supplier, in carrying out activities in the name of and on behalf of the company, violates any regulations or the Code.”

Zignago Vetro Ethics Code

In relations with suppliers, the Group operates in full respect of universal human rights, setting itself the following objectives (taken from the ZV Group ‘Sustainability Policy’):

- To raise the awareness of its stakeholders in managing activities in full respect of universal human rights (cultural, social and political).
- To adopt measures to prevent and eradicate all child and forced labour.
- To counter discriminatory conduct and promote respect for diversity and equal opportunities.
- To persevere in opposing corruption, bribery, fraud, money laundering and anti-trust offences.
- To protect the privacy rights of its stakeholders and guarantee information security.
- To prevent activities or situations that might cause conflicts of interest between individuals and the Group.

Zignago Vetro promotes a culture of sustainability throughout the entire supply chain, committing itself to pursuing the following specific objectives:

- To engage with suppliers who share philosophies in line with this policy and with the principles of ethical responsibility applied by Zignago Vetro, both within their organizations and in the supply of their products or services;
- To guarantee a responsible supply chain selection and qualification process by constantly monitoring supplier requirements.
- To guarantee responsible procurement that respects social and environmental standards.
- To give greater consideration to local suppliers in support of the development of local communities.

The Group favours the approach of close partnerships with suppliers, with the aim of creating relations with stakeholders of proven reliability, both in terms of quality and supply consistency and of respect for the principles of fair competition and related activities.

In accordance with the principles of transparency and correctness, relationships with suppliers focus on the objective of competitive comparison, searching for the maximum advantage for the Group in terms of quality, price, service and assistance guarantees and integrity.

The Group has implemented a formalized policy of sustainability principles for relations with suppliers. In the selection and qualification of suppliers, every group company complies with Group guidelines on the sharing of sustainability commitments with suppliers, as well as on procedures for engaging suppliers in observing environmental and social sustainability criteria.

In this regard, Group companies adopt formalized supplier assessment practices in order to prevent collaborations with those who violate human rights or adopt practices contrary to principles of fairness in the conduct of economic activities (with particular regard to issues of corruption).

The Group's most significant procurement expenditure is on energy sourcing, for which the Group has long sought to maximize, as far as possible, supplies of renewable energy sources. Other significant supplies concern raw materials, packaging and durable goods used in the production process.

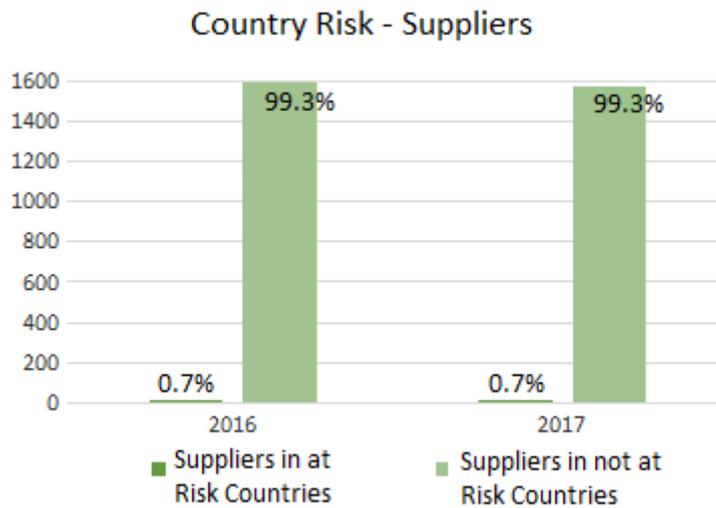
With regard to raw material usage, the Group has, over the years, increased the use of glass waste deriving from the recovery and recycling of used glass, with the aim of reducing the use of virgin raw materials. In particular, Zignago Vetro has made important investments in the processing of raw waste material, which thus represents a part of the supply chain over which the company is able to exert direct control.

Performance Indicators

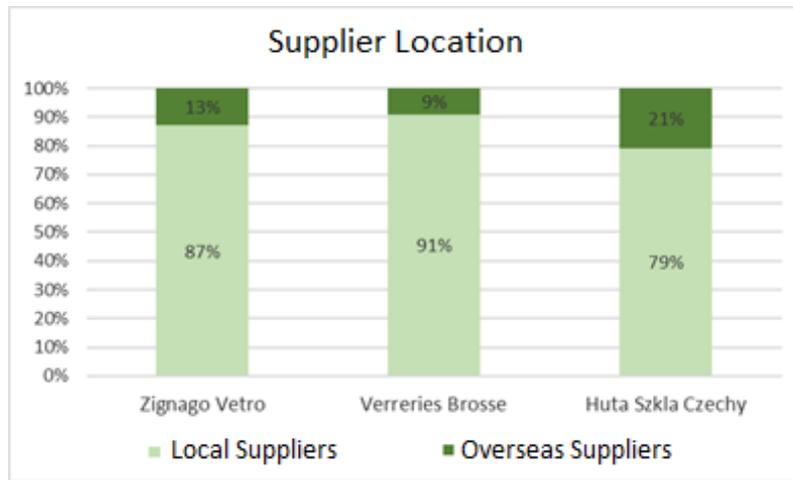
All Group companies undertake to maintain a sufficient number of suppliers, not only to guarantee optimal economic conditions, but also to mitigate risks associated with the unavailability of materials essential for the performance of their activities.



In order to guarantee ethical operating conditions, an important element in the selection of suppliers is their presence in a territory considered not at risk⁹.



⁹ According to Euler Hermes Country Risk Ratings Q4 - 2017



As standard practice, the Group reserves the contractual right to adopt all appropriate measures (including contract terminations) in the event that any supplier, in carrying out activities in the name of or on behalf of the Group or its companies, violates any rule of legislation or of Zignago Vetro Group’s requirements in terms of solidarity and ethical conduct.

%	Number of legal violations by suppliers	
	<u>2016</u>	<u>2017</u>
Zignago Vetro	0	0
Verreries Brosse	0	0
Huta Szkla Czechy	0	0

The Zignago Vetro Group favours, where possible, the purchasing of raw materials through local suppliers that are located near to the production plants.

Consumer health and safety

“Relationships with customers are conducted with transparency, correctness and availability, pursuing the objective of fully satisfying their expectations with quality products and services, in compliance with contractual obligations.”

Zignago Vetro Ethics Code

Among the objectives regarding the health and safety of employees, customers, suppliers and subcontractors, the Zignago Vetro Group is committed (see ZV Group’s “Sustainability Policy”) to:

- Minimizing negative impacts of products through measures to safeguard customer health and safety.
- Constantly monitoring, through periodic internal audits and management reviews, that the annually defined principles and specific objectives are achieved as planned and that continuous improvement is pursued.

Zignago Vetro Group is attentive and committed to continuously improving processes and the satisfaction of its customers.

Zignago Vetro is certified to the UNI EN 15593:2008 standard. This standard concerns the management of hygiene in the production of packaging for foodstuffs and specifies requirements for an effective and efficient system to guarantee safe products. From an operational point of view, this translates to the implementation of risk analyses and consequent measures aimed at managing and controlling identified risks. Measure examples include procedures, specific training, sanitary regulations for all operating staff and targeted technical interventions to reduce risk thresholds.

In the context of a wider awareness of the issues, the Group has also recently initiated the process to obtain certification to the International Standard ISO 22000 'Management Systems for Food Safety - Requirements for any organization in the food chain'. Standard ISO 22000 is a set of guidelines for all operators in the food supply chain, not only for those directly involved in food production processes, but also for those indirectly involved (e.g. packaging manufacturers). The aim of the standard is to guarantee food safety, "from the field to the consumer" and, although it is not mandatory, it acts as a reference for operators in the application of EU regulations on food hygiene and safety.

Furthermore, the Group has implemented and continues to implement systems for the traceability of finished products in order to maximize protection for consumers.

Reports of any issue regarding the product are immediately assessed by responsible technical staff, whose mission is to remedy such issues in the fastest time and with the highest degree of customer satisfaction possible.

The Group is also attentive to issues relating to the correct labelling of its products, to communications with its customers, in general, and to marketing communications, in particular, in order to avoid the dissemination of improper or misleading information.

Performance Indicators

One of the indicators that the Group considers to be most indicative of the degree of safety with which it serves its customers is the number of product defects causing risks to consumer health and safety. As the following table indicates, there were no such occurrences in 2016 or 2017.

<i>Number</i>	2016	2017
Number of product defect cases with consequences for the health and/or safety of consumers	0	0

PERSONNEL

Human resource management

“Human Resources are considered as key for the pursuit of the company’s objectives, by virtue of their professional contribution as part of a relationship based on loyalty, correctness, reciprocal trust and full respect for the Individual.”

Zignago Vetro SpA Ethics Code

Zignago Vetro Group, well-aware that the human aspect plays a fundamental role, both in terms of individual professionalism and collective management, undertakes to promote a dynamic, productive and engaging work environment respectful of the needs of its employees, by committing itself to:

- Promoting optimal working conditions and adequate remuneration systems that take into account the balance between work and private life through the fairness of wages, social benefits, flexible hours, exchanges and participation;
- Efficiently organizing and managing career development to ensure that all staff are adequately trained and evaluated to enhance the skills and knowledge of each member of personnel. (see ZV Group’s “Sustainability Policy”).

The Zignago Vetro Group undertakes to create and maintain the conditions necessary to ensure that, in all the countries in which the Group operates, the skills, competences and knowledge of each employee are valued and developed so as to ensure the achievement of corporate objectives. Any form of discrimination is explicitly prohibited by the Ethics Code.

The risks associated with human resource management are connected to a variety of issues, including inadequate personnel management policies, in terms of motivation, training, dialogue and development, inadequate corporate welfare policies, loss of key skills and know-how due to the interruption of professional relationships, inadequate use of human resources, improper management of organizational changes, inadequate workforce composition and inadequate management of seniority, skills and replacement, whether formalized or not.

The selection and recruitment of personnel by Group companies is based on consolidated policies, which all Group companies are required to follow and which guarantee a rigorous selection approach based on meritocracy and equal opportunities.

There is also a structured approach to remuneration and career advancement policies, which envisages common and formalized management tools among Group companies.

For executive directors and managers with strategic roles, remuneration and career policies are approved by a Remuneration Committee made up of three non-executive directors, of which at least two are independent.

The Group has recently launched an internal training program entitled ‘Zignago Academy’, which is aimed at promoting the interdisciplinary skills, engagement and potential for managerial development of recently hired young employees with the greatest potential. The first edition of the program, to be implemented in 2018, will see the participation of a total of around 25 resources.

The Group fosters an open and collaborative work environment, in which all employees are able to operate in full awareness of organizational structures and to identify a precise and articulated framework of responsibilities.

The Group promotes corporate welfare policies by guaranteeing forms of supplementary health insurance and through specific trade union agreements that provide for forms of assistance and of contributions to employees.

The following paragraphs give quantitative and qualitative confirmation of further efforts made by the Group to implement the principles of meritocracy, fairness and transparency in the management of its workforce.

Performance Indicators

Zignago Vetro Group's total personnel at December 31, 2017 numbered 1,608 resources, an increase of 96 over the previous year.

Employees by geographical area		
<i>No.</i>	2016	2017
	Total	Total
Italy	611	635
France	360	362
Poland	541	611
Total	1,512	1,608

The Group employs 362 personnel in France, at the Verreries Brosse facility, and 611 in Poland, at the Huta Szkla Czechy facility. In Italy, the production sites of Fossalta di Portogruaro (VE) and Empoli (FI) employ, respectively, 421 and 214 personnel.

Employees by contract type (permanent/fixed-term) and gender						
<i>No.</i>	2016			2017		
	Male	Female	Total	Male	Female	Total
Permanent contract	1,060	328	1,388	1,102	396	1,498
Fixed-term contract	42	82	124	43	67	110
Total	1,102	410	1,512	1,145	463	1,608

Employees by contract type (permanent/fixed-term) and geographical area									
<i>No.</i>	ITALY			FRANCE			POLAND		
	Fix.	Perm	Total	Fix.	Perm.	Total	Fix.	Perm.	Total
2016	10	601	611	49	311	360	65	476	541
2017	6	629	635	71	291	362	33	578	611

The above highlights the Group's commitment to implement labour policies aimed at stability and long-term collaboration with its employees. Indeed, in 2016, over 86% of employees were on permanent contracts, with the greatest improvement seen in Poland, mainly due to the development of HSC since it became part of the Group, despite the relative seasonality and variability of its activities.

During 2017, a total of 293 employees¹⁰ joined the Group, most of whom were between 30 and 50 years old. The incoming turnover rate was 18.2%¹¹.

<i>No.</i>	2016	2017
New hires by gender		
Male	129	176
Female	30	117
Total	159	293
New hires by geographical area		
Italy	61	93
France	7	15
Poland	91	185
Total	159	293

<i>%</i>	2016	2017
Incoming turnover by geographical area		
Italy	10.20%	14.79%
France	1.90%	5.15%
Poland	19.10%	32.01%

In 2017, 183 employees¹² left the Group, most of whom were between 30 and 50 years old and concerning HSC. The outgoing turnover rate was 11.4%¹³.

<i>No.</i>	2016	2017
Outgoing resources by gender		
Male	92	132
Female	22	51
Total	114	183
Outgoing resources by geographical area		
Italy	52	65
France	29	35
Poland	33	83
Total	114	183

¹⁰ Considering only permanent employees

¹¹ Calculated out of total permanent employees

¹² Considering only permanent employees

¹³ Calculated out of total permanent employees

%	2016	2017
Outgoing turnover by geographical area		
Italy	8.70%	10.33%
France	8.00%	12.03%
Poland	6.90%	14.36%

The following table indicates employment disputes occurring in the reporting period:

<i>number</i>	2016	2017
Open employment disputes	2	1

The employment disputes in 2016 concerned the Verrerries Brosse and Huta Szkla Czechy facilities and were concluded at no cost to the companies. The employment dispute arising in 2017 concerned Zignago Vetro, and it is expected that, also in this case, it will be concluded at no cost to the company.

Occupational health and safety

“The company is committed to providing workplaces that are compliant with the applicable laws regarding hygiene and safety, guaranteeing a safe and healthy workplace, which in any event respects the dignity of those who work there.”

Zignago Vetro SpA Ethics Code

Among objectives regarding the health and safety of employees, customers, suppliers and subcontractors, the Zignago Vetro Group is committed (see ZV Group’s “Sustainability Policy”) to:

- Taking all necessary actions to constantly reduce risk in the workplace, in order to prevent accidents, injuries and occupational illnesses;
- Safeguarding health, safety and hygiene through the engagement of employees, within the scope of their duties, of trade unions and of third parties working on the Group's sites, in addition to through effective communication and human resources training initiatives;
- Constantly monitoring, through periodic internal audits and management reviews, that the annually defined principles and specific objectives are achieved as planned and that continuous improvement is pursued.

The Zignago Vetro Group companies pay considerable attention to workplace safety issues, carefully monitoring risks that might lead to unsuitable working or operating conditions in terms of workers’ health and safety, and the consequent negative impacts of legal action, loss of reputation, fines, etc.

One of the Group's main objectives is to totally eliminate workplace accidents.

In this respect, all the Group companies are actively engaged in systematically monitoring both workplace health and safety conditions and accidents, and in investing energy, resources and time in the continuous training of their employees.

On account of such, the Group believes it can position itself within a threshold of absolute excellence in terms of workplace accidents in comparison with national industry statistics.

Performance Indicators

The following table indicates data for workplace accidents (excluding those currently having effect) that led to at least one day's absence from work, for the years 2016 and 2017.

Accidents		
<i>No. accidents</i>	2016	2017
Italy	29	25
France	10	10
Poland	20	15
Total	59	50

The following table indicates the frequency and severity indices of the accidents during work hours.

Health and safety indicators¹⁴		
	2016	2017
Frequency index	24.81	19.16
Gravity index	1.059	0.918

The following table indicates training hours dedicated by the Group to safety issues:

Health and safety indicators		
	2016	2017
Training hours	7,122	8,627
Age. hours per employee	5.13	5.76

The Group also regularly invests in occupational safety systems and improvements.

Personnel training and development

The Zignago Vetro Group has always been attentive to the professional development of its personnel and to valuing their talents, which, in the management of human resources, it considers as essential elements.

For each country in which the Group operates, training programs are organized and structured according to the generic and specific needs of all professional categories. The management training

¹⁴ The frequency index is calculated as the number of accidents over the total hours worked multiplied by 1 million, and the severity index as the total days lost due to accidents over the total hours worked multiplied by 1 thousand.

program also provides for managerial training courses, comprising soft skills acquisition and team building activities. Training courses were also carried out, in 2017, for workers who, as part of their duties, are expected to make use of vehicles.

Regarding training and education, Zignago Vetro has set itself the goal of adopting a Group approach that extends its Italian model out to all the employees of its foreign companies. The approach is to focus on activities that engage employees of all the various Group companies. These activities, in addition to encouraging team building, also have a positive feedback on the professional skills of all employees, due to the different levels of their specialization within the companies.

The Group has also recently launched an internal training program aimed at promoting the interdisciplinary skills, engagement and potential for managerial development of recently hired young employees with the greatest potential. The first edition of the program will see the participation of a total of around 25 employees.

Performance Indicators

The following table indicates the number of training hours carried out at the Group level in 2016 and 2017.

Average training hours by professional category¹⁵						
<i>No.</i>	2016			2017		
	Male	Female	Total	Male	Female	Total
Executives	27	0	27	361	21	381
Managers	611	63	674	1,644	338	1,982
White-collars	2,707	656	3,363	2,379	885	3,263
Blue-collars	7,861	1,615	9,476	5,396	2,438	7,833
Total	11,205	2,335	13,540	9,779	3,681	13,460
Age. hours per employee			9.76			8.99

In the course of 2017, a total of 13,460 hours of training were provided, of which 58.2% were dedicated to the professional category of manual workers.

Diversity, equal opportunities and non-discrimination

The management of the companies of the Zignago Vetro Group is conducted with absolute respect for personal diversity, whether it relates to gender, religion, political opinions, ethnicity, nationality, age or anything else.

In particular, the Group companies are committed to refraining from engaging in conduct that may be inadequate in guaranteeing equal gender opportunities, and to operating in such a way as to mitigate risks associated with the emergence of working conditions that do not guarantee equal opportunities or equal treatment according to roles and merit. Careful monitoring is carried out, in particular, to prevent violations of international conventions on the protection of workers' rights.

The composition of the corporate governance bodies, the Board of Directors and associated committees, as well as the Board of Statutory Auditors, are likewise based on the same principles.

The Zignago Vetro Group is furthermore committed to promoting diversity and equal opportunities through employee selection procedures. The Group companies reject all discriminatory practices

¹⁵ The data is not broken down by age category as not always available. The Group however is undertaking to make this information usable.

and place a strong emphasis on enhancing the skills of each individual, irrespective of nationality, religion, gender, political association, trade union membership, sexual orientation or physical or psychological condition.

The importance of these issues for the Group were confirmed in 2016 and 2017 by the total absence of reported cases of discrimination.

In order to guarantee equal gender opportunities, the Group promotes various work-life balance initiatives to facilitate working and living conditions according to individual needs, such as through part-time work, rotational shifts, etc.

Furthermore, the Group is working with local social cooperatives in order to study the possibilities of employing people with disabilities. To this effect, a supervisory activity has been initiated on a particular line dedicated to re-selection and re-packaging.

Finally, the Group companies constantly work to facilitate and ensure the market stability of the many small companies that have strong relations with the Group's facilities.

Performance Indicators

The following table indicates cases of employees who requested and had access to work-life balance programs:

Employees by contract type (full-time/part-time) and gender						
No.	2016			2017		
	Male	Female	Total	Male	Female	Total
Part-time	3	4	7	5	5	10
Full-time	1,099	406	1,505	1,140	458	1,598
Total	1,102	410	1,512	1,145	463	1,608

99.4% of the personnel were on a full-time contract, while the remaining 0.6% benefited from part-time work arrangements. Of the latter, 50% were women, with the arrangements aimed at facilitating the balance between family life and professional life.

Regarding gender diversity within the Group, the data for 2017 shows there was a female presence of 28.8%, an increase of 12.9% over 2016.

In Italy, the majority of female employees perform duties in commercial roles relating to the cosmetics and perfumery sectors. Moreover, especially in Verreries Brosse and Huta Szkła Czechy, women play a fundamental role in the decorative aspects (e.g. painting, lacquering, screen printing) of certain types of products, as well as in quality control, which is performed manually in order to ensure a high quality level.

Employees by professional category divided by age group								
%	2016				2017			
	<= 29	30-50	>= 51	Total	<= 29	30-50	>= 51	Total
Executives	0	8	11	19	0	9	11	20
Managers	1	38	33	72	1	39	33	73
White-collars	22	158	58	238	17	155	61	233
Blue-collars	155	642	386	1,183	193	697	392	1,282
Total	178	846	488	1,512	211	900	497	1,608

Regarding the age of Group employees, 55.9% of the Group's workforce belonged to the age group of between 30 and 50 years old. The professional category with the highest percentage of young people (91%) was that of manual workers.

At 31 December 2017, the Board of Directors of the Zignago Group comprised 12 members (of which 6 independent), including the Chairman. Females accounted for 33% and the Board comprises:

No.	2017			Total
	<= 29	30-50	>= 51	
Male	0	2	6	8
Female	0	2	2	4
Total	0	4	8	12

Industrial relations and dialogue with social partners

In all the countries in which it operates, the Zignago Vetro Group attaches great importance to carrying out its activities, industrial relations and discussions with the various trade unions with an awareness of consequent substantial benefits to employees and to the Group as a whole.

It is also aware that situations of hostility or disruption in relations that the Group has with workers and trade union representatives may lead to strikes and production interruptions, as well as potential employment relationship interruptions.

The Group has always been committed to establishing and nurturing constructive and collaborative relationships with the workforce and workers' representatives, also by systematically facilitating occasions for dialogue between staff representatives and trade unions.

Group employees are covered by the national collective labour agreements in force in the various countries in which the Group operates, and specific complimentary contracts are also in place.

Workers' Safety Representatives (RSL) and Unitary Trade Union Representative Unit (RSU) members are appointed on an annual basis for the facilities of Zignago Vetro, as well as at the overseas facilities, where representatives with similar roles are appointed.

All Group companies maintain constant interaction and communication with employees on issues of health and safety and working conditions (regarding both production and work activity quality aspects), comprising:

- Periodic meetings with the trade unions;
- Joint committees between the management of the companies and workers;
- Trade union agreements with joint commissions relating to departments, special projects, etc.

In addition, the Group has established specific mechanisms for the de-escalation of conflict and for the settling of disputes with trade unions, as well as an internal mandatory reconciliation procedure.

Performance Indicators

The Group believes that the most effective indicator for the monitoring the performance of dialogue with trade union representatives is that of the number of hours of strike action.

The following table indicates that the strike frequency is close to zero. In particular, in 2016, strikes in France were motivated by factors of a political nature at the national level, deriving from fears that specific legislation would be modified by the government in office at the time.

total daily strike hours/total hours worked¹⁶				
%	Italy	France	Poland	Total
2016	0.000%	0.831%	0.00%	0.19%
2017	0.008%	0.087%	0.00%	0.02%

The Zignago Vetro Group is compliant in terms of collective bargaining agreements, applying both the reference CCNL and any supplementary collective bargaining contracts. The percentage of workers covered by collective bargaining agreements is presented below.

% workers covered by collective bargaining agreements¹⁷				
%	Italy	France	Poland	Total
2016	100%	100%	100%	100%
2017	100%	100%	100%	100%

FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION AND RESPECT FOR HUMAN RIGHTS

The fight against corruption

This topic includes potential risks of corruption relating to unregulated management of relations with the public sector, with other relevant parties belonging to private bodies and with employees. Zignago Vetro S.p.A. has formalized and adopted a model of organization, management and control in compliance with Italian Legislative Decree No. 231/2001, which identifies and analyses areas of risk and control measures to be implemented by the company in order to prevent corruption offenses punishable under Article 24 of Legislative Decree 231/21, as amended. In compliance with the legislation concerning the administrative responsibility of entities, the Organizational Model establishes the specific commitment to comply with the principles set forth in Legislative Decree No. 231/2001, as provided for in the Ethics Code in compliance with the model itself.

Additionally, a Supervisory Board and Control and Risk Committee have been formally appointed and are responsible for verifying the existence and proper functioning of the aforementioned control mechanisms.

The Ethics Code was formalized with the aim of clearly defining a set of values that Zignago Vetro recognizes and shares and which it considers essential for the proper conduct of business and company activities, under the consideration that it can raise awareness and constitutes a guide for all parties that work for and with the company, as well as an integral part of the organizational, management and control model, as envisaged by Article 6 of Legislative Decree No. 231/2001 concerning the administrative liability of legal persons.

Zignago Vetro, in its annual audit plan, provides for an analysis of the efficiency of the management and organizational mechanisms adopted to prevent conduct in violation of the regulatory provisions and to the detriment of the company.

Performance Indicators

In the Zignago Vetro Group, no episodes of active or passive corruption have ever been reported.

¹⁶ Calculated only on non-seasonal workers

¹⁷ As defined by GRI 102-41

RESPECT FOR HUMAN RIGHTS

This topic also refers to risks of:

- Discrimination (by gender, age, nationality, ethnicity, ideology or religious belief);
- Class action on behalf of consumer associations and non-governmental associations concerning human rights violations;
- Employment of workers under the legal working age;
- Forced labour in violation of international legislation;
- Inadequate adoption of internal rules for the management of industrial safety in respect of human rights;
- Insufficient respect for the rights of local communities;
- Insufficient training in the creation of value in business ethics and human rights in relation to business activities.

All Zignago Vetro companies operate in the full respect for human rights, as set out in the Ethics Code and in the awareness that such respect is the cornerstone of correct and responsible enterprise management.

Performance Indicators

No cases of human rights violations have ever been reported in connection with the Group. In particular, with regards to “episodes of discrimination” and abuses, the number of cases is zero.

Methodological note

The Consolidated Non-Financial Disclosure of Zignago Vetro Group was prepared as per Legislative Decree No. 254 of December 30, 2016, and in compliance with the ‘Sustainability Reporting Standards’ – Core Option - published in May 2016 by the Global Reporting Initiative (GRI). The GRI Standards require the disclosure to contain information relating to material topics that reflect the reporting organization’s significant economic, environmental and social impacts or those that substantively influence the assessments and decisions of stakeholders.

The process of collecting data and information for this disclosure has been managed in collaboration with the various company divisions with the aim of facilitating a clear and precise indication of the information considered significant for stakeholders in accordance with the GRI Standards’ reporting principles of balance, comparability, accuracy, timeliness, clarity and reliability. Unless otherwise indicated, the data and information presented in this disclosure refers to the companies belonging to the Zignago Vetro Group at December 31, 2017, as fully consolidated in the annual financial statements.

Figures relating to previous years are shown purely for comparative purposes, in order to allow for an assessment of the performance of the Group's activities over the medium term. Furthermore, any estimates used in quantitative information reported in this document have been appropriately indicated in the various sections.

Consolidated non-Financial Report at december 31, 2017 in accordance with legislative Decree 254/2016

This document is the Group's first Non-Financial Report and is to be published annually. The reporting period coincides with the 2017 calendar year.

GRI Content Index

Universal Standards

GRI STANDARD	PAGE NUMBER	DISCLOSURE
GRI 102: General Disclosures 2017		
Organizational Profile		
102-1	3	Name of the organization
102-2	Directors' Report	Activities, brands, products and services
102-3	Directors' Report	Location of headquarters
102-4	Directors' Report	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report
102-5	Directors' Report	Nature of ownership and legal form
102-6	Directors' Report	Markets served (including geographical areas, sectors and types of customers and beneficiaries)
102-7	Directors' Report	Scale of the organization
102-8	32	Number of employees by contract and gender
102-9	21	Describe the organization's supply chain
102-10	Directors' Report	Significant changes to the organization and its supply chain in the reporting period
102-11	29	Whether and how the precautionary approach or principle is addressed by the organization
102-12	Directors' Report	Adoption of externally-developed economic, environmental and social charters, principles and other initiatives to which the organization subscribes, or which it endorses
102-13	Directors' Report	Memberships of industry or other associations, and national or international sustainability advocacy organizations
Strategy		
102-14	Directors' Report	Statement from the most senior decision-maker of the organization
Ethics and integrity		
102-16	6	Values, principles, standards, and norms of behaviour adopted by the organization
Governance		
102-18	Directors' Report	Governance structure of the organization
Stakeholder engagement		
102-40	7	List of stakeholders involved
102-41	34	Percentage of total employees covered by collective bargaining agreements
102-42	7	Principles for identifying and selecting stakeholders with whom to engage
102-43	9	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication

GRI STANDARD	PAGE NUMBER	DISCLOSURE
		of whether any of the engagement was undertaken specifically as part of the report preparation process
102-44	9	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns, also through its reporting. List of stakeholder groups that raised each of the key topics and concerns
Reporting Practice		
102-45	5	Entities included in the organization's consolidated financial statements or equivalent documents
102-46	5	The process for defining the report content and the topic boundaries
102-47	9	The list of the material topics identified in the process for defining report content
102-48	N/A	The effect of any restatements of information given in previous reports, and the reasons for such restatements
102-49	N/A	Significant changes from previous reporting periods in the list of material topics and topic boundaries
102-50	3	Reporting period (fiscal or calendar year)
102-51	3	Date of the most recent previous report (if available)
102-52	annually	Reporting cycle (annual, biennial)
102-54	35	Claims of reporting in accordance with the GRI Standards
102-55	37	GRI Content Index

Topic-specific Standards

GRI STANDARD	PAGE NUMBER	DISCLOSURE
MATERIAL TOPICS		
Economic		
ECONOMIC PERFORMANCE		
GRI 103: Management Approach 2017		
103-1	11	Explanation of why the topic is material and the boundaries for the material topic
103-2	11	General information on the management approach and characteristics
103-3	12	Evaluation of the management approach
GRI 201: Economic Performance 2017		
201-1	12	Economic value directly generated and distributed
201-2	12	Financial implications and other risks and opportunities associated with climate change
PROCUREMENT PRACTICES		
GRI 103: Management Approach 2017		
103-1	21	Explanation of why the topic is material and the boundaries for the material topic

GRI STANDAR D	PAGE NUMBER	DISCLOSURE
103-2	22	General information on the management approach and characteristics
103-3	22	Evaluation of the management approach
GRI 204: Procurement Practices 2017		
204-1	24	Percentage of the procurement budget used spent on local suppliers.
ANTI CORRUPTION		
GRI 103: Management Approach 2017		
103-1	34	Explanation of why the topic is material and the boundaries for the material topic
103-2	34	General information on the management approach and characteristics
103-3	34	Evaluation of the management approach
GRI 205: Anti-corruption 2017		
205-2	34	Communication and training on anti-corruption policies and procedures
205-3	34	Confirmed incidents of corruption and actions taken
Environmental		
MATERIALS		
GRI 103: Management Approach 2017		
103-1	14	Explanation of why the topic is material and the boundaries for the material topic
103-2	14	General information on the management approach and characteristics
103-3	14	Evaluation of the management approach
GRI 301: Materials 2017		
301-2	15	Percentage of recycled input materials used
ENERGY		
GRI 103: Management Approach 2017		
103-1	15	Explanation of why the topic is material and the boundaries for the material topic
103-2	15	General information on the management approach and characteristics
103-3	15	Evaluation of the management approach
GRI 302: Energy 2017		
302-1	17	Energy consumption within the organization
302-3	17	Energy intensity
302-4	16	Reductions in energy consumption
WATER		
GRI 103: Management Approach 2017		
103-1	17	Explanation of why the topic is material and the boundaries for the material topic
103-2	18	General information on the management approach and characteristics
103-3	18	Evaluation of the management approach
GRI 303: Water 2017		
303-1	18	Water withdrawn by source
EMISSIONS		

GRI STANDAR D	PAGE NUMBER	DISCLOSURE
GRI 103: Management Approach 2017		
103-1	19	Explanation of why the topic is material and the boundaries for the material topic
103-2	19	General information on the management approach and characteristics
103-3	19	Evaluation of the management approach
GRI 305: Emissions 2017		
305-1	19	Direct GHG emissions (Scope 1)
305-7	19	NO _x , SO _x and other significant air emissions
EFFLUENTS AND WASTE		
GRI 103: Management Approach 2017		
103-1	19	Explanation of why the topic is material and the boundaries for the material topic
103-2	19	General information on the management approach and characteristics
103-3	19	Evaluation of the management approach
GRI 306: Effluents and waste 2017		
306-2	20	Total weight of waste by type and disposal method
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 103: Management Approach 2017		
103-1	2.	Explanation of why the topic is material and the boundaries for the material topic
103-2	21 – 22	General information on the management approach and characteristics
103-3	22	Evaluation of the management approach
GRI 308: Supplier Environmental Assessment 2017		
308-2	23	Current and potential significant negative environmental impacts in the supply chain and measures undertaken
Treasury		
EMPLOYMENT		
GRI 103: Management Approach 2017		
103-1	29	Explanation of why the topic is material and the boundaries for the material topic
103-2	29	General information on the management approach and characteristics
103-3	29	Evaluation of the management approach
GRI 401: Employment 2017		
401-1	30	Total number and rate of new employee hires and turnover by age, gender and region
LABOUR/MANAGEMENT RELATIONS		
GRI 103: Management Approach 2017		
103-1	33	Explanation of why the topic is material and the boundaries for the material topic
103-2	33	General information on the management approach and characteristics
103-3	33	Evaluation of the management approach
WORKPLACE HEALTH AND SAFETY		

GRI STANDAR D	PAGE NUMBER	DISCLOSURE
GRI 103: Management Approach 2017		
103-1	29	Explanation of why the topic is material and the boundaries for the material topic
103-2	29	General information on the management approach and characteristics
103-3	29	Evaluation of the management approach
GRI 403: Occupational Health and Safety 2017		
403-2	30	Types of injury, injury rate, occupational illness rate, lost day rate, absentee rate, and number of work-related fatalities.
TRAINING AND EDUCATION		
GRI 103: Management Approach 2017		
103-1	30	Explanation of why the topic is material and the boundaries for the material topic
103-2	30-31	General information on the management approach and characteristics
103-3	31	Evaluation of the management approach
GRI 404: Training and Education 2017		
404-1	31	Average annual hours of training undertaken by gender and employee category
DIVERSITY AND EQUAL OPPORTUNITIES		
GRI 103: Management Approach 2017		
103-1	31	Explanation of why the topic is material and the boundaries for the material topic
103-2	31-32	General information on the management approach and characteristics
103-3	32	Evaluation of the management approach
GRI 405: Diversity and Equal Opportunities 2017		
405-1	32	Diversity governance bodies and employees
NON-DISCRIMINATION		
GRI 103: Management Approach 2017		
103-1	31	Explanation of why the topic is material and the boundaries for the material topic
103-2	31	General information on the management approach and characteristics
103-3	32	Evaluation of the management approach
GRI 406: Non-Discrimination 2017		
406-1	35	Incidents of discrimination and remediation actions taken
HUMAN RIGHTS ASSESSMENT		
GRI 103: Management Approach 2017		
103-1	35	Explanation of why the topic is material and the boundaries for the material topic
103-2	35	General information on the management approach and characteristics
103-3	35	Evaluation of the management approach
GRI 412: Human Rights Assessment 2017		
412-2	35	Employee training on human rights policies or procedures
LOCAL COMMUNITIES		
GRI 103: Management Approach 2017		

GRI STANDAR D	PAGE NUMBER	DISCLOSURE
103-1	20	Explanation of why the topic is material and the boundaries for the material topic
103-2	20	General information on the management approach and characteristics
103-3	20	Evaluation of the management approach
GRI 413: Local Communities 2017		
413-1	21	Local community engagement, impact assessments, and/or development programs
SUPPLIER SOCIAL ASSESSMENT		
GRI 103: Management Approach 2017		
103-1	21	Explanation of why the topic is material and the boundaries for the material topic
103-2	21 – 22	General information on the management approach and characteristics
103-3	22	Evaluation of the management approach
GRI 414: Supplier Social Assessment 2017		
414-1	24	Percentage of new suppliers that were screened using social criteria
CUSTOMER HEALTH AND SAFETY		
GRI 103: Management Approach 2017		
103-1	24	Explanation of why the topic is material and the boundaries for the material topic
103-2	24 – 25	General information on the management approach and characteristics
103-3	25	Evaluation of the management approach
GRI 416: Customer Health and Safety 2017		
416-2	25	Number of incidents of non-compliance relating to health and safety of products and services

**Independent Auditors' Report
Consolidated Non-Financial Report
at December 31, 2017**

(in accordance with Legislative Decree 254/2016)

The attached auditors' report and the related consolidated financial statements are in accordance with the original version in the Italian language filed at the registered office of Zignago Vetro SpA and published in accordance with law and, subsequent to this date, KPMG SpA has not undertaken any further audit work.



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(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 Consob Regulation no. 20267

*To the board of directors of
Zignago Vetro S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of Consob (the Italian Commission for listed companies and the stock exchange) Regulation no. 20267, we have been engaged to perform a limited assurance engagement on the 2017 consolidated non-financial report of the Zignago Vetro Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 15 March 2018 (the "Report").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Zignago Vetro S.p.A. (the "parent") for the Report

The directors are responsible for the preparation of a Report 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, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of a Report 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 Report, 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.



ZIGNAGO VETRO SpA

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