

ZIGNAGO VETRO



Environment Social Governance

Our sustainable business approach

29/06/2020

Environment Social Governance



Zignago Vetro Mission:

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 a particular focus on sustainability** and with the aim of providing its customers with high quality, safe products while guaranteeing its shareholders and stakeholders ongoing value creation.



Environment Social Governance



Glass: the perfectly sustainable raw material

TRANSPARENCY, ELEGANCE & IDENTITY



PERFECT PRESERVATION



FOOD SAFETY



TOTAL AND INFINITE RECYCLABILITY

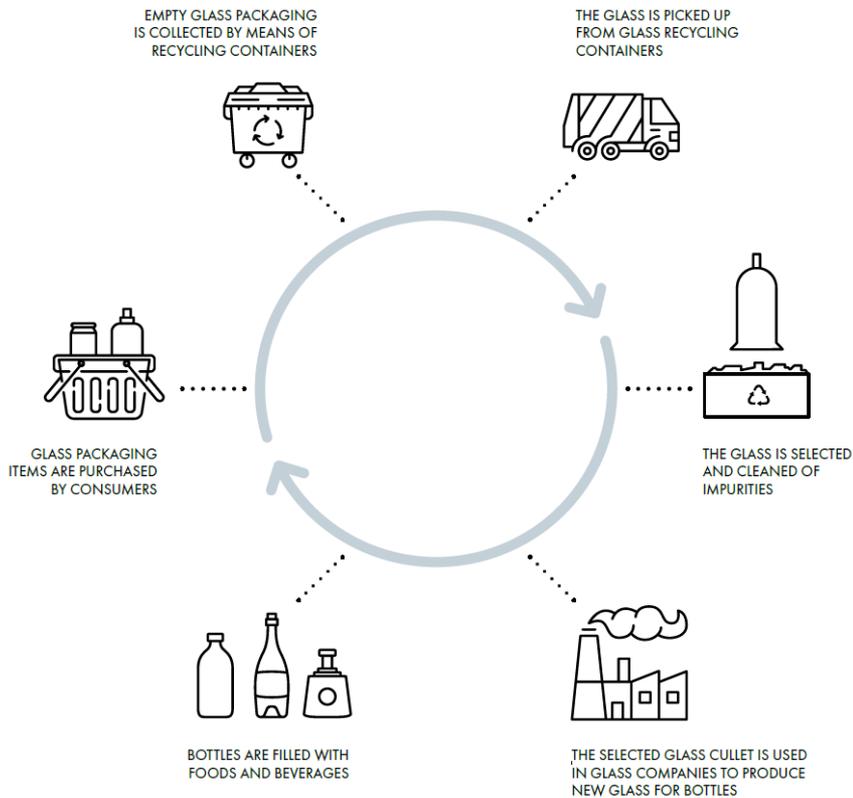


Glass is hygienic, healthy, eco-friendly, infinitely recyclable and safe; for its characteristics it is considered by 78% of European consumers as the best packaging available (*Friends of Glass 2018 survey*).

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Glass at the heart of a sustainable world:



- Glass adapts perfectly to a **circular economy** as it is 100% recyclable, for an infinite number of times, and without deteriorating the quality of the new container;
- Glass will increasingly be one of the **alternatives to plastic** and all packaging and non-recyclable materials;
- Zignago Vetro aims to be **a leader in the circular economy**: glass cullet is indeed our main raw material and we deeply invest in glass cullet treatment plants through three companies (Vetreco S.r.l, Vetro Revet S.r.l and Julia Vitrum S.p.A.).

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To fully spread and implement the sustainability principles within its business culture, Zignago Vetro has decided to build a complete **ESG FRAMEWORK**, which is structured as follows:

- ✓ - **ESG GOVERNANCE:** the Board of Directors has appointed an internal ESG Committee, made up of 7 Top Managers;
- ✓ - **ESG COORDINATOR:** he guarantees, manages and improves the implementation of the ESG principles within the company;
- ✓ - **ESG CONSULTANTS:** external experts which provide for advise on ESG topics;
- ✓ - **ESG POLICIES:** integrated in all the operative procedures of the Group;
- ✓ - **ESG'S OBJECTIVES SYSTEM & MEASUREMENT OF THEIR ACHIEVEMENT:** ESG objectives are set annually within a specific roadmap. Also, since 2020, Zignago Vetro has associated them to an incentive remuneration policy for Directors and Managers;
- ✓ - **ESG STRATEGY:** starting from the **2030 Agenda of the United Nations**, the Committee has set an Agenda until 2025, with intermediate goals and a list of KPIs for the Group.

The ESG framework has been integrated into our **corporate strategy**, with the aim to get a complete alignment of internal and external stakeholders' interests.

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Aware of its role for the sustainable development, Zignago Vetro has linked its activities to the **2030 Agenda of the United Nations**, focusing mainly on the subsequent 12 Goals that are connected to 3 main pillars:



Environment: raw materials management



To date, almost half of total raw material (**46,5%**) is recycled glass, marking a **+8,4%** increase versus 2018.



The use of recycled glass has a triple advantage:

- saving of virgin raw materials
- energy saving
- lower CO2 emissions 

The aim of Zignago Vetro is both to increase the amount of glass cullet used in production, and to increase its range of containers that can be made with recycled glass:

- an example is the line **Natural Green**:



Up to 90% of recycled glass



Natural UV protection up to 99%



Reduction of CO2 emissions up to -36%



Environment: energy efficiency



Zignago Vetro has made significant efforts to start a positive trend of energy efficiency both in terms of **energy consumption per production output** and of **renewable energy self-production**; this also results in a reduction of CO2 emissions per glass produced.

In 2019, the energy consumption per ton of glass produced have decreased by -5,5%. This has been possible thanks to:



- Engineering and development of more energy-efficient melting furnaces;



- Continuous revamping of auxiliary systems with efficient and sustainable solutions;



- Installation of a recovery boiler with steam turbine and photovoltaic panels;



- Zignago Power biomass plant direct supply;



- Reduced energy demand due to an increase in the usage of glass cullet;



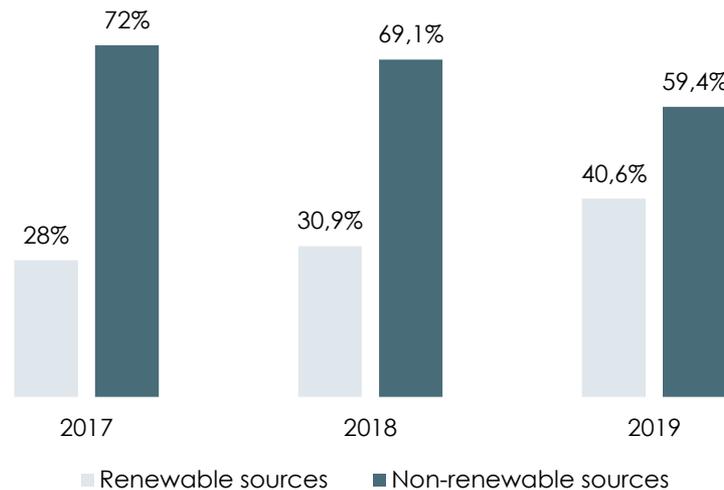
- Use of LED lamps for indoor lightning.

Environment: energy efficiency



From 2018 to 2019, the percentage of electricity that comes from renewable resources has increased by **+31,4%**, reaching the **+40,6%** of the total energy consumed, thanks to: photovoltaic panels, steam turbine and the biomass plant Zignago Power.

% of electricity use from renewable and non-renewable sources



During 2019, the use of electricity from renewable resources has saved 23.410 ton of CO2 emissions.

Environment: water management



Zignago Vetro is deeply concerned to protect the hydrogeological balance and to prevent any instability.

In 2019, the value of specific water consumption per ton of glass produced has significantly decreased by **-33,9%**, thanks to:

- the implementation of closed-circuit water systems and recycling and recovery systems;
- the use of proper plants for the wastewater and rainwater's treatment and disposal.



 **Zignago Vetro is also involved in many activities, aimed at improving people's sensitivity towards the marine litter phenomenon due to plastic:**

Since 2018, together with Assovetro, we support the European Campaign **#EndlessOcean** promoted by Friends of Glass (FEVE)



We promote the plastic reduction in the workplace: implementation of *plastic-free policy* in the company's canteens and meeting rooms



Environment: emissions

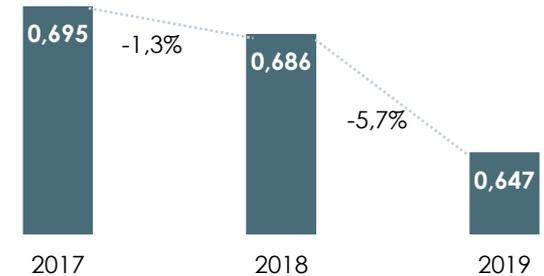


Zignago Vetro is actively committed in decreasing the CO2 emissions: **between 2018 and 2019, CO2 specific emissions have decreased by -5,7%.** 

With the aim to decrease the CO2 emissions, the Group has set the following targets:

- reduction of energy consumption;
- maximization of the quantity of glass cullet lead into the furnaces;
- introduction of lighter products, that reduce the quantity of glass necessary for their production.

CO2 emissions (Scope 1 & 2) / Glass produced (ton CO2/ton)



Other initiatives:



- **Sustainable Logistics:** improvement of transports by railway (multimodal transport system for raw materials).

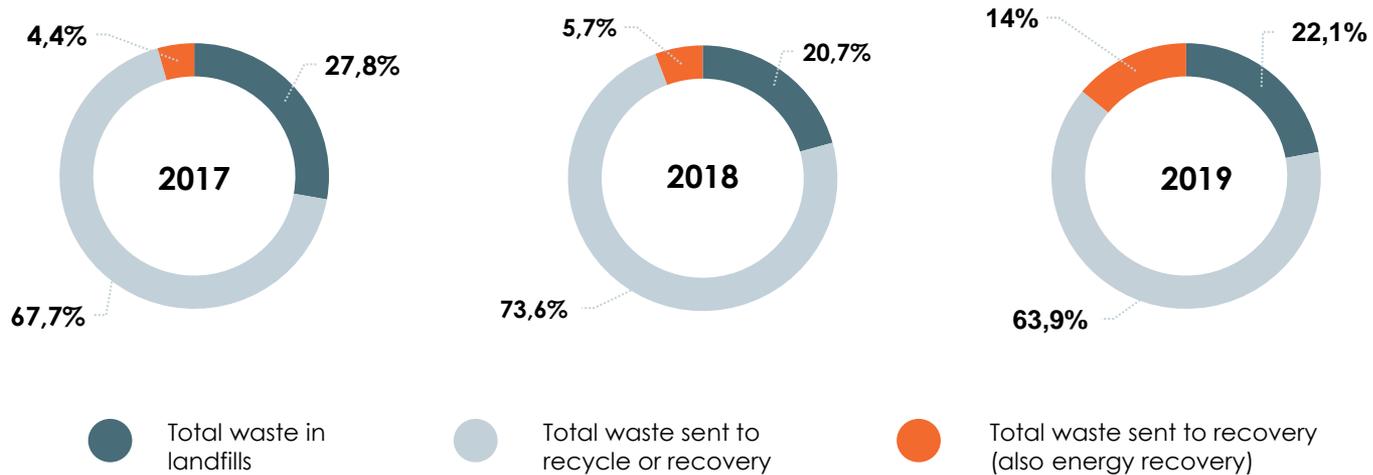


Environment: waste management



From 2018 to 2019, we got a general decrease of ordinary waste in relation to the ton of glass produced (-13,8%): this reduction is visible both for non-hazardous waste (-15,1%), and for hazardous waste (-6,9%).

Total waste for destination:



Most of the waste produced (77,9% overall) is **recycled, reused or recovered** (also energy recovery), while only the residual part (the remaining 22,1%) is sent to landfills. This demonstrates the Group's constant attention to waste management in terms of ecology and circularity.

Environment: projects



During 2019 we have supported the following projects:



- Meglioinvetro
- Endless Ocean
- Plastic-free policy
- Environmental education in schools
- Together for the Veneto Mountains
- Treadom
- ESG Conferences

Environment: goals



Regarding the pillar “**Environment**”, Zignago Vetro has set the following KPIs and goals:

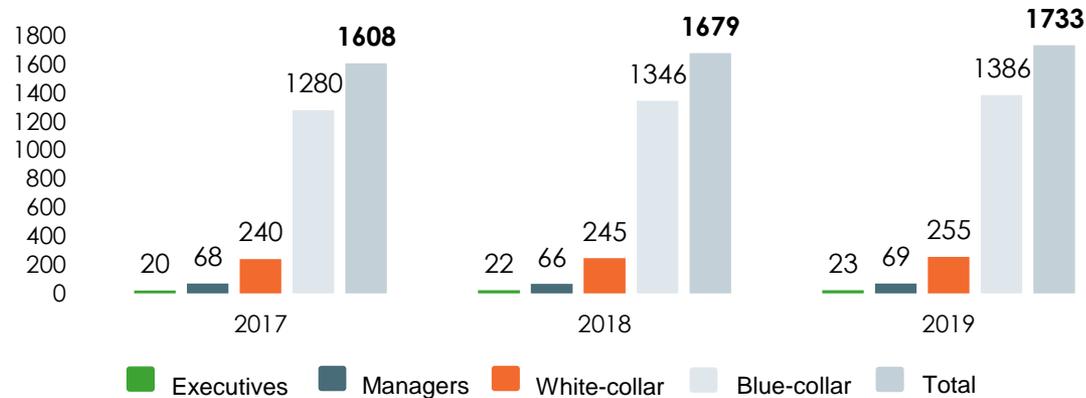
| | TOPIC | KPIs | 2019 Achieved Goal | 2020 Goal | 2025 Strategic Goal |
|---|-------------------------------------|--|---|---|--|
|  | Raw materials management | % of recycled glass on total raw materials | 46,5% | 49% | 53,2% |
|  | Energy efficiency | Energy consumption per ton of glass produced | Δ%: -5,5% | Δ%: -1,7% | Δ%: -6,7% |
| | | % of electricity from renewable resources | 40,6% | 45% | 77,7% |
|  | Water management | Specific water consumption per ton of glass produced | Δ%: -33,9% | Δ%: -25,5% | Δ%: -30% |
|  | Emissions | CO2 specific emissions | Δ%: -5,7% | Δ%: -1,1% | Δ%: -17,6% |
| | | Sustainable logistics | Multimodal transport system | In progress | In progress |
|  | Waste Management | Ordinary waste per ton of glass produced | Δ%: -13,8% | n.a. | n.a. |
|  | Environment-related projects | Group's certifications | ISO 14001 in Italy Ecovadis: Silver rating CDP: score B | ISO 14001 in Poland Ecovadis: achieve Gold rating CDP: score A- | Maintain current certifications and monitor potential new ones |
| | | Supported initiatives | 10+ supported projects | €100.000 budgeted for this topic | €100.000 budgeted for this topic |

Social: human resources management



In 2019, the Group steadily continues to represent a point of working opportunities: the employees' headcount is of **1.733 people**, with an increase of +54 people with respect to 2018, and with a substantial maintenance of female and permanent employment increase.

Workforce by professional category in the last 3 years:



Also:



- Zignago Vetro is committed to the total respect for all forms of human right, and it aims to be a gender-balanced and truly equal workplace;
- the Group promotes work-life balance initiatives, allowing flexible working hours and part-time option;
- Zignago Vetro has promoted a corporate welfare plan.

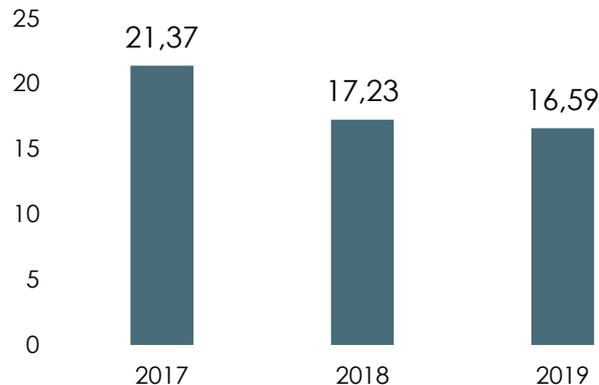
Social: health and safety in the workplace



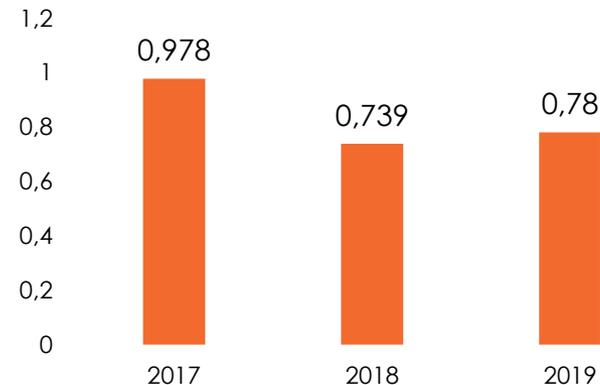
The Group's companies give the highest level of attention to the issues of health and safety in the workplace and prevention.

In 2019, the safety protocols have been strengthened and the hours of training on workplace safety increased.

Accidents – Frequency index



Accidents – Severity index



The accidents in the Group are steadily diminishing, from 56 in 2017, to 47 in 2018 to 46 in 2019; likewise, the frequency index is decreasing, reaching **16,59** in 2019: this value is only slightly higher than the average value of the hollow glass companies in Italy, that was 13,42 in 2018.

Social: consumers' health & safety



Zignago Vetro has obtained various certifications, confirming its attention towards its clients:



- We are certified **UNI EN 15593:2008** for the design and production of glass containers for alimentary usage in ZV Italy and Poland;



- We are certified **ISO 9001:2015** for the design, production and commercialization of glass containers and for the commercialization of accessories and secondary processing in ZV Italy and Poland (within 2020 in France);



- We've achieved the environmental certification (**ISO 14001**) in ZV Italy. In progress in Poland;



- **International standard for food safety**: within 2020 for Empoli plant;



- The Group is member of **Ecovadis** and **CDP** – certified entities for ESG evaluations – achieving good performance results: Ecovadis **score 59**, CDP **score B**.



Also, since 2016, the Group has registered **0 cases** of products' defects with consequences for consumers' health & safety.

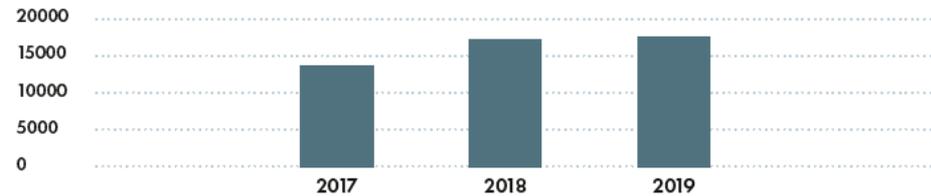
Social: personnel training & development



Zignago Vetro is actively engaged in improving personnel skills:

- in each country in which the Group operates, there are training programs structured according to the different needs, for all the professional categories;
- in 2019, the Group provided **16.874** training hours overall;

Training hours:



- since 2018, the Group has established a career program called **Zignago Academy**, oriented to the newly hired young talents, with the aim to foster interdisciplinary skills, engagement and managerial development.



Since 2019, Zignago Vetro has also started some training activities on sustainability issues.

Social: social inclusion policies



The management of Zignago Vetro companies is conducted with absolute respect for personal diversity and by ensuring equal opportunities. In particular, in Zignago Vetro we promote **social inclusion policies**:



- since 2016, Zignago Vetro has entrusted the implementation of some general services to the Pegaso social cooperative, which supports the use of disabled personnel;



- since 2017, Zignago Vetro Brosse constantly cooperate with small companies located in a region with high unemployment rate;



- since 2018, Zignago Vetro has started a collaboration project with the social cooperative "Coopnoncello", in order to give people with disabilities the opportunity to contribute to production;



- since 2019, Zignago Vetro Polska has launched a recruitment project for Ukrainian employees coming from war-conflict zones.

Social: suppliers' management



Zignago Vetro fosters the sustainability culture along its entire supply chain, pursuing the following objectives:

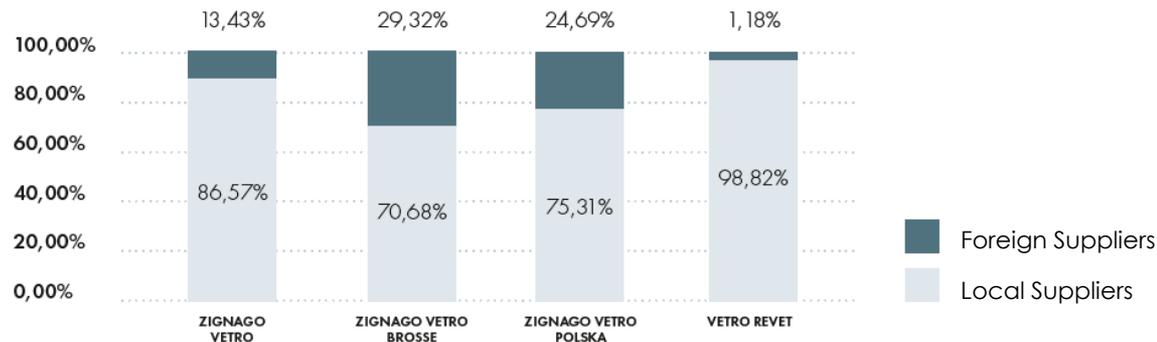
- engaging with suppliers who share philosophies in line with Zignago Vetro's policy and with the principles of ethical, social and environmental responsibility promoted by the company;



- In 2019: creation of the supplier's Code of Conduct (the subscription provides for the adherence of suppliers to a series of ESG principles).

- ensuring a responsible selection and qualification process of the supply chain;
- favoring local suppliers, with the aim to support the community growth.

Suppliers' origin:



Social: projects



During 2019 we have supported the following projects:



- Tommasino Bacciotti Foundation
- Sponsorship of local soccer team
- Neighbourhood redevelopment projects
- Financing of scholarships
- Support to artistic initiatives: Zignago Vetro & Art
- Collaboration with social cooperatives
- Social inclusion projects



Social: goals



Regarding the pillar “**Social**”, Zignago Vetro has set the following KPIs and goals:

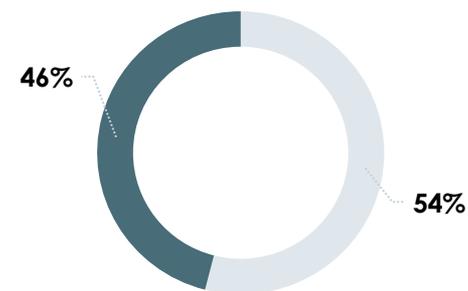
| | TOPIC | KPIs | 2019 Achieved Goal | 2020 Goal | 2025 Strategic Goal |
|--|--|---|---------------------------|--|--|
|   | Human Resources management | Employees Headcount | Δ%: +3,22% | n.a. | n.a. |
| | | Work-life balance initiatives | Implemented | Ongoing | Ongoing |
| | | Corporate Welfare plan | Implemented in Italy | To be extended in other plants | To be extended in other plants |
|  | Health and safety in the workplace | Accidents' trend | Δ%: -2,1% | Keep lowering | Keep lowering |
|  | Consumers' Health & Safety | Group's certifications | Ecovadis: Silver rating | FSSC 22000 in Empoli ISO 9001:2015 in France Ecovadis: achieve Gold rating | Maintain current certifications and monitor potential new ones |
| | | Defective products affecting consumers' H&S | 0 cases | 0 cases | 0 cases |
|  | Personnel training | N. of training hours | 16.874 | Improve the n. of hours | Improve the n. of hours |
|  | Protection of diversity, equal opportunities and non-discrimination | Social inclusion policies | Special project in Poland | Improve social inclusion policies | Improve social inclusion policies |
|  | Suppliers' management | Favoring local suppliers & creation of the Suppliers' Code of Conduct | Achieved | Ongoing | Ongoing |
|  | Social-related projects | Supported initiatives | 10+ supported projects | €100.000 budgeted for this topic | €100.000 budgeted for this topic |

Governance: Board of Directors

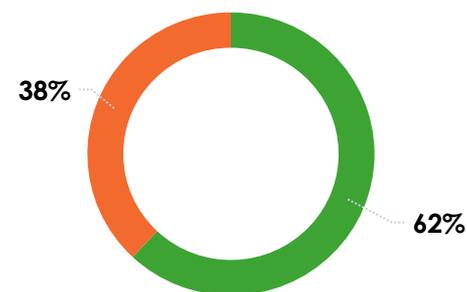


The structure of Board of Directors is characterized by gender and independency balance:

| | |
|---------------------------------------|-------------|
| Paolo Giacobbo (President and CEO) | Executive |
| Nicolò Marzotto (Vice President) | Executive |
| Alessia Antonelli | Independent |
| Ferdinando Businaro | Executive |
| Roberto Cardini | Executive |
| Giorgina Gallo | Independent |
| Daniela Manzoni | Independent |
| Gaetano Marzotto | Executive |
| Luca Marzotto | Executive |
| Stefano Marzotto | Executive |
| Franco Moschetti | Executive |
| Barbara Ravera | Independent |
| Manuela Romei | Independent |



■ Non-independent Director ■ Independent Director



■ Male ■ Female

Governance: risk management system & fiscal transparency

The Group's governance has an **Internal Control and Risk Management System**, aimed at identifying, measuring and monitoring the principal risks. The main bodies are:

- the Board of Directors;
- the Director in charge of the Internal Control and Risk Management System;
- the Control and Risks Committee;
- the Internal Audit Manager;
- the Board of Statutory Auditors;
- the Supervisory Board.

The main elements upon which the Internal Control System is based are as follows:

- The Ethics Code;
- Organizational structure;
- Powers and delegations.



The Group's operations are based on the maximum levels of fiscal accuracy:

- the Group has registered **0 cases** of corruption;
- the financial data are subject to a double control by the auditing company and the fiscal advisors used by the Group's companies.

Governance: goals



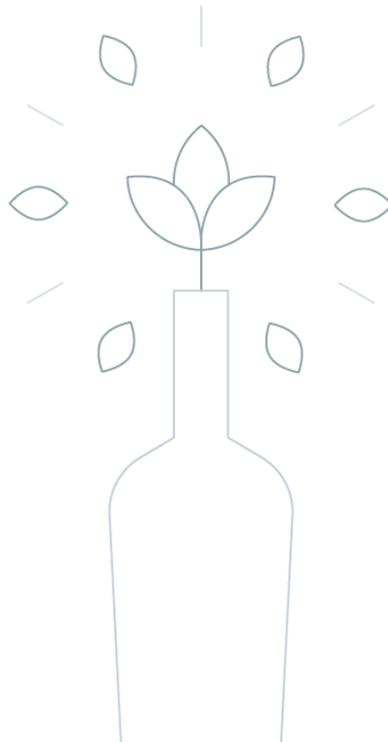
Regarding the pillar “**Governance**”, Zignago Vetro has set the following KPIs and goals:

| | TOPIC | KPIs | 2019 Achieved Goal | 2020 Goal | 2025 Strategic Goal |
|--|--|---|-----------------------|-----------------------------|------------------------|
|  | Fiscal transparency | Corruption cases | 0 | 0 | 0 |
|  | Governance structure | Operative structure and committees able to guarantee proper level of management quality | Achieved | Ongoing achievement | Ongoing achievement |
|  | Remuneration system | Component of incentive remuneration linked to ESG targets achievement | n.a. | Implemented. To be improved | To be improved |
|  | Internal Control and Risk Management System | Operative structure and committees able to guarantee proper risk management | Achieved | Ongoing implementation | Ongoing implementation |

ESG – roadmap



“Keep growing together in a sustainable way”



ZIGNAGO VETRO



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