

' Report

(Art. 153 – Legislative Decree No. 58 of February 24, 1998)

BOARD OF STATUTORY AUDITORS' REPORT
to the Shareholders' Meeting of ZIGNAGO VETRO SpA
on financial year 2017
prepared pursuant to Article 153 of Legislative Decree No. 58/1998

Dear Shareholders,

during the year ended 31 December 2017, the Board of Statutory Auditors of Zignago Vetro S.p.A. have performed the supervisory activities required by law, in accordance with the conduct principles for Boards of Statutory Auditors of listed companies, recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and in accordance with the recommendations of Consob communication No. 1025564 of 6 April 2001 and subsequent modifications in relation to corporate controls and Board of Statutory Auditor activities.

1.- In carrying out its activities of supervision and control, the Board of Statutory Auditors communicates that it:

- verified compliance with law and the company by-laws and the application of the principles of correct administration;
- attended the Shareholders' Meetings and all Board of Directors meetings held during the year and obtained regular information, at least quarterly, from the Directors regarding the activities performed and the major transactions approved and executed by the Company and its subsidiaries and established that the above-stated operations comply with the resolutions undertaken and the principles of correct administration;
- The main economic, financial and investment transactions performed by the Company and its subsidiaries were carried out in accordance with legal requirements and the Company By-Laws. Based on the information acquired we have verified that there were no instances of imprudence, recklessness, conflict of interest or in any case acts such as to compromise the integrity of the company's assets. The motions of the Board of Directors are executed by management and by the organisation while ensuring maximum compliance;
- verified the absence of atypical or unusual operations as defined by Consob communication DEM/6064293 of 28 July 2006, either intercompany or with related or third parties, and confirmed by information obtained from the Board of Directors, the Independent Audit Firm and the internal control manager.
- noted that standard operating procedures currently implemented within the Group ensure that the transparency and substantial and procedural correctness are such as to ensure that the terms of all related party transactions respect current market conditions. With regards to inter-company and related party transactions, the notes to the financial statements provide adequate disclosure with regards to the features of the transactions and the relative financial statement effects. Their review did not highlight any critical issues concerning their appropriateness and responsiveness to the company and Group interest.
- acquired information and supervised, in relation to our duties, on the effectiveness of the company's organisational structure, the adherence to principles of best practice and on the organisational development of the Group through the collation of information from the managers of the relevant company departments and through meetings with the independent audit firm. These activities did not highlight any irregularities;

- oversaw and verified, to the extent of its responsibility, the adequacy of the administrative-accounting system, in addition to its reliability to correctly represent operating events
Based on the analyses carried out and the information obtained from various meetings with the Executive Director responsible for the internal control and risk management system, with the Internal Control Manager, with the Executive Responsible for Financial Reporting and with the Internal Audit Manager, and through attendance at the Control & Risks Committee and Supervisory Board meetings of Zignago Vetro SpA, the adequacy and reliability of the internal control and risk management system was established.
- met with the representatives of the independent audit firm appointed to execute the legally-required audit, for the exchange of significant data and information, to be informed on the main risks to which the company is exposed and upon the relative mitigation measures implemented, in addition to checks on the proper keeping of the accounting records and the recording of operating events. No significant observations emerged from the meetings held;
- monitored the legally-required audit of the statutory and consolidated financial statements and liaised with the independent audit company to assess the work plan prepared, its implementation and the results of the audit process
- supervised, as per Article 149, paragraph 1, letter c-bis of Legs. Decree 58/98, the means for the introduction of that established by the Self-Governance Code currently in force. The Board of Statutory Auditors also verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members, in addition to the independence and professionalism of the individual members of the Board of Statutory Auditors.
- established that the company has implemented the necessary actions and measures to maintain and update the Organisational Model as per Legislative Decree No. 231 of 8/6/2001 in line with its functions and applicable law. The Supervisory Board reported to the Internal Control Committee and the Board of Directors upon its activities.
- verified the adequacy with which instructions were given by the parent to the principal subsidiary companies for the transmission of the necessary information to ensure compliance with law and the correct implementation of the financial disclosure process.

As the Internal Control and Audit Committee, the Board of Statutory Auditors during the year:

- a) verified the proper compilation of the financial statements, of the consolidated financial statements and the directors' report as per Article 40, paragraph 2/bis of Legs. Decree No. 127/91 reported in a single document, in addition to their compliance with law, through direct verifications and the information obtained from the Independent Audit Firm;
- b) executed the supervisory functions set out under Article 19 of Legislative Decree 39/2010 and informed the Board of Directors, as per Article 19, paragraph 1, of the above-mentioned decree, on the outcome of the legally-required audit;
- c) monitored the financial disclosure process and verified the measures adopted by the company to ensure its integrity;
- d) monitored the legally-required audit of the statutory financial statements
- e) verified and monitored the independence of the Independent Audit Firm as required by statutory law and, in particular, with regards to the adequacy of their non-audit services, as per Article 5 of Regulation (EC) No. 537/2014.

In 2017, the Board of Statutory Auditors met on 6 occasions, while attending also the meetings of the Board of Directors, the Control and Risks Committee and the Related Parties Committee.

Taking account of the information acquired, the Board of Statutory Auditors considers that operations were carried out in accordance with the principles of correct administration and that the organisational structure, the internal controls system and the administrative-accounting system are overall adequate to company needs.

2.- With regards to relations with the Independent Audit Firm, KPMG Spa, the Board of Statutory Auditors, as Internal Control and Audit Committee reports:

- a) In relation to the reports of the Independent Audit Firm, KPMG SpA, issued on 28 March 2018, on the statutory and consolidated financial statements at 31 December 2017 of Zignago Vetro SpA, prepared in accordance with Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation EU 537/2014 and in compliance with the ISA Italia international audit standards, expresses an opinion without exceptions.
- b) The Directors' Report contains a section dedicated to Non-Financial Disclosure at 31 December 2017, prepared as per Legislative Decree No. 254/2016, which presents the principles on which the company and the Group bases its environmental, economic and social policies and the relative KPI's. The Independent Audit Firm issued on 28 March 2018, the Report on the above disclosure as per Article 3, Legislative Decree 254 of 30 December 2016 and Article 5 of Consob Regulation No. 20267 of 18 January 2018, from which no exceptions emerged.
- c) The Independent Audit Firm, KPMG SpA, sent to the Board of Statutory Auditors on 28 March 2018, the Additional Report as per Article 11, paragraph 1 of Regulation EC 537/2014. The Report, as established by the applicable regulation, presents the results of the legally-required audit and contains the information and statements indicated at the second paragraph of Article 11, and in particular:
 - i. illustrates the extent and timing of the legally-required audit, describing the methodologies utilised and indicating the quantitative complexity and, for particular classes of transactions, balances or disclosure;
 - ii. indicates and assesses the valuation methods applied to the various statutory and consolidated financial statements accounts and any effects of methodological changes;
 - iii. explains the extent of the consolidation and identifies the activities carried out by third country auditors
 - iv. includes finally the Independent Audit Firm Statement of Independence issued on 28 March 2018 as required by Article 6 of Regulation (EC) No. 537/2014, which did not indicate any situations which may compromise their independence.
- d) The Independent Audit Firm KPMG SpA and the companies belonging to the KPMG SpA network, in addition to the duties established by the regulation for listed companies, as indicated in the Notes to the consolidated financial statements, received additional assignments for other audit services for Euro 37,000, compatible with Article 17 of Legislative Decree 39/2010. The Board of Statutory Auditors, taking account also of that above, considers that no critical aspects concerning the independence of KPMG SpA exist.

No further assignments of an ongoing nature were awarded to parties related to the Independent Audit Firm, either by Zignago Vetro SpA or its Subsidiaries.

- e) Following scheduled meetings between the Statutory Board of Auditors and the Independent Auditors pursuant to section 150, paragraph 2 of Legislative Decree No. 58/1998 there are no significant matters to report.

3.- During 2017, no presentations were made to the Board of Statutory Auditors, nor petitions as per Article 2408 of the Civil Code.

4.- The Board of Statutory Auditors indicates that Zignago Vetro SpA is controlled by Zignago Holding S.p.A., which holds 65% of the share capital. The corporate governance and shareholder report illustrates the reasons for which Zignago Vetro SpA is considered not to be subject to the direction or management of Zignago Holding SpA.

5.- The report as per Article 84-quater of the Regulation (Consob Resolution 11971/1999 and subsequent amendments) contains the information and was prepared in compliance with that established by the Regulation.

6.- The “2017 Corporate governance and ownership structure report” prepared by the Board of Directors includes a description on the terms of governance of the Company and of the Group and is in line with the principles of the Self-Governance Code and the regulation issued by Consob (resolution 17221/2010) concerning related party transactions. This Report also contains the necessary information concerning the shareholder ownership in accordance with Article 123 *bis* of the CFA. The Board supervised the correct application of the regulations in the corporate governance report which appear in line with the model adopted by the company.

7.- The Chief Executive Officer and the Executive responsible for the preparation of the corporate accounting documents provided the declarations as per article 154 bis, paragraph 5, on the separate and consolidated financial statements based on the models at attachment 3c-ter of the Issuers’ Regulation.

8.- The Board of Statutory Auditors indicates that from the verifications undertaken, no omissions, issues or irregularities arose which should be reported to the Control Authorities or reported to the Shareholders.

The Board of Statutory Auditors expresses, finally, and to the extent of its authority, approval of the 2017 Financial Statements, along with the Directors' Report to the Statutory and Consolidated Financial Statements as submitted by the Board of Directors and the proposal by the Board for the allocation of the profit.

Fossalta di Portogruaro, 29 March 2018

THE BOARD OF STATUTORY AUDITORS

Ms.	Alberta Gervasio	Chairperson
Mr.	Carlo Pesce	Statutory Auditor
Mr.	Stefano Meneghini	

Attachment to the
REPORT OF THE BOARD OF S **AUDITORS TO THE SHAREHOLDERS' MEETING**
OF 27 APRIL 2018

In accordance with article 144.5 of the Issuers' Regulations (Consob Regulation enacted through Legislative Decree 58/98) the list of offices that each of the members of the Board of Statutory Auditors hold, at the date of publication of the supervisory activities report prepared in accordance with article 153, paragraph 1 of Legislative Decree No. 58/98, in companies under Book V, Chapter V, Heading V, VI and VII of the civil code, are listed.

Ms. Alberta Gervasio

List of offices held:

1. Chairman of the Board of Statutory Auditors of Zignago Vetro SpA until approval of the financial statements at 31/12/2018;
2. Statutory Auditor of Snaidero Rino Spa until approval of the financial statements at 31/12/2018;

Board of Directors Appointments:

3. Director of Bluenergy Group Spa until approval of financial statements at 30/06/2019;
4. Sole Director of Bluenergy Home Service Srl with expiry on revocation;
5. Vice Chairman and Chief Executive Officer of Rettagliata Gas e Luce Spa until approval of financial statements at 30/09/2019;
6. Executive Director of Bluenergy Assistance Srl with expiry on revocation;
7. Chief Executive Officer of Rettagliata Tech Srl, until approval of the financial statements at 31/12/2019;
8. Executive Director of C.I.E.L. Impianti Srl with expiry on revocation;

No offices concluded in the last five-year period are reported nor those of alternate auditor.

- Number of offices held in Italian companies with shares listed on Italian regulated markets or of other European Union countries and with companies issuing financial instruments to the public in a significant degree in accordance with Article 116 of Legislative Decree No. 58/98:

1

Total number of offices held: 8

Mr. Stefano Meneghini

List of offices held:

1. Office of Statutory Auditor of Multitecno Srl until approval of the financial statements at 31/12/2017;
2. Office of Chairman of the Board of Statutory Auditors of SVIR SpA– Trust and Audit Company until approval of the financial statements at 31/12/2017;
3. Office of Statutory Auditor of Vetro Revet Srl until approval of the financial statements at 31/12/2019;
4. Office of Statutory Auditor of CenterVue Srl until approval of the financial statements at 31/12/2019;

Board of Directors Appointments:

5. Sole Director of Comast Srl with expiry on revocation;
6. Managing partner of the company Montecchio Bardi Sas di Meneghini Stefano & C..

No offices concluded in the last five-year period are reported nor those of alternate auditor.

- Number of offices held in Italian companies with shares listed on Italian regulated markets or of other European Union countries and with companies issuing financial instruments to the public in a significant degree in accordance with article 116 of Legislative Decree No. 58/98:
1.
- Total number of offices held: 6.

Mr. Carlo Pesce

List of offices held:

1. Office of Chairman of the Board of Statutory Auditors of Zignago Holding SpA until approval of the financial statements at 31/12/2017;
2. Office of Statutory Auditor of Zignago Vetro SpA until approval of the financial statements at 31/12/2018;
3. Chairman of the Board of Statutory Auditors of Banca di Credito Cooperativo di Venezia Padova Rovigo – Banca Annia until approval of Financial Statements at 31/12/2019;
4. Office of Chairman of the Board of Statutory Auditors of NICE Group SpA until approval of the financial statements at 31/12/2017;
5. Office of Chairman of the Board of Statutory Auditors of BLM SpA until approval of the financial statements at 31/12/2019;
6. Office of Statutory Auditor of Adige SpA until approval of the financial statements at 31/12/2017;
7. Office of Alternate Auditor of the Board of Statutory Auditors of Santa Margherita e Kettmeir e Cantine Torreselle SpA until approval of the financial statements at 31/12/2017;
8. Office of Statutory Auditor of Vetri Speciali SpA until approval of the financial statements at 31/12/2019;
9. Office of Chairman of the Board of Statutory Auditors of Eurospital SpA until approval of the financial statements at 31/12/2018;
10. Office of Statutory Auditor of H-Farm Ventures S.p.A. until approval of the financial statements at 31/12/2017;

11. Office of Statutory Auditor of Polymnia Venezia Srl until approval of the financial statements at 31/12/2018;
12. Office of Statutory Auditor of CEU SpA until approval of the financial statements at 31/12/2019;
13. Office of Statutory Auditor of Probest Service SpA until approval of the financial statements at 31/12/2019;
14. Office of Statutory Auditor of Adige-Sys SpA until approval of the financial statements at 31/12/2018;
15. Office of Statutory Auditor of Multitecno Srl until approval of the financial statements at 31/12/2017;
16. Office of Statutory Auditor of S.M. Tenimenti Pile e Lamole e Vistarenni e San Disdagio Srl – Agricultural company until approval of the financial statements at 31/12/2017;
17. Office of Chairman of the Board of Statutory Auditors of Cantina Mesa S.r.l. Società Agricola until approval of the financial statements at 31/12/2019;
18. Office of Chairman of the Board of Statutory Auditors of Finkappa Srl until approval of the financial statements at 31/12/2019;
19. Office of Statutory Auditor of BGS Srl until approval of the financial statements at 31/12/2019;
20. Member of the Board of Auditors of the Venice Foundation, concluding on 29/09/2020¹;
21. Member of the Supervisory Board of Huta Szkła “Czechy” S.A.;
22. Member of the Supervisory Board of ACB Group SpA.

Board of Directors Appointments:

23. Office of Sole Director of Immobiliare Tre B Srl until revocation;
24. Director of ACB Group SpA, until approval of the financial statements at 31 December 2017.

No offices concluded in the last five-year period are reported nor those of alternate auditor.

- Number of offices held in Italian companies with shares listed on Italian regulated markets or of other European Union countries and with companies issuing financial instruments to the public in a significant degree in accordance with article 116 of Legislative Decree No. 58/98: 1.
- Total number of offices held: 24.

Fossalta di Portogruaro, 29 March 2018

THE BOARD OF STATUTORY AUDITORS

Ms. Alberta Gervasio	Chairman
Mr. Stefano Meneghini	
Mr. Carlo Pesce	

¹ (the Chair rotates – Mr. Pesce’s term as Chair concluded on 30/09/2017)



ZIGNAGO VETRO SpA
Registered office: Fossalta di Portogruaro (VE), Via Ita Marzotto 8