Gruppo Zignago Vetro

CONSOLIDATED NON-FINANCIAL REPORT

AT DECEMBER 31, 2018

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 12 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 13 March 2019. 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. 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 Zignago Glass USA which, for the purposes outlined in this report, was considered immaterial.

Reporting period: financial year 2018. Figures for 2017 are also reported, and, for comparative purposes, recalculated to account for the subsequent incorporation of Vetro Revet. Such pro forma comparative data is identified as "2017 p.f.".

LETTER TO THE STAKEHOLDERS

2018 was another successful year for Zignago Vetro Group in achieving its goals. Both turnover and profit grew significantly, laying the foundations for further growth targets over the coming years. The entrepreneurial success was first and foremost a team and community driven success. Here I am referring, with particular pride, to the community, within the group and its companies, of people striving in unison to achieve ever greater personal and corporate goals, motivated by the same identification with the principles of propriety and loyalty that have always distinguished our Group.

A company does not have a life of its own, if not for the life given to it by people working together across all corporate levels. A company is the product of its people, those that, every day, contribute to its successes, its representation and its thirst for more. Those same people not only form teams among themselves, but also build synergistic relations with external stakeholders. The social commitment of a company is first and foremost that of the people who constitute it. It is their sense of responsibility, their desire to improve, their sensitivity in making the company part of the local community in which it operates, their pride in helping it flourish, in safeguarding its well-being, and protecting it from emerging risks.

This is what we believe motivates the companies of the Group in reaching out and working with its stakeholders, whether they be customers, suppliers, professionals, shareholders, institutions, trade unions, or local areas and communities in the broadest sense. The result is a strengthening not only of the internal dynamics of the Group, but also of its ties with all stakeholders.

First of all, the Group's action is founded on a constant attention to sustainability, with its operations and facilities continuing to be free of environmental risks. Furthermore, the Group has continued to push for the recovery of glass waste and its re-use in glass production, to the clear benefit of the national waste management system. In this context, in addition to expanding activities, the Group has continued to invest in optimizing and improving production processes. This has all led to the sourcing of almost 43% of production from glass waste recycling.

From the point of view of energy use, in 2018, the Group managed to further reduce production unit consumption while increasing electricity generation from its own renewable sources, significantly increasing renewables sourcing to over 30% of total needs.

Water resources management was also improved, through a significant reduction in both specific consumption and waste water discharge. As for general waste management, the Group made significant further progress.

Action continued to maintain a high and ever greater attention to occupational health and safety issues, with significant improvements and targets achieved.

Furthermore, throughout 2018, the Group continued to provide community employment opportunities, significantly increasing its personnel, its quota of women, and its flexibility in helping staff to balance work, personal and family needs. Ever greater attention has also been paid to the training and development of personnel.

With the trade union representatives we have installed ongoing and constructive dialogue, of which we are particularly proud, and which has allowed us to eliminate hours lost to strikes.

It is no less important to mention the huge amount of investments that the Group, on various fronts, has made during 2018. Such investments bear witness to the Group's conviction and commitment in all of its various activities, and its general confidence in the future. We are particularly satisfied with the efforts we have made in terms of occupational health and safety and the needs of the local environment and

communities, in particular through various environmental and landscape improvement initiatives.

Finally, for all those who regard the Group as a source of value and opportunity in making use of their savings and capital, we believe we continue to represent a trusted partner capable of offering ever greater satisfaction.

All this makes us proud and even more convinced that the entrepreneurial path we have chosen is the right one. Zignago Vetro Group continues to grow and to strengthen its ties with stakeholders through a sense of responsibility, care and attention in all of its various stakeholder interactions.

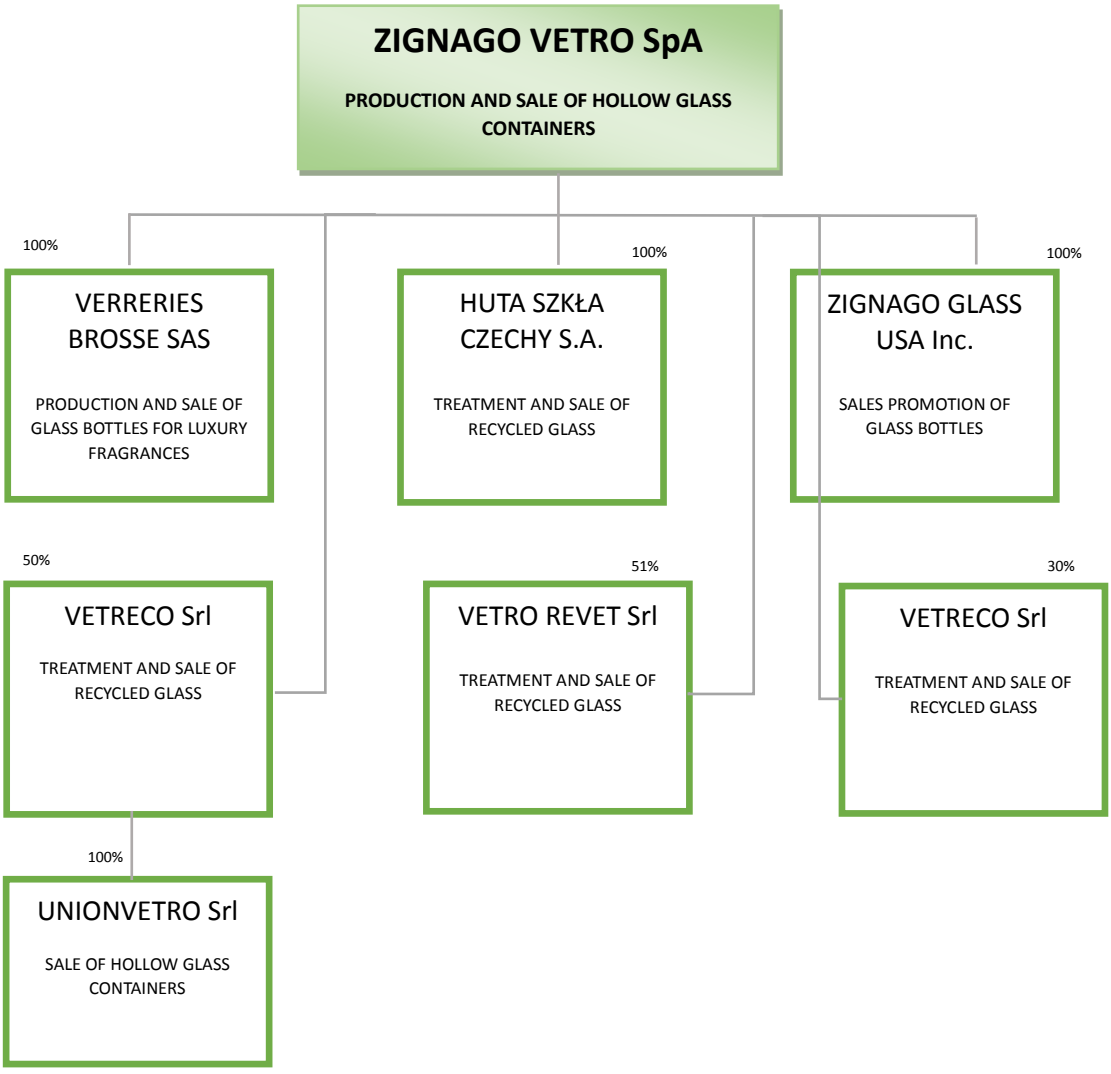
Notwithstanding the road that we have travelled and the results we have achieved, there remains much to be done, and this is our commitment: to continue, to improve, every day, to build the future.

Paolo Giacobbo,

Chairman & Chief Executive Officer

THE ZIGNAGO VETRO GROUP

STRUCTURE OF THE ZIGNAGO VETRO GROUP
AT DECEMBER 31, 2018
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.

Despite all the many actions taken, the Group has not yet fully developed a formal "Stakeholder Engagement" process for the identification of material topics, as required by the GRI standard. 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.

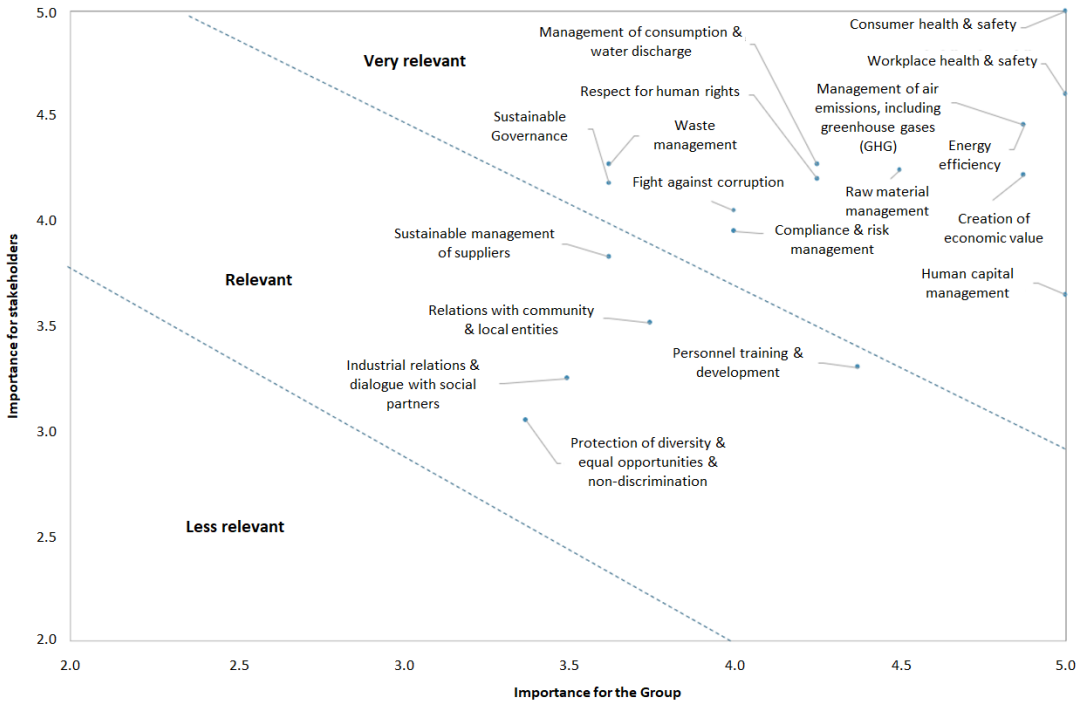
Stakeholders	Interaction Tools	Stakeholder Expectations
Employees	Training programmes Dialogue with Human Resource Management	Equal opportunities Training and development
Customers	Ongoing relations with the sales force	Product quality

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 analysed 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 analysed 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. 254/16	MATERIAL ASPECT	ASSOCIATED RISK	IMPACT	CHAPTER
ENVIRONMENTAL	• Raw materials management • Energy efficiency • Water consumption and discharge management • Management of emissions, including greenhouse gases (GHGs) • Waste management	1. Risk related to the availability of raw materials 2. Pollution risk 3. Water pollution risk 4. Risk of non-compliance with environmental regulations	**Internal:** - All Group companies **External:** - Communities and local authorities - Regulatory bodies - Customers	*Management of environmental aspects*
SOCIAL	• Relations with communities and local bodies • Sustainable supplier management • Consumer health and safety	5. Relations with local community risk 6. Social dialogue risk 7. Supply chain risks for: a. Eco-sustainability, b. Issues related to workers and human rights, c. Mitigation of corruption (active and passive)	**Internal:** - All Group companies **External:** - Suppliers - Employees - Communities and local authorities - Customers	*Management of social aspects*
PERSONNEL	• Human resource management • Occupational health and safety • Personnel training and development • Diversity, equal opportunities and non-discrimination • Industrial relations and dialogue with social partners	8. Workplace health and safety risks 9. Employment risks 10. Worker equal opportunity risks 11. Risks concerning relations with the Trade Unions	**Internal:** - All Group companies **External:** - Employees	*Management of personnel issues*

FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION AND HUMAN RIGHTS RISKS	• The fight against corruption • Respect for human rights	12. Corruption risk 13. Risk of non-compliance with workplace and human rights regulations 14. Non-compliance with human rights risk	Internal: - All Group companies External: - Communities and local authorities - Employees - Customers	*Management of the mitigation of active and passive corruption and human rights risks*

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.

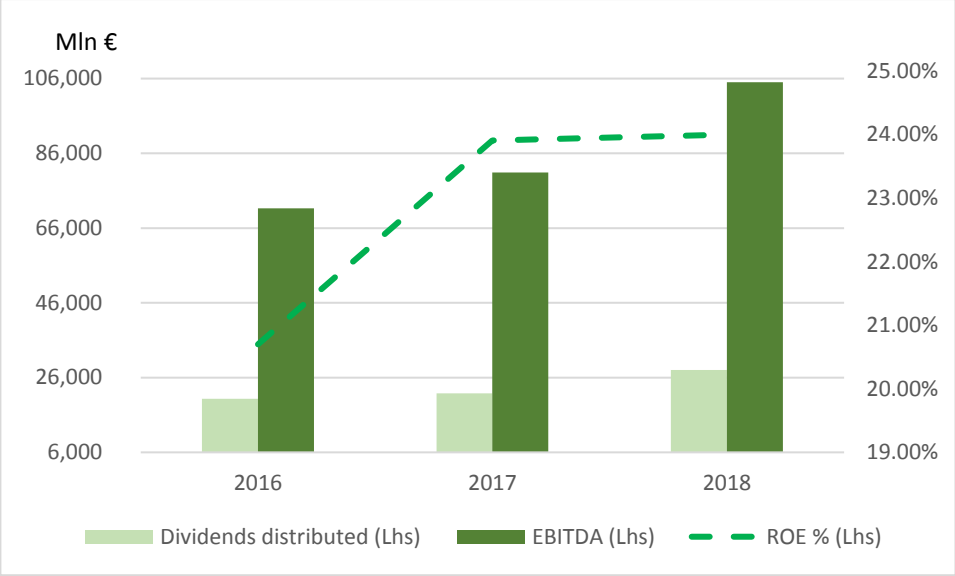
Performance Indicators

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 2018, this amounted to Euro 304 million, with an economic value distributed of Euro 260 million.

	2018
[€/000]	
Economic value generated by the Group	**303.893**
Revenues	289.838
Other income	
Financial income	0
Impairments on financial assets	15.454
Doubtful debt provision	
Exchange differences	(1.399)
Income/charges from tangible & intangible assets	0
Impairments on tangible & intangible assets	0
Economic value distributed by the Group	**260.154**
Operating costs	152.217
Remuneration of collaborators	67.474
Remuneration of lenders	2.704
Remuneration of investors	28.061
Remuneration of the public sector	9.698
External processing	0
Economic value processed by the Group	**43.739**
Amortisation & Depreciation	39.007
Provisions	563
Reserves	**4.732**

In addition, indicated below is Zignago Vetro's share movements in 2018 compared with the main indices of Borsa Italiana (FTSE Mib, FTSE All Share and FTSE Mid Cap), which represents another measure of the wealth created by the Group for shareholders and savers.

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:

- 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;
- 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;
- To increase glass waste use and decrease other incoming raw material quantities;
- To reduce hazards in materials used and the consumption of chemical products;
- To responsibly manage product end-of-life through suitable recycling and waste disposal;
- To reduce the impact of production activities in protected areas, in order to safeguard biodiversity and endangered animal and plant species;
- 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 9001:2015 certification in the Group's plants at Fossalta and Empoli and in Poland 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:

- Natural resources consumption;
- 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:

1) 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.

2) 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.

3) Constantly and progressively reduce the use of rare earth materials in glass production;

4) 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

In 2018, [1]the percentage of recycled input materials involved in production, expressed in tons of materials employed, derived from the reuse of glass waste is shown in the table below.

	2016	2017	2017 p.f.	2018
Use of recycled glass	37.7%	40.8%	40.80%	42.93%

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

[1] As defined by GRI 301-2

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 2018, 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 TEP 15,310 as of 31/12/18[2] compared to TEP 18,568 as of 31/12/17. This decrease is mainly due to the fall in energy efficiency of the Empoli plant's Furnace 3 (-71.7%).

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.

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

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

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 2017 as base 100 and highlighting the percentage change.

	Total energy consumed (base 100, year 2017)			
	2016	**2017**	**2018**	**CGE. %**
[3]Total energy consumed (MWh)	99	100	106	+5.63%
	Change in unit consumption			-0.32%

The increase in total energy consumed was due to the increased production yield achieved.

The Fossalta di Portogruaro and Empoli plants are equipped with photovoltaic panels with a total surface of 11,260 m^2. These photovoltaic systems produced 2,088,958 kWh in 2017, reducing CO_2 emissions by 691 tons, and 1,960,809 kWh in 2018, reducing CO_2 by 564 tons.

The Fossalta di Portogruaro plant is equipped with an electricity producing steam turbine that recovers heat energy from furnace fumes. This system produced 4,493,314 kWh in 2017 and 4,785,861 kWh in 2018, corresponding to an emissions saving of 1,375 tons of CO_2.

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			
	2016	**2017**	**2018**	**CGE. %**
Electricity consumed	99	100	110	+10.30%

[3] 2017 = base 100

of which self-produced	5.03%	4.33%	4.02%	+2.5%

The increase in self-produced energy in 2018 is mainly due to the full-capacity commissioning of the turbo-alternator during the year.

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.

	Electricity consumption from renewable and non-renewable sources[4]			
	2016	**2017**	**2017 p.f.**	**2018**
	% of total consumption	**% of total consumption**	**% of total consumption**	**% of total consumption**
Renewable sources	37%	29%	28%	31%
Non-renewable sources	63%	71%	72%	69%
Total	100%	100%	100%	100%

In 2018, energy from renewable sources represented 31% of total energy consumed, up 21.6% on 2017p.f.

The energy intensity is calculated as the ratio of total energy required (in MJ) to produce one kilogram of glass.[5]

Energy intensity (MJ/Kg molten glass)			
2016	**2017**	**2017 p.f.**	**2018**
7.82	7.15	7.35	7.33

In 2018, despite the increase in production volumes, with its consequent increase in energy consumption, the Group improved its energy efficiency, reducing energy intensity by -0.32%.

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

[5] As defined by GRI 302-3

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.

In particular:

- Zignago Vetro Fossalta plant: in 2018 the cooling system was totally converted to a closed circuit (part of which was realized in 2016). 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 Szkla 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

m3	[6]**Total water withdrawal by source**			
	2016	**2017**	**2017 p.f.**	**2018**
Surface water (rivers, lakes, etc.)	2,277,211	1,798,161	1,798,161	1,835,737
Groundwater wells	606,209	618,592	618,592	674,388
Mains water supply	51,723	40,436	42,274	67,224
Other (specify)	127,355		-	-
Total	**3,062,498**	**2,457,189**	**2,459,027**	**2,577,349**
	Variation in specific consumption (vs. 2017 p.f.)			-1%

Water consumption for the year 2018 amounted to approximately 2,577,349 m3, +4.8% on 2017. This is primarily due to greater production volumes in 2018 from the return to full operability of a furnace stopped for scheduled renovation in 2017. Greater production volumes, and therefore consumption, also came from HSC. Overall, for these reasons, specific water consumption decreased by over -1%.

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. However, 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:

m3	**Water discharged by destination**

[6] As defined by GRI 303-1

	2016	2017	2017 p.f.	2018
Sewerage	211,387	224,519	225,868	292,420
Ground water	2,624,778	2,134,672	2,134,672	2,112,200
Other	-	-	-	-
Total	**2,836,165**	**2,359,191**	**2,360,540**	**2,404,620**
	Variation in specific discharges (vs. 2017 p.f.)			-4%

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.

Also in this case, the general increase in water discharges is mainly due to the aforementioned return to full operability, in 2018, of a furnace stopped in 2017 for scheduled renovation. In specific terms, on the other hand, discharges fell by over -4%. It should also be noted that, in the other plants, water discharges fell due to improved water supply and used water recirculation systems. Finally, significant water discharge and withdrawal reductions will come from the installation of a new cooling water recirculation system at the Fossalta plant in 2019.

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 emissions:[7]

[8]*ton eq*	**CO2, NOx, SOx**			
	2016	**2017**	**2017 p.f.**	**2018**
CO2	224,827	206,867	208,462	213,817
NO_x	637	698	700	700
SO_x	635	381	369	368
	Variation in specific emissions (vs. 2017 p.f.)			-3%

General CO_2 emissions increased by +2.5%, but in specific terms, in relation to production volumes, they decreased by over -3%.

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

[7] Data from internal systems and/or outside body certifications[7]

[8] As defined by GRI 305-7

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.

Performance Indicators

tons	**Solid waste produced by type and disposal method**											
	2016			**2017**			**2017 p.f.**			**2018**		
	Hazardous	Non-hazardous	**Total**	Hazardous	Non-hazardous	**Total**	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	**Total**
Landfill	759	1.425	**2.185**	580	1.465	**2.045**	650	9.206	**9.856**	749	6.243	**6.992**
Recovery (including energy recovery)	121	292	**413**	109	1.246	**1.356**	116	27.618	**27.734**	125	32.262	**32.387**
Recycling/reuse	0	6.595	**6.595**	0	4.074	**4.074**	0	12.911	**12.911**	0	11.011	**11.011**
Other (specify)	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
Total	**880**	**8.312**	**9.193**	**689**	**6.785**	**7.475**	**766**	**49.735**	**50.501**	**874**	**49.516**	**50.390**

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.

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 2017 and 2018, 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) or undertakes its activities through the exploitation of minors.

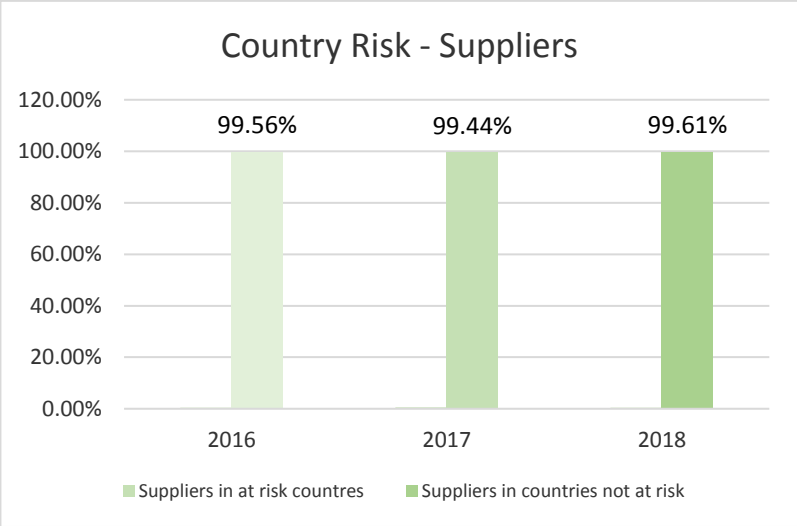
The Group's most significant procurement expenditure is on energy sourcing, for which the Group has long sought to maximize, as far as possible, supplies of renewable energy sources. Other significant supplies concern raw materials, packaging and durable goods used in the production process.

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.

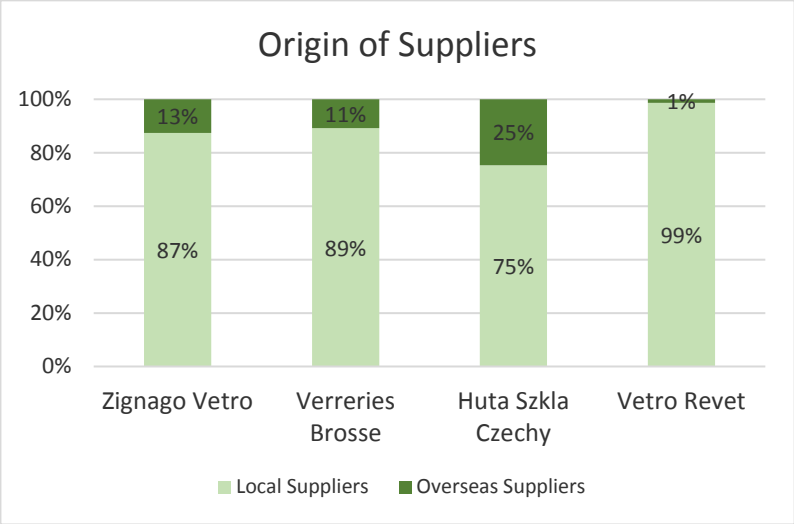
Performance Indicators

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 risk[9].



[9]According to Euler Hermes Country Risk Ratings Q4 - 2018



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**		
	2016	**2017**	**2018**
Zignago Vetro	0	0	0
Verreries Brosse	0	0	0
Huta Szkla Czechy	0	0	0
Vetro Revet	0	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 FSSC 22000 (Food Safety System Certification 22000); this standard is based on the integration of the standard ISO 22000 to the Technical Specifications (ISO TS). This scheme is recognized as equivalent to BRC and IFS by the Global Food Safety Initiative (GFSI), the most authoritative interest group formed by agri-food companies.

Certification of the Empoli plant is scheduled for 2019. 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 2017 or 2018.

Number	**2016**	**2017**	**2018**
Number of product defect cases with consequences for the health and/or safety of consumers	0	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, which was largely held in 2018, saw 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.

In 2018, this aspect was promoted through the launch of a Corporate Welfare Programme in several of the Group's facilities, allowing personnel to benefit from the second-level corporate incentivization plan through goods and services made available to them on special terms and conditions.

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, 2018 numbered 1,679 resources, an increase of 71 over the previous year (+4..4%) with a strong increase in female full-time employees (+13.8%).

Employees by geographical area[10]			
No.	**2016**	**2017**	**2018**
	Total	**Total**	Total
Italy	611	635	704
France	360	362	354
Poland	541	611	621
Total	**1,512**	**1,608**	**1,679**

The Group employs 354 personnel in France, at the Verreries Brosse facility, and 621 in Poland, at the Huta Szkla Czechy facility. In Italy, the production sites of Fossalta di Portogruaro (VE) and Empoli (FI) employ, respectively, 447 and 207 personnel, while the facility at Vetro Revet employs 50 personnel including temporary staff.

Employees by contract type (permanent/fixed-term) and gender									
No.	**2016**			**2017**			**2018**		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent contract	1,060	328	**1,388**	1,102	396	**1,498**	1,116	429	**1,545**
Fixed-term contract	42	82	**124**	43	67	**110**	36	98	**134**
Total	**1,102**	**410**	**1,512**	**1,145**	**463**	**1,608**	**1,152**	**527**	**1,679**

Employees by contract type (permanent/fixed-term) and geographical area									
No.	**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**
2018	8	696	**704**	74	280	**354**	52	569	**621**

The above highlights the Group's commitment to implement labour policies aimed at stability and long-term collaboration with its employees. Indeed, in 2018, over 92% of employees were on permanent contracts, with the greatest improvement seen in

[10] 2017 figures do not include Vetro Revet

Poland, mainly due to the development of HSC since it became part of the Group, despite the relative seasonality and variability of its activities.

[11]During 2018, a total of 142 employees joined the Group, most of whom were between 30 and 50 years old. The incoming turnover rate was 8.4%.[12]

No.	**2016**	**2017**	**2018**
New hires by gender			
Male	129	176	93
Female	30	117	49
Total	**159**	**293**	**142**
New hires by geographical area			
Italy	61	93	60
France	7	7	12
Poland	91	185	70
Total	**159**	**293**	**142**

%		**2017**	**2018**
Incoming turnover by geographical area			
Italy	10.2%	14.79%	8.5%
France	1.9%	5.15%	3.4%
Poland	19.10%	32.01%	11.3%

In 2018, 122 employees left the Group, most of whom were between 30 and 50 years old and concerning HSC.[13] The outgoing turnover rate was 7.3%[14].

No.	**2016**	**2017**	**2018**
Outgoing resources by gender			
Male	92	132	81
Female	22	51	41
Total	**114**	**183**	**122**
Outgoing resources by geographical area			

[11] Considering only permanent employees

[12] Calculated out of total permanent employees

[13] Considering only permanent employees

[14] Calculated out of total permanent employees

Italy	52	65	29
France	29	35	23
Poland	33	83	70
Total	**114**	**183**	**122**

%	**2016**	**2017**	**2018**
Outgoing turnover by geographical area			
Italy	8.7%	10.33%	4.12%
France	8.0%	12.03%	6.5%
Poland	6.9%	14.36%	11.3%

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

number	***2016***	***2017***	***2018***
Open employment disputes	*2*	*1*	*0*

The employment dispute arising in 2017 concerned Zignago Vetro, and was 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 are highly focused on workplace safety matters. The Group 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 2017 and 2018.

	Accidents				
No. accidents	**2016**	**2017**	**2017 re**	**2018**	**% Change**
Italy	29	25	32	24	-25%
France	10	10	10	8	-20%
Poland	20	15	15	15	0
Total	**59**	**50**	**57**	**47**	**-17.5%**

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

	Health and safety indicators[15]			
	2016	**2017**	**2017 re**	**2018**
Frequency index	24.81	19.16	21.38	17.23
Gravity index	1.059	0.918	0.978	0.739

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

Health and safety indicators			
	2016	**2017[16]**	**2018**
Training hours	**7,122**	**8,627**	**3,955**
Age. hours per employee	**5.13**	**5.76**	**7.74**

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

[15] 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.

[16] The figure does not include Vetro Revet.

management training 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 2017 and 2018.

Average training hours by professional category[17]									
No.	**2016**			**2017**			**2018**		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	27	0	**27**	361	21	**381**	90	75	**165**
Managers	611	63	**674**	1,644	338	**1,982**	884	75	**959**
White-collar	2,707	656	**3,363**	2,379	885	**3,263**	3,711	1,091	**4,801**
Blue-collar	7,861	1,615	**9,476**	5,396	2,438	**7,833**	9,648	1,022	**10,670**
Total	**11,205**	**2,335**	**13,540**	**9,779**	**3,681**	**13,460**	**14,332**	**2,262**	**16,594**
Age. hours per employee			**9.76**			**8.99**			**9.88**

Collectively, the employees received approximately 16,594 hours of training in 2018. 64.3% were dedicated to the professional category of manual workers.

[17] The 2017 figure does not include Vetro Revet.

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 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 2017 and 2018 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[18]			2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Part-time	3	4	**7**	5	5	**10**	4	7	**11**
Full-time	1,099	406	**1,505**	1,140	458	**1,598**	1,148	520	**1,668**
Total	**1,102**	**410**	**1,512**	**1,145**	**463**	**1,608**	**1,152**	**527**	**1,679**

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, 64% 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 2018 shows there was a female presence of 31.4%, an increase of 13.8% over 2017.

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 Szkla 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				2018			
	<= 29	30 - 50	>= 51	**Total**	<= 29	30 - 50	>= 51	**Total**	<= 29	30 - 50	>= 51	**Total**
Executives	0	8	11	**19**	0	9	11	**20**	0	9	13	**22**
Managers	1	38	33	**72**	1	39	33	**73**	2	41	25	**68**
White-collar	22	158	58	**238**	17	155	61	**233**	22	168	51	**241**

[18] The 2017 figure does not include Vetro Revet.

Blue-collar	155	642	386	**1.183**	193	697	392	**1.282**	208	754	386	**1.348**
Total	**178**	**846**	**488**	**1.512**	**211**	**900**	**497**	**1.608**	**232**	**972**	**475**	**1.679**

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 2018, 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.	**2018**			
	<= 29	30-50	>= 51	**Total**
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. Specific supplementary 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 worked[19]				
%	**Italy**	**France**	**Poland**	**Total**

[19] Calculated only on non-seasonal workers

2016	0.000%	0.831%	0.00%	**0.19%**
2017	0.008%	0.087%	0.00%	**0.02%**
2018	0.000%	0.088%	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 agreements[20]				
%	**Italy**	**France**	**Poland**	**Total**
2016	100%	100%	100%	**100%**
2017	100%	100%	100%	**100%**
2018	100%	100%	100%	**100%**

MITIGATION OF ACTIVE AND PASSIVE CORRUPTION AND HUMAN RIGHTS RISKS

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

[20] As defined by GRI 102-41

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.

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.

Information relating to the investee company Vetri Speciali S.p.A. summarizing issues relevant to Article 3 of Italian Legislative Decree 254/2016

Although not included in the calculation of the KPIs for this report, the business model, related risks and relevant issues of Vetri Speciali S.p.A., in which Zignago Vetro S.p.A. holds a 50% share, are in line with the values of sustainable development and social responsibility that Zignago Vetro Group promotes.
An example of this is Vetri Speciali's adoption of an Environmental Management System based on the UNI ISO 14001: 2015 model, taking into full account regional and local Integrated Environmental Authorization requirements. This system falls under the category of "Special Part E - Prevention of Environmental Offenses" of the Organizational Management Model, as per Legislative Decree 231/2001.
During 2018, the ACCREDIA Italia accredited certification body TUV Rheinland certified the Environmental Management System implemented across all Vetri Speciali sites to international standard ISO 14001:2015.
In the same year, in addition to constant risk assessment workplace and equipment adequacy monitoring, training addressed to workers continued pursuant to the State Regional Agreement No. 223 of 21/12/2011.

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, 2018, 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.

This document is the Group's second Non-Financial Report and is to be published annually. The reporting period coincides with the 2018 calendar year.

GRI Content Index

Universal Standards

GRI STANDARD	PAGE NUMBER	DISCLOSURE
GRI 102: General Disclosures 2018		
Organizational Profile		
102-1	4	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	38	Number of employees by contract and gender
102-9	30	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	51	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	6	Statement from the most senior decision-maker of the organization
Ethics and integrity		
102-16	10	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	11	List of stakeholders involved
102-41	47	Percentage of total employees covered by collective bargaining agreements
102-42	11	Principles for identifying and selecting stakeholders with whom to engage

GRI STANDARD	PAGE NUMBER	DISCLOSURE
102-43	12	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process
102-44	12	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	4	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	12	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	51	Reporting period (fiscal or calendar year)
102-51	5	Date of the most recent previous report (if available)
102-52	annually	Reporting cycle (annual, biennial)
102-54	51	Claims of reporting in accordance with the GRI Standards
102-55	52	GRI Content Index

Topic-specific Standards

GRI STANDARD	PAGE NUMBER	DISCLOSURE
MATERIAL TOPICS		
Economic		
ECONOMIC PERFORMANCE		
GRI 103: Management Approach 2018		
103-1	16	Explanation of why the topic is material and the boundaries for the material topic
103-2	16	General information on the management approach and characteristics
103-3	17	Evaluation of the management approach
GRI 201: Economic Performance 2018		
201-1	17	Economic value directly generated and distributed
PROCUREMENT PRACTICES		
GRI 103: Management Approach 2018		
103-1	30	Explanation of why the topic is material and the boundaries for the material topic

GRI STANDARD	PAGE NUMBER	DISCLOSURE
103-2	30 - 31	General information on the management approach and characteristics
103-3	31	Evaluation of the management approach
GRI 204: Procurement Practices 2018		
204-1	33	Percentage of the procurement budget used spent on local suppliers.
ANTI CORRUPTION		
GRI 103: Management Approach 2018		
103-1	48	Explanation of why the topic is material and the boundaries for the material topic
103-2	48	General information on the management approach and characteristics
103-3	48	Evaluation of the management approach
GRI 205: Anti-corruption 2018		
205-2	48	Communication and training on anti-corruption policies and procedures
205-3	48	Confirmed incidents of corruption and actions taken
Environmental		
MATERIALS		
GRI 103: Management Approach 2018		
103-1	18	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	20	Evaluation of the management approach
GRI 301: Materials 2018		
301-2	21	Percentage of recycled input materials used
ENERGY		
GRI 103: Management Approach 2018		
103-1	22	Explanation of why the topic is material and the boundaries for the material topic
103-2	23	General information on the management approach and characteristics
103-3	23	Evaluation of the management approach
GRI 302: Energy 2018		
302-1*	22	Fuel consumption within the organization OMISSION: absolute value not given due to confidentiality restrictions
302-3	24	Energy intensity
302-4	22	Reductions in energy consumption
WATER		
GRI 103: Management Approach 2018		
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

GRI STANDARD	PAGE NUMBER	DISCLOSURE
		characteristics
103-3	25	Evaluation of the management approach
GRI 303: Water 2018		
303-1	25	Water withdrawn by source
EMISSIONS		
GRI 103: Management Approach 2018		
103-1	26	Explanation of why the topic is material and the boundaries for the material topic
103-2	26 - 27	General information on the management approach and characteristics
103-3	27	Evaluation of the management approach
GRI 305: Emissions 2018		
305-1	27	Direct GHG emissions (Scope 1)
305-7	27	NO_X, SO_X and other significant air emissions
EFFLUENTS AND WASTE		
GRI 103: Management Approach 2018		
103-1	28	Explanation of why the topic is material and the boundaries for the material topic
103-2	28	General information on the management approach and characteristics
103-3	28	Evaluation of the management approach
GRI 306: Effluents and waste 2018		
306-2	28	Total weight of waste by type and disposal method
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 103: Management Approach 2018		
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	32	Evaluation of the management approach
GRI 308: Supplier Environmental Assessment 2018		
308-2	33	Current and potential significant negative environmental impacts in the supply chain and measures undertaken
Treasury		
EMPLOYMENT		
GRI 103: Management Approach 2018		
103-1	35	Explanation of why the topic is material and the boundaries for the material topic
103-2	35 - 36	General information on the management approach and characteristics
103-3	36	Evaluation of the management approach
GRI 401: Employment 2018		
401-1	37	Total number and rate of new employee hires and turnover by age, gender and region

GRI STANDARD	PAGE NUMBER	DISCLOSURE
LABOUR/MANAGEMENT RELATIONS		
GRI 103: Management Approach 2018		
103-1	38	Explanation of why the topic is material and the boundaries for the material topic
103-2	38	General information on the management approach and characteristics
103-3	39	Evaluation of the management approach
WORKPLACE HEALTH AND SAFETY		
GRI 103: Management Approach 2018		
103-1	40	Explanation of why the topic is material and the boundaries for the material topic
103-2	40	General information on the management approach and characteristics
103-3	41	Evaluation of the management approach
GRI 403: Occupational Health and Safety 2018		
403-2	42	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 2018		
103-1	42	Explanation of why the topic is material and the boundaries for the material topic
103-2	42	General information on the management approach and characteristics
103-3	42	Evaluation of the management approach
GRI 404: Training and Education 2018		
404-1*	42	Average annual hours of training undertaken by gender and employee category OMISSION: data not always available. The company is making efforts to make this information available.
DIVERSITY AND EQUAL OPPORTUNITIES		
GRI 103: Management Approach 2018		
103-1	43	Explanation of why the topic is material and the boundaries for the material topic
103-2	43	General information on the management approach and characteristics
103-3	44	Evaluation of the management approach
GRI 405: Diversity and Equal Opportunities 2018		
405-1	44	Diversity governance bodies and employees
NON-DISCRIMINATION		
GRI 103: Management Approach 2018		
103-1	43	Explanation of why the topic is material and the boundaries for the material topic
103-2	43	General information on the management approach and characteristics
103-3	44	Evaluation of the management approach

GRI STANDARD	PAGE NUMBER	DISCLOSURE
GRI 406: Non-Discrimination 2018		
406-1	44	Incidents of discrimination and remediation actions taken
HUMAN RIGHTS ASSESSMENT		
GRI 103: Management Approach 2018		
103-1	46	Explanation of why the topic is material and the boundaries for the material topic
103-2	46	General information on the management approach and characteristics
103-3	46	Evaluation of the management approach
GRI 412: Human Rights Assessment 2018		
412-2	47	Employee training on human rights policies or procedures
LOCAL COMMUNITIES		
GRI 103: Management Approach 2018		
103-1	28	Explanation of why the topic is material and the boundaries for the material topic
103-2	28	General information on the management approach and characteristics
103-3	29	Evaluation of the management approach
GRI 413: Local Communities 2018		
413-1	29	Local community engagement, impact assessments, and/or development programs
SUPPLIER SOCIAL ASSESSMENT		
GRI 103: Management Approach 2018		
103-1	30	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 414: Supplier Social Assessment 2018		
414-1	32	Percentage of new suppliers that were screened using social criteria
CUSTOMER HEALTH AND SAFETY		
GRI 103: Management Approach 2018		
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 - 35	Evaluation of the management approach
GRI 416: Customer Health and Safety 2018		
416-2	35	Number of incidents of non-compliance relating to health and safety of products and services

Independent Auditors' Report to the 2018 Consolidated Non-Financial Report

(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 the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

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 the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2018 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 13 March 2019 (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), which they have identified as the reporting 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.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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

The *Collegio Sindacale* is responsible for overseeing, in accordance with the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

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

Auditors' responsibility

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

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

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the Report, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.

3. Comparing the financial disclosures presented in the Report with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
   - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
   - the group's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
   - the main risks generated or borne in connection with the aspects set out in article 3 of the Decree.

   Moreover, we checked the above against the disclosures presented in the Report and carried out the procedures described in point 5.a).
5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the Report.

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

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

   - at parent level,
     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the Report and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
     b) we carried out analytical and selected procedures to check the correct aggregation of data in the quantitative information;
   - we visited Empoli and Fossalta di Portogruaro plants, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2018 consolidated non-financial report of the Zignago Vetro Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Other matters

The 2016 comparative figures presented in the Report have not been reviewed.

Padua, 28 March 2019

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit